

Evaluating Executive Talent Using Assessment Centers

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**This paper examines the pros and cons of applying
assessment center methods for assessing and developing
the potential of senior leaders.**

Assessment centers have been used for over 60 years to assess and develop people as part of a broader training and development initiative or to assess the capabilities of people who aspire to higher-level positions. Typically used for people at entry-level, supervisory and managerial positions, the use of assessment centers has broadened to executive management roles. The questions on the table are, how well do assessment centers apply to executive populations, and when do assessment centers at this level justify the time and costs?

What is an Assessment Center?

The term “assessment center” refers to a specific approach to evaluating the skills and capabilities of individuals. The distinctive features of assessment centers include multiple assessment techniques; multiple trained raters; ratings based on observed behavior; assessment of individuals as they interact with others in group exercises; and, the use of simulations that reflect actual job situations.

Assessment centers vary enormously in form and duration. Traditionally, an assessment center includes an in-basket exercise, a leaderless group exercise, an extended case study that includes some form of role-play, an interview and a battery of psychological tests.

Assessment centers typically last two days. However, some “assessment centers” comprise simply an interview, a battery of psychological tests, and a “case exercise,” and may take only 3 or 4 hours. Technically, however, these do not meet the formal definition of an assessment center.

Assessment centers are mostly used as part of promotion processes and as part of formal leadership and management development programs. They are also used for entry-level hiring decisions, especially in Europe where testing is not subject to the same legal scrutiny.

Issues on Using Assessment Centers with Executives

Assessment centers are most typically used with supervisors and managers at lower-level positions, where change in job responsibilities is significant and the numbers of participants can justify the development costs. When applied to promoting or developing higher-level managers and executives, several drawbacks limit their usefulness and acceptability.

- High-level candidates are likely to react negatively to the “intrusive” nature of assessment centers, especially when the purpose is for selection or promotion. They will likely discount the results of the as-

assessment center when the results are at odds with their view of themselves. In particular, they will claim that they should be evaluated on their accomplishments and not on their performance in an artificial setting over one or two days.

- Effective and realistic exercises and simulations are difficult to design and equally effective and less complex assessment processes exist. The set of experiences, skills and capabilities needed by executives are not unique and they should be manifested in a candidate's performance on their current job. Therefore, structured in-depth interviews and systematic reviews of recent past performance have equal, if not superior, validity to assessment centers. They are also far more acceptable (i.e., higher face validity) to candidates.
- A well-designed assessment center is expensive to design and to operate compared to other assessment procedures. A traditional assessment center designed to reflect the specific demands of executive roles might cost in excess of \$350,000 to develop and validate, require 1–2 trained assessors/moderators per pair of participants, and require five days of participant/assessor time.
- The use of assessment centers for selection purposes in the US raises significant legal risks unless the assessment center is based on a rigorous job analysis and the exercises are validated according to generally accepted guidelines. In addition, current guidelines require that all candidates for a position (or promotion) are assessed using the same process. An assessment center would therefore have to be used for both internal and external candidates.

On the other hand, assessment centers have some clear advantages for evaluating candidates for executive level positions.

- Assessment centers provide a “visible,” level playing field. This is particularly important when a company wants to consider individuals from non-traditional backgrounds and when comparing individuals from different parts of a company that might operate with very different leadership cultures. Both situations make it more difficult to evaluate a candidate's record of accomplishment.
- Assessment centers provide a unique view of a candidate's interpersonal skills that is difficult to match through even a well-conducted behavioral interview. Well-designed simulations can also show how individuals are likely to respond to different types of complexity and stress.
- Assessment centers can generate significant “objective” development feedback for individuals that can be readily documented and discussed with managers or outside experts or coaches.
- Assessment centers provide line managers and executives who act as assessors with a significant development experience through the opportunity to think about the leadership skills needed to be effective.

Executive Assessment Centers that Work

Published descriptions of the details of assessment centers for senior executives are difficult to find. We were able to review the current use of two highly regarded assessment centers in companies: a major global energy company and the European division of a major professional services organization. Finally, we will describe a web-enabled assessment center currently in use at a Fortune 100 global multi-product technology company.

