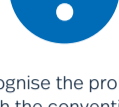


It Is the Most Important Decision You Can Make: 3 Steps to Increase Your Chance of Hiring a Successful Leader

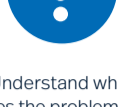
It is time to rethink the way leaders are recruited. The conventional Executive Search approach, despite the many brilliant people working with it, is not very effective in today's fast-moving world. Fortunately, there is a proven way to make it more effective. To uncover the secret, follow these three steps:

Step 1



Recognise the problems with the conventional Executive Search approach

Step 2



Understand what causes the problems with conventional Executive Search approach

Step 3



Solve the problems with conventional recruitment through MU Executive Search™ - a way of working that produces better results.

Step 1

Recognise the problems with the conventional Executive Search approach

Today we know that conventional Executive Search has a Performance Problem and a Diversity Problem. **What are the facts behind the problems, and how much do the problems cost organisations?**

The Performance Problem

Close to half of leader appointments made through the conventional Executive Search approach fail soon after being made because predictions are unreliable, especially when change is fast. Today, the probability of a successful leader appointment hired through the conventional Executive Search approach is only 50-60%. Recent studies highlight the problem and argue that the failure in appointments of leaders may be getting larger as the prediction challenge gets more demanding.

As one team of scientists and researchers who published their study in 2022 put it, these days, success rates equate to "a coin flip".

The Diversity Problem

Another often reported problem, is that conventional Executive Search normally only includes people of a certain kind. Conventional Executive Search does not systematically include different kinds of people. Besides leading to the Performance Problem this leads to a Diversity Problem. Significant skew – different forms of bias – in recruitment are found by researchers in both initial inclusion and in later selection decisions¹. The resulting Diversity Problem is large. The Association of Executive Search Consultants conclude that lacking diversity is a main problem organisations experience with leader appointments².

Reliance on personal connections and selection skew means "the club" of potential candidates is restricted.

The cost of the Performance and Diversity Problems

The first and most obvious cost of these problems is failed leader recruitment. Time is wasted in a way of recruiting that very often needs to be completed twice. Besides being an embarrassment the real cost is much higher. This is because leaders have the largest impact on people's success at work, inclusive workplaces, and organisations results. The Association of Executive Consultants describes the true cost as "staggering". A failed leader appointment, research finds, costs at least 30 times the salary paid for a leader.^{3,4} **For a typical mid-sized company executive, using the conventional approach stands for an eye-watering 15 million "coin flip".**

Step 2

Understand what causes the problems with the conventional Executive Search approach

Science explains that the Performance and Diversity problems are caused by flaws in the conventional executive search approach. **What are those flaws and what false beliefs are they based on?**

- Flaw: Candidates Connections qualify them to be included in a recruitment**
 A focus on known contacts of a search consultant or available executives within an arbitrary database does not secure the most suitable or diverse candidates. Rolodex-inspired sourcing limits the inclusion of other qualified candidates.
- Flaw: Resumes and online profiles allow for quick accurate selection decisions**
 Unfiltered descriptions of prior experience that are self or AI-generated are not useful in screening candidates without thorough analysis. And experience in a similar past without knowing the situation and the success in the job does not necessarily translate to a reliable prediction of the performance in a new job.
- Flaw: Candidate likeability relates to increased success when appointed**
 The extent to which the executive search consultant, hiring manager and candidate like each other does not predict success at work. Affinity bias and "gut instinct" lead to poor hiring decisions.
- Flaw: Recruitment interviews are an effective method to select leaders**
 Traditional interviews have high levels of random error and bias. Recruitment decisions based on interviews alone relate more to the one making decisions than the candidate's suitability.

These flaws are caused by three types of everyday errors in the way people make decisions—including hiring, **Stereotyping**, when information is evaluated based on generic beliefs, **shortcutting**, when important decisions are made without having all the relevant information and **subjectivity**, when evaluations of people are directly influenced by personal opinions.

To understand the causes of failed leader recruitment is to accept that general leadership models and broad job descriptions have no predictive value. Including candidates based on who they know and similarity to a prior role, won't reliably help you find the people you need. Hiring leaders because you like them or had a "good meeting" is ineffective.

Any one of these flaws alone reduces the reliability of conventional recruitment approaches – combined they create the Performance and Diversity problems.

How do you know you need to rethink your leader recruitment practices?

