

Are You Picking the Right Leaders?

by Melvin Sorcher and James Brant



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Are You Picking the Right Leaders?

*When the time comes
to hire or promote,
executives routinely
overvalue certain
traits and skills while
overlooking other
attributes that actually
make leaders effective.*

*It doesn't have
to be that way.*

**by Melvin Sorcher
and James Brant**

CEOs AND OTHER TOP EXECUTIVES know that one of their most important jobs is management succession, and they are well aware that the process of identifying potential leaders is neither simple nor straightforward. They fully realize that leadership is a complex, multifaceted capability, with myriad nuances and subtleties and that the characteristics that can help a person succeed in one environment (turning around a losing division, for instance) may lead to failure in another situation (such as starting up a new business). Despite this awareness and the best of intentions, many senior executives make the costly and painful mistake of tapping the wrong person for a key position.

In our experience helping companies predict which people are most likely to succeed in roles of broader responsibility, we have found that CEOs, presidents, executive vice presidents, and other top-level people often fall into the trap of making decisions about candidates based on lopsided or distorted information. Frequently, they fall prey to the “halo effect”: overvaluing certain attributes while undervaluing others. They might, for instance, be drawn to

a candidate's operational proficiency and considerable experience in a broad range of assignments while overlooking his extreme aversion to risk. To make matters worse, many organizations do not have the right procedures in place to produce a complete and accurate picture of their top prospects. All too often, assessments are based on hearsay, gossip, casual observation, and insufficient information.

To help overcome these problems, we have developed an evaluation process in which a candidate is assessed by a group of people, including the individual's manager and other executives, who have observed his or her behavior directly over time and in different circumstances. The process enables the group to probe a wide range of leadership criteria and obtain balanced and complete information. Think of it as an annual physical, which relies not just on a blood test for cholesterol but also on an EKG, an eye exam, a hearing check, and various other indicators to assess a person's overall general health. Such thorough and systematic evaluations will help senior executives avoid the pitfall of promoting the wrong people.

The Leadership Trap

Since the 1980s, we have worked extensively with large corporations to improve their CEO succession, assessment of senior executives, and early identification of leadership talent. We have experience with a variety of businesses and corporate cultures, including manufacturing, consumer products, high technology, and financial services, and we have assessed thousands of senior executives, including many CEO candidates. (For confidentiality, we have altered some of the details of the executives described in the examples.) In some cases, companies have completely reversed their opinions of candidates based on the information that surfaced during our evaluations, and we believe that serious and very costly mistakes have been avoided. (See the sidebar "The Hardwiring of Leadership.")

To assess a candidate properly, senior executives must consider the full range of leadership criteria, including the various "soft" skills and characteristics, such as personal integrity, that are difficult to judge. Furthermore, decisions should be based on an integrated view of the candidate drawn from the various perspectives held by the people who have managed and worked with the individual throughout his or her career. The evaluation processes at many organizations, however, do not produce

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can mask a deficiency in long-range,
conceptual, or strategic thinking.*

such complete and accurate information, leaving senior executives vulnerable to various pitfalls when assessing candidates. One of the most fundamental mistakes is that tendency to overvalue certain characteristics, attributes, and skills:

Being a Team Player. People who manage by consensus often climb the corporate ladder quickly. Their bosses usually view them favorably because they make life easier by helping their divisions, departments, or groups run smoothly. After all, few senior executives enjoy spending their time playing peacekeeper or referee.

But we have found that such individuals do not make exceptional leaders. In fact, the best leaders are usually not team players; they feel little need to work in a group. They might prefer *others* to work as a team and will give lip service to teams, but when push comes to shove they do not have any compelling need to listen to people's ideas fully before moving on. They are independent thinkers, and they don't mind making decisions by themselves, decisions that set them apart from the pack.

By contrast, consensus managers have trouble making a decision unless everyone is in general agreement with it – and this trait can become their undoing. Consider the executive hired to head a publishing company because of his solid track record as CEO of a consumer services company. He was very collaborative and always solicited other people's opinions and ideas. After he was hired at the publishing company, though, people became impatient with him because the organization seemed to lack a clear direction. In short, his vision – a key criterion for leadership – wasn't really his. It was more a mushy amalgam of other people's ideas, and he was slow in making decisions. An underlying reason for this hesitancy might have been an aversion to risk: He may have been afraid of moving forward without first building the consensus he thought was necessary. Not surprisingly, he was seen as indecisive, he couldn't win people's respect, and he consequently failed.

