

The Conventional – But Peculiar – World of Executive Recruitment

An Open Letter From Richard Moore, CEO of Mercuri Urval

It's an everyday story. A well-respected firm is looking to strengthen its team. On the same day a new graduate trainee and a new board director are employed. Expectations for the latter are surely higher than for the former, that's why the difference in the degree of scrutiny each hire will receive is peculiar.

The graduate's story

The prospective new graduate is subjected to an extensive battery of selection methods and processes – tests, interviews, profiling and more. It makes sense. After all it is important to evaluate contribution and potential of prospective employees – to look beyond the obvious. Beneath the résumé, how will they really perform – and what potential do they have?

The leader's story

Meanwhile, in the boardroom, a new director with 'the right résumé', 'the right connections' and 'good fit' is swiftly ushered into post after discussions with the executive search consultant, interviews with the CEO and selected senior colleagues. With an impressive résumé of prior roles and references from contacts in the new director's network the move is decided. A personnel assessment of the leader using psychometric tools describes the leader's style and a report is written. Based on résumé, personal contacts and affinity the employment is confirmed.

For over 50 years the well-respected firm in this story has used the conventional way to appoint a new leader. The idea was that experience in a similar past job will translate to performance in a new job, and that preferred contacts of search consultants or executives can be placed with the highest confidence of success. But even if the approach is familiar, it is peculiar. Leaders shape organisations success – or failure, and despite their résumé and relationships, just like a new graduate trainee, appointed leaders must perform in a new role and context they have never experienced before. Surely to select a leader more scrutiny – not less – is needed. In any event, the real issue is this: Does the familiar story of leader appointment lead to successful outcomes?

Stories of leadership failure are common and costly

The chance of a successful ending to this leader's appointment story is the same as a coin flip. Recent repeated studies have found that placed leaders often fail, and worryingly, that success rates in the VUCA world are declining. A few years ago, a well-known and leading global executive search firm, studied 20,000 senior executive placements. The researchers discovered a 40% failure rate within 18 months of a leader's appointment, despite utilising extensive 'talent data' and the 'latest leader assessment' tools. In a meta-analysis of recent studies into executive appointment success rates this woeful performance was found to be the norm.



In a similar study of 20,000 executive hires, conducted in 2015, the failure rate was 46%. Similarly, the Corporate Leadership Council reported a failure rate for new executive hires of nearly 50% in 2017, Harvard Business Review estimated the failure rate to be between 40 and 60% in 2016

(Kiefer, Martin & Hunt, 2020, p. 2)

Whether the candidate is internal or external, whether an executive search firm is involved or not and whether 'add on' personnel assessments are used or not the research is clear – the probability of a successful executive appointment these days is about the same as flipping a coin. This failure has a staggering cost – to people, to leaders and to organisations' results.

Why do so many leader appointments fail?

Selecting effective leaders is difficult, especially when change is rapid. Unhelpfully it turns out that experience in a similar past job does not necessarily translate to performance in a new job, that known contacts of a search-consultant or executive do not secure selection of more effective leaders – especially where change is fast, and roles are complex. The extent to which the executive search consultant, hiring manager and candidate like each other is also highly unreliable in forecasting long term success at work (psychologists call this 'affinity bias'). Today, these flaws in the model are laid bare – with transparent measurement rapidly becoming the norm – risk and success rates in executive placement are well understood. Despite the many excellent HR experts, business executives and executive search consultants working in leader selection, conventional approaches to executive appointment are being undermined by their own poor performance.

Change is needed

Today and in the future, more effective leader selection is imperative for success. In an ever faster changing world shaped by technology, complexity and pandemic, conventional approaches no longer fit. The performance problem must be addressed by recognising each organisation and leader is unique. And amidst the difficulty of securing the most effective leader, it is essential to use a fair and ethical decision process. Organisations rightly demand better results, and leadership candidates expect a professional open process. To be more successful in executive appointment a more scientific and tailored method for selecting leaders is required.

Introducing MU Leadership Assessment: A stronger prediction and more reliable leadership advice

Improving outcomes in leader selection takes a different approach

Mercuri Urval started with selection of specialists and business people in the 1960s. It was discovered that future success at work could be reliably predicted by a Mercuri Urval expert using a science-based method. Today Mercuri Urval has successfully developed and certified a new, more effective science-based alternative to conventional methods for selecting leaders. From a diverse pool more than 90%* leaders selected using Mercuri Urval's method succeed at work.

So, what is the secret?

Rather than starting with a relationship or a résumé, we found that recruitment must have the unique situation of an organisation and the result to be achieved, as point of departure. From a defined result that should be achieved, a method to reliably predict a leader's ability to perform a given result was developed. The focus is put on determining predictive criteria, collection and processing of data. This is accurate and disciplined work based on science – it requires an open and tailored approach in close partnership with decision makers. Not missing or overlooking important details or being side-tracked by 'who likes who' or 'first impressions' – and it requires a systematic long-term performance follow-up. In an MU Leadership Assessment the analysis of the organisational demand for the leader and the precise context in which they operate, is as extensive as the assessment of the individual. After all, a more reliable prediction is required, and context is critical. Leaders will succeed – or not – in a unique real-life situation, and not in a theoretical model of generalised leadership competencies.

Choose science-based over chance

MU Leadership Assessment is a method used by our certified experts to effectively forecast a leader's behaviour and performance in relation to a specified result need, context, and leader task. The approach is highly effective not only in selecting new leaders, but also in selecting what to do to improve leadership performance or to decide how to grow or change organisations. MU Leadership Assessment excels where roles are more complex and fast changing and success of appointment is essential.

By employing leaders based on what they can do, matched to required results in a new role context, rather than on what they did before, who they know or how liked or 'generally talented' they are, MU Leadership Assessment assures reliable advice on which leader will perform immediately and reliably projects their further potential. Effective leadership is best secured by using MU Leadership Assessment – a predictive, fair, and rational method that is consistently applied, regulated, and evaluated over the long term.

To find out more about how MU Leadership Assessment can dramatically increase the effectiveness of your leadership decisions, contact our team.

Richard Moore
CEO & Partner, Mercuri Urval