Recognise the warning signs:
 "I really like the third candidate."
 "He worked for the market leader."
 "I've known him for years."
 "Leaders from that firm don't work here."
 "We need a CFO like the last one/We need a CFO not like the last one."
 "It's not possible to move from that role to this one."
 "I trust my gut in deciding who to hire."
 "Let's include them as a candidate because... [insert any statement not directly related to job performance]"

Step 3

Solve the problems with conventional recruitment through MU Executive Search™ - a way of working that produces better results.

The Performance and Diversity Problem, and the flaws that cause them, are explained in science. **What solutions to them have been found?**

To solve the Performance and Diversity problem, Executive Search needs to be performed differently. The MU Research Institute has tested and validated a more scientific and inclusive approach to leader recruitment.

MU Executive Search™ uses prediction logics and MU Stepwise Selection™ to increase inclusion and selection accuracy. It solves the Performance and Diversity Problem by using tested and proven methods to reduce the negative impact of stereotyping, shortcutting and subjectivity:

- MU Predictive Analysis™** precisely tailors recruitment to focus on the specific context and relevant role criteria for inclusion and selection. Identifying criteria based on each unique leadership challenge allows for precise predictions that overcome stereotyping.
- MU Inclusive Candidate Acquisition™** uses MU stepwise selection™ and extended targeting to include diverse candidates within and beyond existing networks. Monitoring selection decisions ensures that candidates objectively meet the inclusion criteria. Effortful search and stepwise inclusion, using evidence, avoids shortcutting.
- MU Leadership Assessment™** uses fact-based selection to reduce bias and random error. A combination of stepwise selection and reliance on factual evidence means recommended candidates have a very high probability of success in the role. Fact-based stepwise selection reduces and controls subjectivity.

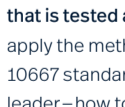
How do we know that MU Executive Search™ is a more effective way to recruit leaders?

MU Executive Search™ is tested and proven by the MU Research Institute to offer a reliable solution to the Performance and Diversity problems found in the conventional Executive Search approach.

- Inclusive Search.** Diverse qualified candidates are included "Beyond the Club" Diversity Problem and skewness are effectively monitored and controlled.⁷
- Accurate Selection** solves the Performance Problem: A precise prediction of performance "Beats the coin flip". More than 90% of employed leaders meet or exceed expectations, as validated independently by the MU Research Institute and DNV-GL Quality Assurance Auditors.⁸
- Reliable Leadership Advice™.** The MU Executive Search approach is powered by MU Leader Selection Science™ which is certified to ISO 106677 – meaning it is tested and proven to provide clients with Reliable Leadership Advice™.⁹

By employing leaders based on what they can do, matched to specific required results in a new role – rather than on what they did before, who they know or how liked or "generally talented" they are, MU has evolved Executive Search to widen the gate and raise the bar.

Effective leadership is best secured by using MU Executive Search™ – a way of working that is tested and proven to be inclusive, accurate and reliable. MU Experts consistently apply the method which is regulated, and evaluated by the MU Research Institute to the ISO 10667 standard. To find out more about how to increase your chance of success in hiring a leader – how to widen the gate and raise the bar – talk to an MU Expert serving your location and industry sector. www.mercuriurval.com/global/our-services/executive-search/



Richard Moore
CEO & Partner, Mercuri Urval

¹ Kiefer, K., Martin, J. A., & Hunt, R. A. (2022). Multi-Level Considerations in Executive Organizational Transfer. Human Resource Management Review, 3 (1)
² Whysall Z. (2018). Cognitive Biases in Recruitment, Selection, and Promotion: The Risk of Subconscious Discrimination. In: Caven V., Nachmias S. (eds) Hidden

Inequalities in the Workplace. Palgrave Explorations in Workplace Stigma. Palgrave Macmillan, Ham.
³ AESC. State of the Profession. (2019). AESC.
⁴ AESC "Minimize risk" retrieved 10-04-2024 <https://www.aesc.org/profession/minimize-risk>

⁵ Smart, B. D. (2005). Topgrading: How Leading Companies Win by Hiring, Coaching, and Keeping the Best People. Penguin.
⁶ Leadership Matters: The Cost of Failed Leadership (MU,2024)

⁷ Jonsson, E. (2023). Diversity analysis: Gender distribution in the MU Selection process 2019-21. The Mercuri Urval Research Institute.
⁸ Jonsson, E. (2023) Success Rate for Leader Appointments. The Mercuri Urval Research Institute.
⁹ The Mercuri Urval Assessment Method Technical Report (2023). The Mercuri Urval Research Institute.