

# The Perfect Fit.

Due Diligence in Executive Recruitment

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Your key to recruitment and  
organisational development.

# THE 'PERFECT FIT' : DUE DILIGENCE IN EXECUTIVE RECRUITMENT

"The value of assessing people during selection is without question, though one might wonder why there is any question. Organisations measure inventory for buildings, supplies and materials; monitor production quality and audit costs and expenditures. Why then should it seem unreasonable for organisations to spend time and effort developing and auditing procedures used to adequately select and promote the people who are responsible for doing all those things?"

*Dr Mary Tenopyr; Frank Erwin;  
and, Dr Craig Russell*

Recruiting executives can be a million dollar investment, especially when their total salary and entitlements are taken into account.

And, ineffective selection processes can lead to many unintended consequences - including poor organisational performance, staff turnover, wasted management time, and rework.

What can be done to improve the rigour and objectivity of executive recruitment, and ensure that organisations maximise their ability to identify, select, appoint and retain the best candidate for their needs?

Recently, Locher Human Resources conducted an Executive Round-Table Forum with fifteen very senior executives from both the private and the public sectors to explore this important subject. To supplement the findings of the Round-Table discussions, a further thirteen executives completed a survey on both their executive recruitment practices, and their views on critical issues of 'due diligence' in executive recruitment.

The outcomes of the survey and the Forum discussion were complemented by the addition of some key external research findings, and a summary of the resulting White Paper is set out adjacent.

For further information on Executive Recruitment, and the White Paper findings, please contact Locher - details are shown on the opposite page of this document.

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**In effective executive recruitment can have a number of detrimental consequences...**

In addition to the lost recruitment costs, these include, under-performance, low morale and job satisfaction, low return on investment in people, poor organisational performance, staff turnover, wasted management time, and rework.

**...and, while the use of executive recruitment consultants is widespread...**

Only 12.5% of companies surveyed had not used consultants over the past two years, while more than forty-six percent (46%) used consultants more than half the time.

**...clients believe executive recruitment consultants need to lift their game in a number of areas...**

- Better understanding of the client's operations, its culture, and the demands of the position;
- Demonstrating better added value from the consultant's expertise, providing more rigour in the process, and being prepared to be more flexible;
- Pricing the job for what it is worth, rather than a % of package;
- Improving the candidate base available, including offering more 'left field' candidates to challenge conventional thinking;
- Developing deeper and lasting relationships with key executives of major clients;
- Personalising psychometric testing; and,
- Conducting more meaningful and rigorous reference checks.

**...and, it's a mistake to rely only on the information supplied in CVs...**

A recent Australian study indicated that 70% of candidates embellish their CVs.

**...while, reference checks are perceived to be somewhat unreliable...**

Even taking account of the fact that in around 40% of cases, reference checks are not done, they are perceived to be unreliable because:

- Nominated referees generally have the perception that they are to speak in support of the candidate - rather than give an objective assessment;
- The client may be unreceptive to 'bad news', especially if all other assessment information seems suitable; and
- The Privacy Act obliges consultants, on request, to advise the candidates who said what about them - thus potentially inhibiting referees from being objective.

**...but, some steps can be taken to improve their effectiveness.**

- Tell each candidate that no employment offer will be made until satisfactory reference checks are carried out;
- Where the referees nominated do not include the immediate manager of the candidate, request permission to contact that individual;
- Seek the agreement of the candidate to investigating any information which may be ascertained from the reference check;
- Contact each nominated referee, preferably by a personal call;
- Qualify the referee properly;
- Ensure that reference checking relates specifically to the attributes required for the role;
- Document all the information received;
- Do not rely on generic references;
- Ensure executive recruitment consultants are properly trained in reference checking.

**The key area for improvement in executive recruitment is in getting right the cultural fit with the client organisation...**

Better assessment of the values and leadership behaviour of the candidate is critical (eg the ability to collaborate and network in teams). Improved evaluation of such things as 'emotional intelligence', the 'cultural fit' of the candidate, and their attitude towards equity groups is required. If an appointee has the right attitude and cultural fit, they can always be taught the required skills and knowledge.

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..., and, traditional recruitment approaches are not good for assessing these attributes...

The more traditional and commonly used assessment methods such as academic results, years of job experience, interests, unstructured interviews, and reference checking have relatively low predictive capabilities.

...while, Assessment Centres and Workplace Simulations have a relatively high predictive value for assessing the required attributes in the candidates...

These incorporate a range of tools including ability tests, personality and motivation questionnaires, role-plays, analysis of complex issues and presentation of findings, strategy papers, in-tray exercises and other behavioural simulations.

...and, executives with experience of these Executive Assessment Methodologies strongly support their use.

Around forty-two percent (42%) of respondents to our survey indicated that they would be willing to invest in these more rigorous approaches to executive recruitment, and were prepared to spend around \$1000 - \$1500 per candidate for up to four short-listed candidates. And, there is evidence to suggest that careful education of clients about the benefits of these approaches would increase their use.

More rigour and objectivity can be introduced into executive recruitment by following a four-step process...

*Step 1:* Clearly defining the requirements of the job, and the key aspects of the culture of the client organisation.

*Step 2:* Designing an Executive Assessment Methodology based on the information derived in Step 1. Incorporate tools such as ability tests, personality and motivation questionnaires, role-plays, analysis of complex issues and presentation of findings, strategy papers, in-tray exercises and other behavioural simulations.

*Step 3:* Conducting the assessment of the candidates against the criteria developed in Step 1, using the tools identified in Step 2, and incorporating objective screening against the required competencies (taking care not to eliminate potential 'left field' candidates), validating qualifications, the normal interview process, and comprehensive reference checks.

*Step 4:* Providing individualised, personalised feed-back to the client organisation, drawing on the expertise of the consultants to elaborate on the assessment results. Feed-back should also be given to the candidate, who should be left feeling good about the whole process - whether they are successful or not.

...while, assisting the new appointee to rapidly get up to speed in the new environment can also be of great benefit...

Recruitment consultants can recommend and provide (for a fee) appropriate mentoring for the new appointee (using experienced senior executives). This will assist the settling in process both internally to the organisation, and in the wider business community - and lower the risk for the client.

While there was some debate as to whether this initial mentoring is best done internally by senior executives of the client or by an external consultant, around forty-five percent (45%) of respondents to our survey were either of the view that it would be valuable, or they would consider it depending on the specific circumstances of the new appointee.

In addition to executive recruitment, search and selection, Locher offers a range of innovative human resource management services to assist in building the capability and performance of your organisation. These include:

- 360 degree reviews
- Psychometric assessments
- Executive and management coaching
- Succession planning support
- Leadership development programs
- Cultural vitality surveys
- Executive outplacement
- Executive contractors

To learn more about these and other services, please contact our key people.

### Contact details

**Christine Locher**  
managing director  
80 richmond road  
keswick, sa 5035  
t (08) 8201 1133

**Deane Tietzel**  
director, executive recruitment  
80 richmond road  
keswick, sa 5035  
t (08) 8201 1133

**Danielle Jiranek**  
director, organisational development  
80 richmond road  
keswick, sa 5035  
t (08) 8201 1133