What's more, consensus managers tend to assemble teams of people who are like themselves. Homogeneous groups often run more smoothly, but they usually lack the synergistic power of a diverse team of people with talents, skills, and characteristics that complement one another. Exceptional leaders are willing to take risks by picking peo-

ple who are unlike them – and who may even have different leadership styles. They are also willing to take a chance on untested people if they size them up and conclude they have what it takes. Furthermore, such leaders do not feel threatened when they hire someone who is more skilled, better experienced, and smarter than they are.

Hands-on Coaching. Another common misconception is that leaders actively try to develop others through close mentoring relationships. Many excellent leaders instead prefer to select strong people and delegate fully to them, providing them with various opportunities to grow through their own experiences and make their own fair share of mistakes. Good leaders do have an interest in developing others but not always through hands-on relationships.

Operational Proficiency. CEOs and other senior executives often overvalue people who are good implementers and problem solvers. As we've said, people who make their bosses' lives easy often do very well in an organization. Although good foot soldiers are an asset to any company, they often don't make effective leaders.

Sometimes, proficient individuals rely too heavily on systems, policies, and procedures, rigidly expecting everyone to operate in that same style. Such people can succeed in an organization until they rise to very senior positions, where their need for regimentation tends to alienate others and stifle innovation.

Superior problem-solving capabilities can also mask a deficiency in long-range, conceptual, or strategic thinking. Consider the classic story of the lieutenant who, after his captain orders, "Take that hill," promptly does so. But when the captain asks instead, "Of those seven hills out there, which one should we take?" the lieutenant has no idea. Being able to solve a problem is one thing; knowing which problem to solve – and then taking the initiative to solve it – is quite another.

Many operational experts are good at tackling well-defined problems, say, how to increase a mature product's profitability by 4%. But leaders must also be adept at handling problems that are nebulous or ambiguous, such as how to reposition that same product line (or even whether to kill it off) when a new competitor enters the market. The higher people rise in an organization, the fewer facts they typically have to inform their decisions. Thus, an ability to handle – and even thrive in – ill-defined and complex situations is critical.

Many good operations managers become confused and hesitant in ambiguous circumstances, delaying their decisions until they have 99% of the available facts. Others are prematurely decisive when they ought to be more reflective. Exceptional leaders do neither: They are comfortable acting in gray areas and, in fact, are often able to exploit ill-defined and complicated situations to their advantage, seeing opportunity where others see only confusion. All too often, though, companies undervalue this crucial ability – if they consider it at all.

What's more, results-oriented individuals who have superior operational skills can easily fail in top executive positions if they have major character flaws. For instance, one executive we evaluated was extremely effective in generating new business. He was an impressive rainmaker, responsible for a significant fraction of the total revenues for his organization, a large manufacturing company. But he didn't share information with peers and was considered

The Hardwiring of Leadership

Our experience has led us to believe that much of leadership talent is hardwired in people before they reach their early or mid-twenties. That means, as far as leadership is concerned, people are reasonably complete packages by the time they arrive at the corporate doorstep. Their ability to lead has already been shaped by a multitude of factors and experiences that took root early in their lives. Some of these experiences were within their control; many others were happenstance.

We have followed individuals at many organizations as their careers progressed and have found a remarkable stability and consistency in virtually all aspects of their behavior over time. Simply put, people do not change very much once they enter the corporate world, and the changes that do occur are mainly a matter of a consolidation of strengths – or a downward drift in behavior that needs improvement. For some fortunate individuals, all the elements of exceptional leadership are in place. For many others, formal development programs will not automatically transform them into superior leaders, as if they were butterflies emerging from cocoons.

Unfortunately, though, many companies tend to focus their energies on developing leaders rather than on accurately identifying them in the first place. We believe that corporate leadership development programs can certainly produce an abundance of better managers: They do a fine job of communicating standards, establishing expectations, and setting direction. But they are not effective corporate assembly lines for manufacturing exemplary leadership skills.

