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How data can improve every aspect of executive leadership development and succession planning

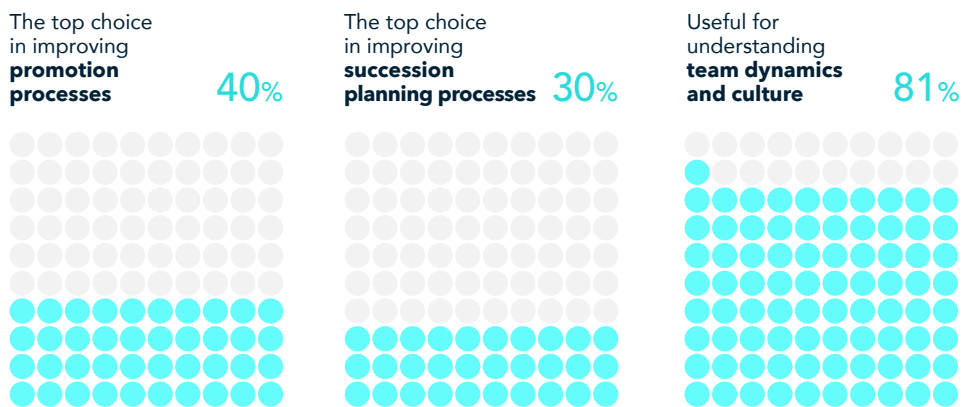
Companies assess their executives about once a year. Most make far less use of this objective, independent data about their leaders than they could. Some, however, are using it to build a competitive edge.



Corporations have long used assessments to understand if a potential hire is capable of high performance and adding to the organizational culture—being collaborative, for example, and agile, and creating an environment that drives results.

Most companies go on assessing people long after they're hired, about once a year, according to a recent survey we conducted.¹ But, for various reasons—and often because data is unconnected, inconsistent, and incomplete—many companies don't make nearly as much use of assessment results as they could, to improve everything from promotion and succession planning to team dynamics to coaching and leadership development.

Executives are keen to use assessment data—generated from methods including 360-degree reviews, structured interviews, psychometrics, and simulations—to improve all kinds of processes related to people.



Many can use the results to help support their individual career development choices. Bigger picture, data is taking an increasingly important role in all kinds of corporate decisions; leadership decisions benefit from the insights it supports at least as much as others. CEOs and HR leaders who use data from assessments as a through line, informing each aspect of their executive attraction, retention, development, and promotion and succession strategies, are creating lasting value for their organizations.

One HR leader, Lee-Ann Samuel, Group Executive, People, at Implats, a mining company focused on platinum group metals, says that “having the deeper insights into individuals through assessments really helps from a development perspective, from a cultural perspective, from a team dynamic perspective, and then with succession planning, talent management, and knowing how to maximize the potential or to work with individuals so that they can be the best that they can be in their roles.”

¹ Proprietary data from a survey of 250 executives across industries and in six countries around the world, conducted online in summer 2023.

Gaining wide and long-lasting benefits from including assessments in hiring

Sometimes it's the role that has to change

Companies are adding more new roles than ever before to cope with the faster rate of change. Sometimes, assessments can help companies understand how to shape a role in ways they might not have considered. For example, a private-equity-backed company was seeking a president to support fast growth. The board was concerned that no one on the executive leadership team had worked at an organization of the size this one hoped to grow to; that the CEO had 10 direct reports, which was too many; and that he was personally spending a lot of time on client delivery. The board saw no one on the team ready to step up. So they began by seeking a president with customer delivery experience. As part of the process, the company assessed the skills and capabilities of the existing executive team—in part to ensure they had a current understanding and in part to help figure out how to reconfigure the team when some of the CEO's current reports began to report to the president. The board expected only minor adjustments but found instead that there were a number of people who could step up to be inspirational client leaders but who had very little depth on the technological and operational elements of managing their platform. With this information, the CEO and board rethought and reshaped the president role into one focused on the platform—and that person has been instrumental in the company's successful growth.