1. Professional Services Firm: Assessment for Selection.

This UK-based division of a US company has used assessment centers as a key part of its selection process for partner-level positions for over five years. It is the capstone event in a six+ year leadership development process designed to prepare likely individuals for promotion to partner. Part of that process includes the sharing of detailed information on the nature of the assessment exercises and the assessment process with candidates. Only individuals who are seen as already demonstrating the skills and capabilities that are evaluated in the assessment center are invited.

The program has an annual throughput of nearly 100 participants, and each program is typically run with eight participants and six assessors plus an administrator. The process is seen as very successful and receives active and ongoing support from the firm's senior leadership.

2. Global Energy Company: Assessment for Development.

This company has used assessment centers in various forms for over twenty years as part of its high potential program. Most participants have 5–10 years of experience in the company, though on occasion more experienced individuals experience the program as part of the need to evaluate talent after a merger and acquisition. Participation in the program is predicated upon successful involvement in the high potential program plus appropriate ratings on a 360-degree assessment tool.

The program has an annual throughput of about 100 participants, with an average of eight participants and four assessors plus two administrators per program. Maintaining the program requires full-time staff of an assessment expert and administrators.

The program is seen as an essential component of the overall high potential program by candidates and senior executives.

3. Cambria's Program Management Development Center.

Cambria has developed an intensive, simulation of the role of senior program management executive, typically in charge of multi-billion-dollar technology and product development. This program uses a web-based platform that simulates activities that test technical, business and leadership skills. The program incorporates a pre-work CD-ROM, a fully functional Microsoft Outlook system, an intranet work site, and voice mails and videos of meetings and hallway conversations delivered to participants through a timed online "pop up" agent. An intranet platform drives the simulation activities, designed to blend with interactive role-plays, just-in-time feedback sessions, written assignments and a comprehensive developmental planning discussion.

Enrollment is 6–8 participants per session with two assessors/coaches per 2-day session. It has enjoyed wide acceptance in the company and has supported a number of essential organizational initiatives, including talent evaluation, selection, and succession planning efforts.

All three programs have enjoyed widespread acceptance and achieved success in meeting their requirements. The common elements of these programs that have contributed to their success are the following:

- Assessors include well-regarded senior managers (senior line managers or partners), sometimes in combination with content experts.
- Exercises were designed jointly with external assessment experts, and the content is periodically refreshed to ensure that the

exercises reflect current business practices and realities.

- The exercises are technology enabled, allowing for the closer simulation of actual work environments.
- All three programs have the full support of senior management, a key to the success of any program that has high-level visibility, not to mention the magnitude of investment needed to implement a quality product.

Are Executive Assessment Centers Worth It?

Given the development time and expense, the cost of administration, and the opportunity costs involved in executive time spent in a 2+ day residential program, one must ask this question. In our opinion, assessment centers at this organizational level are not for every organization. Executive assessment centers definitely merit consideration when one or more of the following conditions hold:

- The organizational impact of not having the best possible players at the top of the

business is a significant determinant of the company's ability to execute on its strategy.

- Executive management needs more structure and rigor around selection and promotion decisions, as evidenced by recent problematic hiring decisions or indications that high performers see current promotion processes as unfair.
- There is a need to ensure that those in high potential programs actually continue to have high potential.
- The cost of a selection or promotion failure or the gap between "average" vs. "outstanding" performance is significant.
- Retention and development of the best current and potential executive talent is an issue.
- The scale of the undertaking is reasonable and there is a clear commitment that senior managers will be available to act as assessors.

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Christa St. Cyr, an associate Consultant at Cambria, supports Cambria's work through project contribution, account coordination and research. She conducts research on client business and HR-related issues, participates in developing competency research and our executive coaching practice, survey data analysis, and develops course and development resource guide content. Her client work includes engagements with Cisco Systems, Mercantile Bank, MetLife, Microsoft, United Technologies and Wachovia. Before joining Cambria, Christa worked with The Boston Consulting Group and The American Chamber of Commerce, Brussels.