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overly competitive and manipulative. Senior management tolerated his shortcomings because he ran a profitable operation. Eventually, though, his lack of integrity – and the fact that his peers didn’t trust him – prevented him from being considered for a top position.

Of course strong operational skills are invaluable, but the truth is that a person who is not experienced in all aspects of operations yet who excels at envisioning the future, taking prudent risks, and exploiting ambiguity can be a strong leader, particularly with the right support. We might recommend that such a candidate, if promoted, be paired with a number two person who has strong operational skills.

Dynamic Public Speaking. We have found that senior executives tend to overvalue how people comport themselves in front of others. In particular, they tend to put great weight on stand-up presentation skills. While these skills are certainly important, they can be developed through extensive coaching, and we have found that a deficiency here is rarely the reason for an executive’s failure. A more difficult shortcoming to correct – and one that people sometimes minimize – is a lack of one-on-one social skills. Without the ability to engage, convince, and inspire others – not only large groups in public but also individuals in private settings – leaders will find it difficult to enlist the people they need to support their cause.

Raw Ambition. A perceived lack of ambition has scuttled many a promotion. “I’m not sure how hungry she is” or “He seems to lack that fire in the belly” are common criticisms. Unfortunately, executives sometimes forget that a person’s ambition can be understated. Indeed, we have found that many exceptional leaders are modest and display little ambition, even though on the inside they are fiercely competitive. In fact, a high degree of personal humility is far more evident among exceptional leaders than is raw ambition.

Similarity and Familiarity. Many top executives tend to favor those with backgrounds, experiences, and characteristics similar to their own. Sometimes promising candidates are overlooked because of differences in race, gender, or socioeconomic, cultural, academic, or geographic background or because they have never held a comparable

position at a similar company. But remarks such as “He doesn’t fit in,” or “The chemistry isn’t quite there,” or “She’s not really part of our culture” should not automatically disqualify a candidate. They should instead prompt a probe for further details.

Even the most trivial factors sometimes come into play. At a *Fortune* 100 corporation, we were helping the chairman and CEO, who would soon both be retiring, to evaluate potential replacement candidates. Each had his own candidate in mind, but we instead recommended that they consider someone else for a combined role, a vice president who hadn’t been at the company that long but who we felt had great potential. Both the chairman and CEO commented on the vice president’s height, but we insisted they look beyond appearances. They eventually promoted him, and his track record at the helm was excellent. In another instance, a brilliant candidate was almost passed over because he was overweight and considered “disheveled.”

Peeling the Leadership Onion

Many companies fail to develop a rounded picture of their leadership candidates because the processes they employ are inherently flawed. Typically, management reviews tend to focus on the performance of certain tasks, relying on a checklist of competencies, and fail to investigate the behavioral characteristics of an individual. And even when such information is considered, the full range of leadership criteria – particularly soft skills such as the ability to inspire others – is often not probed adequately. Frequently, individuals with superior potential are impaled on a single mistake, while mediocre ones are sometimes raised to great heights because they once got lucky.

To avoid the trap of overvaluing certain attributes while undervaluing others, we have developed an evaluation process that calls for a small group of people to get together and discuss the individual’s history. Including the candidate’s boss and other executives who have dealt directly with him or her over the years, the group examines a wide range of leadership criteria – everything from an ability to assemble a top-notch staff to the capacity for strategic thinking. Characteristics that are often taken for granted (a person’s integrity, for instance) are probed with specific questions (“Have you ever known him to shade, color, or distort information to his advantage?”). Directing this discussion is an internal executive or a consultant.

Through a set of such carefully crafted questions, patterns in observed behavior are uncovered. (See the sidebar “Knowing What to Look for – and How to Find It.”)

People often see a hint of something that doesn't unduly bother them so they let it pass, or they have certain feelings that they haven't quite been able to articulate or confirm with other people. But when they hear others talking about a similar experience with or feelings about the candidate, the issue crystallizes. For example, we were once discussing an individual's integrity, and the person's former manager said to his current boss, "I just came across some recent information that I'll pass along to you later." But we urged the manager to share that information with

the group. Very reluctantly, he did. Soon, the other participants were telling a similar story, and what emerged from the discussion was a pattern showing that the candidate frequently manipulated people and situations for his own benefit.