It all starts, of course, with the most familiar use case: attracting the right person for each role. Several years ago, a leader we'll call Steve was a finalist candidate in a CEO search for a large logistics company. He was clearly brilliant. He had unusually high business analytic skills, an incredible drive for results, and an impressively well-balanced appetite for risk, and he was particularly strong in his ability to disrupt and lead innovation consistently and productively. But his social intelligence was underdeveloped. It wasn't that he had a particularly large ego; indeed, he demonstrated self-awareness and empathy. He had simply never applied his mind to how best to approach working with and through others by influence and how to develop his stakeholder map strategically. He managed his team well but was less good at building constructive, productive relationships with his peers, his line manager, and other stakeholders.

The need to improve interpersonal intelligence is not uncommon in senior leaders. As people develop their careers, they focus on building expertise in their chosen line of work. If they have talent, they do well and get promoted. Eventually, if they are really good at what they do, they'll be promoted to the executive level and even further. However, all too often we meet people who have been promoted to the most senior levels without understanding that the nature of their job has changed completely: it is no longer about doing the job themselves; it's about enabling and facilitating others to do the job and, when necessary, clearing the roadblocks that might prevent them from succeeding. Those others will range from the direct team to peer executives, clients and suppliers, the CEO or the board, and external stakeholders. In other words, leadership is no longer only downward, but it is also outward and upward.

In Steve's case, his assessment led to the conclusion that he was not ready to be CEO. However, the feedback from his assessment spurred Steve to transform his attitude toward leadership and work hard with a coach to improve his social intelligence. Eighteen months after this assessment, he was appointed CEO of his company and since then has taken the business from strength to strength.²

A global insurance business headquartered in Europe created a situation that highlighted the lasting benefits of using assessments to hire when it decided to give individual business leaders the choice of whether or not to include assessments in the process. The performance of leaders across businesses at the end of the first year showed no defining differences between people hired with and without assessments. However, in year two, a gap appeared. Leaders who had been assessed and continued to be were clearer about their strengths, development areas, and path to performance. In year three, the gap stretched further, and a far higher share of people who had been assessed at hiring moved to promotion than those who hadn't been. On the flip side, attrition among those who had not been assessed at the hiring stage was also higher by year three.



² For more, see Olivier Jeglot, "The value of leadership assessments," LinkedIn, April 3, 2023, linkedin.com.



What I like about assessment is that it not only takes a performance position but also takes a potential position. So even if we don't promote you, we can work on your potential. We have internal candidates, for example, who don't get the executive role. But their assessment and their potential is already there for us to work on.

Paul Russo
Group CEO, KCB Group

In the long term, including assessment in the promotion and selection process helps both leaders and companies. Paul Russo, Group CEO of KCB Group, a leading bank based in Nairobi, explained, "What I like about assessment is that it not only takes a performance position but also takes a potential position. So even if we don't promote you, we can work on your potential. We have internal candidates, for example, who don't get the executive role, but their assessment and their potential is already there for us to work on. It becomes the work of the person who takes over the role to follow through on the potential development of that person as part of succession planning. It also tells us if there is a red flag, when someone isn't going to go anywhere, so we can also take action on that."³

Building on Russo's final point, assessment for selection can identify not only individual weaknesses but also behaviors that can be more harmful to teams than to leaders themselves. The effects of narcissism, unwillingness to control emotions, micromanaging, or a lack of consistency, for example, are hard to spot in a classical interview environment alone. Often, though, 360-degree assessments, combined with psychometrics, deep-dive interviews, and problem-solving or crisis simulations, can uncover patterns of behavior that are triggered by positive or negative situations and that, in the long term, will impede leaders' and teams' effectiveness.

Developing leaders more individually

As the examples above show, whether assessments are specifically focused on identifying leaders' development needs or not, they inevitably reveal those needs, and they can and should underpin leadership development efforts of all kinds. Assessments are also a first step in setting goals for coaching and are the most effective way to set priorities for, and understand the success of, broader leadership development journeys. Many companies are getting this right, our research suggests. For example, 78% of executives we surveyed last year said that the assessments mostly or entirely resulted in them being given development opportunities tailored to the assessment results.⁴

Many corporations now provide their executives with coaches, particularly as executives become more senior. And where coaching follows on from deep-dive executive assessment the impact is amplified, because the executive feels they have been heard and understood, so they buy into the feedback, and it becomes much easier to engage them in the coaching.

