

search-consult

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Executive Search: The Current Cleantech Climate
ExecuNet Report: State Of The Executive Search Industry
How To Make A Successful Hire
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The Hare, The Tortoise And The Smart Money



Dr. Duff Watkins

Once upon a time... a fabled race occurred between a tortoise and a hare.

Against all odds and conditions, the tortoise won.

Ever since then, executive search consultants have had difficulty predicting performance.

You really can predict the performance of people. Sophisticated psychological tools allow you to predict how a candidate will perform in a job. You can predict where and when that candidate will make mistakes and even predict if those mistakes will be 'errors of consequence', i.e. costly.

Of course, you're already probably doing a good job of evaluating candidates. The basic flaw—though not fatal—is that the standard process of evaluating candidates is non-scientific, time consuming, protracted and based heavily on personal intuition and interactions. That's risky.

But adding a little psychology into the mix lowers your risk while enhancing both the speed and accuracy of your evaluation process. That's how you lift your search practice from mundane to remarkable, from good to great.

Predicting performance isn't mystical or magical; it's psychological. Names vary: psych testing, personality profiling, psychological assessment, etc., but the accurate term is psychometrics.

Psychometric means 'measuring mental processes' and it's in the same category as spreadsheets, financial

models, return on investment and discounted cash flow—all are standardized measures used to predict performance. Psychometric assessments just predict the performance of people. They reduce risk simply by increasing predictability.

Actually, a psychometric assessment is just a highly condensed interview. It's like a photograph: an accurate representation of a person. Its chief limitation is that it's a snapshot, not a feature length film. But even an old photograph reveals the person, as do psychometrics.

In 23 years as a search consultant I have used psychometrics routinely. Here's what I've learned.

RELAX!

Psychometrics will never replace executive search, so don't worry; you'll always have a job. But make your job easier by applying commercial instruments that quickly, efficiently and scientifically assess the risk of your investment: your candidates.

WORK FOR FREE?

Want to work for free?

You will be if you have to re-do your searches.

Executive search is difficult enough without making it riskier. It's far better to gather as much information as possible about candidates before presenting them, shortlisting them, or recommending them to clients. The average cost of a bad hiring decision for a company is \$380,000 (AUD)/

\$343,000 (US)/€256,000/£231,000 so clients may not soon forget your errors.

ADAGIO OR CHORUS?

Speaking of errors, nobody's perfect. We all err. But would you rather perform an early adagio with psychometrics in order to prevent errors or sing a chorus of 'mea culpa' at the end when errors appear? (Hint: clients applaud the former, not the latter.)

Candidates are not always who they appear to be - indeed, who is? Our Cornerstone assessments specifically differentiate the 'real' person from their projected 'image', but many other psychological tools also delineate the less visible, private aspects of a person. Since both the private and public parts of a candidate occupy a job, it's wise to learn about both; especially if it optimises your chances of completing a search successfully.

THE SURGEON, NOT THE SCALPEL

It's the skill of the surgeon, not the sharpness of the scalpel that determines the success of the surgery. Likewise, it's not the psychological tool that matters as much as the competence of the search consultant using it. The skill of the consultant will always determine the success of a search. Researchers find candidates, but only you can recommend them. That's why clients pay you. It's why they need you. Still, even the best of surgeons requires good tools of trade.

FRONT OFFICE, NOT BACK ROOM

Psychometrics is a back room task that produces a front office result. That's why you don't want to segregate it or off-load it to a trainee psychologist working in a background role. It's not for green graduates or organisational psychologists; it's for experienced consultants. Back room roles may interpret the psychological data but the search consultant turns in it into commercially useful information for the client. Commercial experience is necessary to understand the significance of assessment results.

FASTER, NOT SLOWER

Business across the globe is speeding up, not slowing down. Business processes are getting faster, not slower. Executive search is no exception. If you're using old-fashioned, time-bogged methods you're getting left behind by speedier, updated competitors.

INCREASING, NOT DECREASING

International trends indicate that usage of psychometric assessments is increasing, not decreasing. Why? Because it does exactly what it purports to do: provides information by which you can predict a person's performance. So if you're not supplementing your executive search work with psychometrics, you are joining the minority.

WHAT'S IN IT FOR YOU?

The three benefits to you for using psychometrics are:

1. **Speed:** Assessments are compacted interviews. Given enough time, questions and sessions you might dredge up the same information that is captured by a psychometric assessment. But you won't do it as quickly. As business becomes rapider, so must your searches.
2. **Accuracy:** Assessments succeed because they measure things that don't change. Personality is stable after age 6, cognitive abilities are largely inherited, interpersonal styles are habitual and even your capacity for



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happiness is mostly genetic. These traits and characteristics are easily measured, and that's why assessments are so accurate. Since these traits and characteristics are the basis on which your candidates succeed or fail, it's astute to measure them.

3. **Cost-efficiency:** It's simple math. A poorly performing senior executive costs an employer four times their total remuneration package. Assessments cost a small fraction of that. It's the quickest, cheapest way to prevent errors in executive search.

BUT, DOES IT PAY OFF IN DOLLARS?

Let us count the ways. A review of 25 studies conducted by Profiles International quantified the commercial benefits of psychometrics:

- average return on investment was \$26.30 for every \$1 invested;
- average reduction in early failure rate was 46%;
- average reduction in employee turnover was 47%;
- average reduction in employee turnover in Sales was 71%;
- where used within the sales team, sales increased in all cases;
- average reduction in employee turnover was 60% and ROI was \$33.33 for every \$1 invested.

In sum, psychometric assessments pay off for you and your client, in the short and long term.

TOO GOOD TO BE TRUE?

Here's the catch: psychometrics predict performance accurately, but not perfectly.

It isn't foolproof, but there is strong scientific evidence that it adds incremental power to your search process. Sometimes the tortoise beats the hare. But smart money always rides on the hare.

THE HARE & TORTOISE (...85 YEARS LATER)

Some executive search consultants argue that psychological testing has little validation.

That's like saying gravity has little validation.

HERE ARE THE FACTS:

Psychometric assessments are 4 times more accurate than interviews when it comes to predicting a person's success at work.

Here's proof:

More than 231 studies¹ in both the USA and Europe, over 85 years, confirm that psychometric assessments consistently predict job performance extremely well:

- for men and women in all types of jobs;
- better for management than non-management roles;
- for both the first few weeks of employment and up to 5 years later (the longest study ever done).

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