Conversely, participants in the group can often have opinions – based, perhaps, on a hunch or gut feeling – that are unfounded. In such cases, the discussion leader must probe for specific examples as evidence. Only direct observations are considered; secondhand information,

Knowing What to Look for – and *How to Find It*

Evaluating a candidate for a senior-level position is a daunting task. Indeed, judging different individuals on such a multifaceted and nuanced capability as leadership is, at best, an imperfect process. That said, we have found that the best way to assess a person's capacity to lead is through a group evaluation that includes the individual's manager, his manager's manager, and several people senior to him who have worked with him directly. The leader of the discussion probes the candidate's characteristics and behavior by asking the group a set of questions covering a wide range of criteria. The following represents just a small sampling of questions one might ask of a particular candidate.

Describe the candidate's integrity:

- Have you ever known him to shade, color, or withhold information? If so, what were the circumstances?
- Does he give credit to others when appropriate?
- Does he stand firm in his opinions, or does he move with the winds of politics? Can you give examples?

Describe how the candidate communicates information and expectations:

- How persuasive is he in getting his ideas accepted?
- Does he command the respect and attention of senior executives?
- Does he tailor his message to the needs of his audience? Examples?
- Is he intellectually aggressive without offending?

Describe how the candidate reasons and analyzes issues:

- How well and how quickly can he assemble and integrate a diversity of information?
- Is he logical, and how does he demonstrate sound judgment?
- When confronted with an ambiguous or complex situation, does he procrastinate? Or does he make decisions too quickly? Give an illustration.
- Is he more of a tactical or a strategic thinker?
- Does he have a vision for the company, and has he demonstrated that he can move a business into new areas?
- How well does he anticipate trends and translate them into the organization's long-term objectives? Examples?

Describe how the candidate runs his immediate work team:

- Has he demonstrated the ability to assemble a good team? Explain.
- Is he threatened by people who are more experienced, smarter, or better technically?
- How well does he work with people who have different styles and skills?
- Does he always surround himself with strong people who will be candid and tell him what he needs to know instead of what he wants to hear?
- How does he motivate others to accomplish things independently of him? Can you give examples?
- Does he delegate authority and responsibility or just tasks?
- Is he sometimes needlessly interested in certain activities? Or does he perhaps have a tendency to relinquish too much authority to others?

Getting to the *Core of Leadership*

The following is an excerpt that captures a typical group evaluation session, this one of Jack Cotrell, a candidate for promotion to vice president of marketing. The participants include Herb Guzman, Jack's immediate manager; Eric Vieau and Christina Flood, Jack's two previous managers; and Roger Warniers, a vice president of sales who has worked with Jack as an internal customer. Leading the evaluation is Linda Chung, senior vice president of human resources. Although the dialogue is fictional, it is based on an actual case, and this brief excerpt demonstrates how the group evaluation process helps crystallize an issue drawn from multiple perspectives.

Linda: Let's talk about Jack's ability to reason things through and his quality of judgment. What are your observations?

Herb: My experience is that he's a pretty smart guy. He's solid and you can depend on him. He doesn't make many mistakes.

Linda: Herb, you said "pretty smart." What does an exceptional person do that Jack doesn't?

Herb: Actually, I'm not quite sure what I meant by "pretty smart" because Jack's got terrific analytical skills. He has a very logical mind and is able to reason through problems quickly.

Christina: I agree that Jack's a great problem solver.

Linda: Christina, any other observations?

Christina: Let me think. Well, I did get this feeling sometimes that he could be a little laid-back or hesitant, especially when the issues weren't totally familiar to him.

Linda: Any specific examples of this behavior?

Christina: It's just a sense I got. Sorry, I know this is not very helpful, but you asked me so I told you.

Linda: Eric or Roger?

hearsay, and rumors are quickly discounted. The discussion leader encourages everyone to add information, question one another, agree when they've observed similar behavior, and disagree when they've observed something different. (Usually the disagreements arise because the candidate behaves differently in different situations.) In our experience, any distorted information contributed by people with axes to grind will usually be corrected by others – another important benefit of the group evaluation process. The result is a view of the candidate that is typically more accurate, balanced, and richer than could be gotten if the person had been evaluated by each participant individually.