For example, the CEO of a growing healthcare company was given feedback as part of his coaching work about being overbearing. "You can't buy a coffee pot for the break room without his approval," a colleague said. Indeed, the company's rate of growth was limited by the CEO's involvement with everything. A coach helped the CEO realize that his mindset was rooted in the notion that he couldn't take a day off or everything would come skidding to a halt. His coach challenged him with, "Is this mindset going to lead to the result you want?" And then, "What mindset will enable you to optimize your time and your team's time when it comes to decision approvals?" Ultimately, the CEO realized he needed to trust that his team was capable and let them operate independently. When his mindset shifted, the limitations in the growth of the company were removed; it quadrupled revenue over three years with healthy margins. And the CEO was finally able to take a vacation.⁵

3 "People don't just matter, they are everything": An interview with Paul Russo, Group CEO of KCB Group," Heidrick & Struggles, May 1, 2024, heidrick.com.

4 Proprietary data from a survey of 250 executives across industries and in six countries around the world, conducted online in summer 2023.

5 For more on understanding when someone is ready to change, and how coaching can help create change, see David Peck, "Developing future-ready leaders: When—and when not—to invest in coaching," Heidrick & Struggles, heidrick.com.

For broader leadership development journeys, companies first need to determine if teaching leadership capabilities and skills to a group of leaders is the right way to reach their business goals. When it is, companies can make sure learning is most effective by starting with a rigorous up-front diagnostic at the individual, cohort, and/or organizational level. One global pharmaceutical company, for example, realized it had a shortage of executives ready for key leadership roles in a particular division, and so it assessed the capabilities of all leaders from this division who could be part of a learning journey. The company discovered notably low scores on agility, which, of course, made agility the priority focus for the learning program and made the key impact metric the degree to which participants' aggregate scores on agility increased.⁶

Planning more effectively

Sixty-nine percent of executives we surveyed last year were told how the assessment results related to promotion decisions. Even so, executives' number one suggestion for improving their company's promotion process is making more use of assessment results.

The benefits are even larger when companies extend assessments deeper into the organization. Many companies are getting parts of this right: 69% of executives we surveyed last year were told how the assessment results related to promotion decisions. Even so, executives' number one suggestion for improving their company's promotion process is making more use of assessment results. Furthermore, only 36% say their company begins to assess leaders more regularly or rigorously when they are identified as being part of an executive succession plan, and only about 30% say that planning reaches as far as two levels below the CEO's direct reports.⁷

When companies use assessment data effectively in these processes, however, they see many benefits. For example, deep-dive interview-based assessments combined with online psychometrics can uncover people who may not have put themselves forward but in fact have leadership capabilities or skill sets that could be very valuable to their organizations. Ensuring those strengths are known, burnished through leadership development, and considered in promotion and executive succession planning will help companies develop—and retain—these emerging leaders.⁸ Implats, the mining company, has been using an assessment model that includes a three- to four-hour interview for many years. Implats' Samuel says, "We've got over 100 people in the senior leadership team, and through these assessments, we've been able to identify the top talent who can become part of the succession pool."

CEOs and boards also often find some surprises in the talent mix when they conduct a broad assessment program. A major consumer goods company, for example, assessed its executive team in a succession planning process designed to find strengths and gaps related to the strategic implications of digital commerce and AI. The findings showed that the team was successful in the current environment, results driven, and very strong in operations and marketing. But it had relatively low agility—and therefore unclear potential to grow—as well as poor strategic competence and a quite low appetite for risk. The board and CEO responded by reinforcing the team with a very forward-thinking chief strategy officer; they also brought in a chief digital officer who would work alongside her. Now, the reconstituted team is starting to deliver completely new thinking about the future while maintaining the performance of the current core business.

6 For more, see Regis Chasse, Cynthia Emrich, and Steven Krupp, "Investing in your leaders as a strategic asset: A fresh look at measuring the impact of leadership development," Heidrick & Struggles, heidrick.com.

7 Proprietary data from a survey of 250 executives across industries and in six countries around the world, conducted online in summer 2023.