The group evaluation also helps cut through unfounded assumptions that may be dogging someone's career. For example, someone might say of one candidate, "She's great at getting results, but I don't believe that she can think strategically." Then the discussion leader would ask whether the candidate has ever been in a situation that required her to exercise that skill. If the answer is no, participants might decide to test the person by including her in a task force that requires her to anticipate problems,

trends, and opportunities. Similarly, if someone says, "I think she'll be pretty good at strategic thinking" but is unable to provide direct evidence, then again the participants might decide to test the candidate in this area.

When an answer is vague (for example, "He's pretty good at figuring out how to resolve problems"), the discussion leader probes for specificity ("What would he have to do for you to say that he is an exceptional problem solver?"). The process is like peeling away the layers of an onion, as each question delves deeper than the last. (See the sidebar "Getting to the Core of Leadership" for a sample excerpt from a group evaluation.)

The discussion leader also asks the participants a series of questions intended to predict how the candidate will perform in a position of greater responsibility. Without this element of prediction, the assessment process would not be all that useful for leadership development, but unfortunately, the review process at many organizations stops short of this step. In a group evaluation, the leader asks questions such as, "Based on how you've described this person and everything you've observed about her, how would you predict she will perform in a position of

Eric: I think Jack's especially good working across functional boundaries to get things done. But listening to Christina here, I guess I did notice that although he's great at getting results, he's not always the first to identify problems coming down the pike.

Roger: I'd like to add that Jack has always gotten along well with my people – he's very responsive to our needs – but I do agree with some of the prior comments that he can sometimes be reactive rather than proactive.

Linda: Are there any types of situations in which this is true? Any examples?

Roger: Well, I suppose he tends to be reactive when things are complicated and not well defined. I remember when we were trying to reposition one of our products; the requirements for that project kept on changing almost daily. Jack was great at fighting all those fires, but it would have been better if he could have helped us anticipate some of those problems.

Herb: I never thought of it that way: Some people are really good at knowing what to ask, getting that information, and then taking the right steps to avoid future problems. I never really get the sense that Jack can do that.


Through further discussion, the group concluded that Jack must demonstrate better long-term thinking and initiative before being promoted to vice president of marketing, a position that would require him to anticipate trends, opportunities, and problems. But after having probed other leadership criteria, the group agreed that Jack had numerous strengths, including his strong interpersonal and collaborative skills, his ability to motivate teams, and his solid record of selecting top talent. So, Jack's next assignment—to head a group responsible for developing a marketing campaign targeting a fickle but potentially lucrative category of new customers—was designed to provide him with ample opportunity to demonstrate more conceptual and strategic thinking.

increased responsibility?" and "Specifically, if she were to fail, what would you predict might be the most likely reason or reasons?"

From this information, the group can determine development priorities for the candidate. If there's no evidence that the individual can, say, manage a geographically dispersed organization, the group might develop a plan that expressly requires her to do so. Details of this plan should include a specific time frame for the test, the criteria that will be used to determine success, and a list of the early warning signs of potential failure. To encourage the participants to give their honest views of the candidate, the discussion leader should emphasize that the ultimate goal of the group evaluation is to develop the individual and that information will be kept confidential. Furthermore, the dynamics and structure of the group organization reinforce candor and confidentiality.

AT MANY ORGANIZATIONS, much leadership talent goes untapped. Top executives identify the wrong people as having high potential, often because they work with in-

complete or inaccurate information that leads them to overvalue certain capabilities and qualities. Candidates are sometimes promoted to key positions just because they possess one remarkable characteristic, such as excellent communication skills that can persuade and inspire others. Superior individuals may be weeded out because they do not wear their ambition on their sleeves.

No wonder, then, that many companies are struggling with a leadership shortage. We believe that leadership talent is more available than people think. The trick is to identify it properly, and doing so requires sorting through the myriad nuances and subtleties of leadership. At a minimum, organizations need an evaluation process that yields a full, balanced, and accurate picture of candidates. Without such information, senior management will remain vulnerable to misidentifying its leadership talent, and the wrong people will continue to make their way up the corporate ladder. 

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