8 For more on why not putting oneself forward is an increasingly common characteristic of successful CEOs, see *Route to the Top: Today's CEO: The growing importance of character, learning, and leading in a contested world*, Heidrick & Struggles, February 28, 2024, heidrick.com.

Taking control of one's own career

Assessment data can also help individual leaders take control of their careers. KCB Group's Russo offered one striking example of doing this for himself and as an example to his organization: "I actually stood in front of a forum and prepared a presentation of my assessment as an individual. I put out what I will do to address those areas of development and what is expected from the leadership team. And I really meant it, because as a CEO, I thought the only way to carry these people, to change the minds of those who think 'those assessments may be for other things,' was for me to step up and say, 'Here it is; I am not perfect as a CEO. Therefore, you will not be perfect as an individual. The choice is yours whether you're going to take ownership or not. I have chosen to take ownership of my development.'"¹ The CEO of a leading professional services firm, meanwhile, said after an assessment that throughout his career no one had told him his strengths in such an actionable way and that he now wanted to offer that to his team.

Many executives don't want to rely on HR to select them for opportunities—they want to create their own, building on their strengths. Some organizations are supporting them through more dynamic career development planning that folds in assessment data.

¹ "People don't just matter, they are everything": An interview with Paul Russo, Group CEO of KCB Group," Heidrick & Struggles, May 1, 2024, heidrick.com.

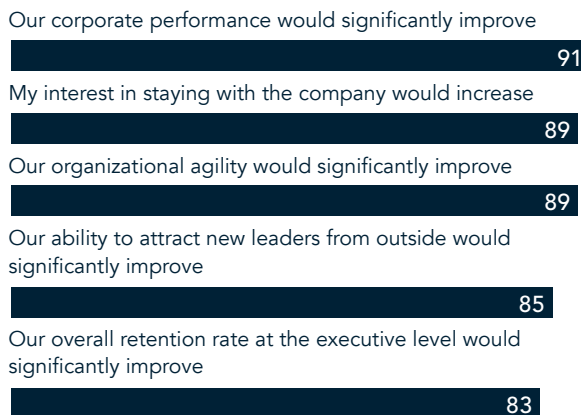
Going even deeper, a Europe-based manufacturer is now conducting some 800 executive assessments a year as part of a complete revamp of its talent approach, processes, and frameworks. The company was facing a decline in profits exacerbated by supply chain problems, a seven-year decline in employee engagement, and a change of CEO. As part of a refocus, the company created a leadership framework that aligned with a renewed purpose, reflected the company's strategy, and used language that resonated across the company to describe the behaviors expected from leaders. It's simple and memorable, which made it easier to embed into the company's existing talent processes and performance metrics. The company used those behaviors as the metrics in a twofold assessment program: 360-degree reviews and deep-dive interview assessments for the senior team, combined with online assessments for the larger executive group. Within a year, employee engagement increased significantly, and the company has become consistently profitable again.

Shaping more effective teams

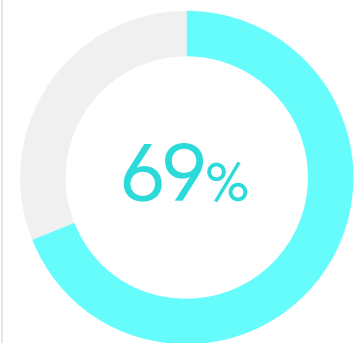
While more executives are taking ownership of their own development with assessment data, and HR leaders are using it to support robust planning and development, it can still be challenging to transfer that learning to the team environment, in particular to teams executives are a part of rather than leading. Our research has found that more than a third of executives find a majority of their peers hard to deal with. Not only does that make individuals' jobs harder and less pleasant, but it also has material effects on their organizations that improved team dynamics can reverse.

Given that 81% of executives find assessments useful for understanding team dynamics and culture, it's no surprise that by far the top reason they cite for people remaining hard to work with is that their leadership capabilities aren't assessed after hiring or assessment results aren't connected to reviews or promotion decisions.⁹

Share that agree or strongly agree to each statement (%)



Share that agree or strongly agree to all statements (%)



⁹ Proprietary data from a survey of 250 executives across industries and in six countries around the world, conducted online in summer 2023.

Russo explains where assessments are helping him and his team: “If you just handle the reports at the individual level, you will not tackle the institutional problems. Even as you work on your plan, as a leadership team, as a collective, [the assessments show that] these are the common things. If I fix mine, and you don’t fix yours, we’re not turning around the organization. As a leadership team, we can now identify the core blockers. For example, we always said that we were approachable. But 360-degree assessments showed us that nine out of ten executives made it difficult for anybody to give feedback. So we’ll take that and tackle the common top five blockers of the team.”¹⁰



We have developed better leaders out of this process. People who may have been appointed into leadership positions based on technical competence have been able to develop their leadership competencies and have become better leaders, and that’s why we have so many high-performing teams in the business.

Lee-Ann Samuel
Group Executive, People, Implants

Samuel agrees and points out that “the people who were assessed and got the feedback from a leadership 360 were a lot more cognizant of how they are perceived. It got people to reflect on: this is how I see myself, this is how others see me, and maybe there is a bit of a moderation that needs to happen—I need to work on how I show up for myself and how I show up for others. That has helped with the team dynamic in the most remarkable way. We have seen even members of the executive team change behavior: there’s been a lot more collaboration, transparency, communication, sharing of information, just through these leadership assessments and the outcomes of those leadership assessments.” She adds: “We have developed better leaders out of this process. People who may have been appointed into leadership positions based on technical competence have been able to develop their leadership competencies and have become better leaders, and that’s why we have so many high-performing teams in the business.”

Putting it all together

Multitouch executive assessments that include a deep-dive competency-based interview combined with a business simulation and carefully chosen online psychometrics can and should lie at the heart of senior leadership development, retention, and succession planning programs. This independent, objective data on each leader can yield wider and longer-lasting benefits from its traditional use in the hiring process. It can inform companies on how to develop leaders with tailored and actionable individual development programs. It can deliver the insight companies need to manage their leadership pipeline over many years, providing views of each leader, their impact on the organization, and their potential to grow. It can improve leaders’ self-awareness and offer specific insight on how to improve team dynamics.

CEOs and CHROs can face a number of barriers to making more use of assessment data, not only data quality but also executive reluctance and competing focus on other HR priorities. But given the benefits such data can offer throughout the leadership pipeline—and the fact that most companies conduct assessments frequently—we believe it is well worth CEOs’ and CHROs’ time to make full use of them.

¹⁰ “People don’t just matter, they are everything”: An interview with Paul Russo, Group CEO of KCB Group,” Heidrick & Struggles, May 1, 2024, heidrick.com.

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Paul Russo
Group CEO
KCB Group

Lee-Ann Samuel
Group Executive, People
Implats

About the authors

Sarah Arnot
is a partner in Heidrick & Struggles’ Johannesburg office and a member of Heidrick Consulting.
sarnot@heidrick.com

Sharon Sands
is the leader of Leadership Assessment, Development, and Coaching for Heidrick Consulting and co-leader of the CEO & Board Practice; she is based in the London office.
ssands@heidrick.com

Todd Taylor
is the global managing partner of the Financial Services Practice and leads the Banking & Wealth Management sector in the Americas; he is based in the New York office.
ttaylor@heidrick.com

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Leaders of Heidrick & Struggles' Financial Services Practice

Global	Todd Taylor Global Managing Partner ttaylor@heidrick.com	Asia Pacific, Middle East, and Emerging Markets	Shadi El Farr Regional Managing Partner selfarr@heidrick.com
Americas	Dominique Fortier Regional Managing Partner dfortier@heidrick.com	Europe and Africa	Wolfgang Schmidt-Soelch Regional Managing Partner wschmidtsoelch@heidrick.com

Section leaders

Consumer Banking & Wealth Frazier Wilson Sydney fwilson@heidrick.com	Corporate & Investment Banking Traci Filler New York tfiller@heidrick.com	Insurance Francois Kouroriez Boston fkouroriez@heidrick.com
Investment Management Marcus De Luca London mdeluca@heidrick.com	Market Infrastructure & Data Services David Richardson New York drichardson@heidrick.com	Payments & Lending Greg Konstans Dallas gkonstans@heidrick.com

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