

HEALTH WEALTH CAREER

LEADERSHIP HIRING TRENDS 2019

A survey report based on a study
of 200+ organizations



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PREFACE

Finding quality leadership talent and nurturing them to take up critical strategic positions in an organization is among the top and most critical challenges that organizations face these days. Having a strong company leadership in place and ensuring to a talent pool ready to take up key roles in the future are significant factors in determining the sustained success and profitability of an organization. For attaining this, organizations need to have a well-structured leadership hiring and leadership development process in place.

To demystify the topic of leadership hiring, we present to you the *Leadership Hiring Trends Report 2019*, the first report of 'Mercer|Mettl Leadership Series' which will be followed by the 'Leadership Development Trends Report 2019', scheduled to be released in May 2019.

'Leadership Hiring Trends Report 2019'

Is a compilation of expert insights and survey results collected from more than 500 respondents. The report provides insights on the leadership trends, challenges and best practices that organizations of different sizes follow in different regions and industries, across the globe.

The diverse perspective of leaders, ranging from baby boomers to millennials, is meant to provide actual ground level insights on how organizations around the globe are dealing with leadership challenges, in order to bring forth the leadership hiring practices that have yielded successful results.

Our exclusive leadership expert panel includes world-renowned leadership coaches, CXO's, TedX speakers and influencers in the leadership space, who have been guiding startups, SMEs as well as fortune 500 companies in achieving their leadership goals for decades and continue to do so.

WHAT'S INSIDE?

In this report you will come across the term “leadership success” a lot, therefore; to avoid any confusion, let us define what we mean by ‘right leadership talent’, ‘successful leadership team’ and ‘leadership success’:

- When we say, **right leadership talent**, we mean talent that can consistently deliver high performance at work and stays with the organization long enough to enable the creation of a succession pipeline that can take over, once they leave.
- The right leadership talent enables organizations to create and sustain a successful leadership team. A **successful leadership team** is one that can effectively lead people, business growth and overall organizational growth.
- **Leadership success** is a metric based on which organizations measure how effective their leadership is. An organization is said to have achieved leadership success if its current leaders can drive results, lead change, business strategy, and develop people in a way that empowers and readies them to take up leadership positions in the future.

Our research helped us uncover patterns between ‘how organizations carry out leadership hiring’ and ‘their perceived leadership success rate’. We discovered that non-usage of modern talent assessment tools and having an unstructured hiring process is what causes organizations to have a long hiring lead time. Having a leadership competency framework helps organizations bring uniformity in the hiring process as all candidates applying for a specific opening are assessed on the same skills, which makes the hiring process more effective and unbiased. It also helps them make better-informed decisions about what talent assessment tool to use. Overall, having a competency-based hiring process that utilizes modern talent assessment tools significantly reduces the ‘time to hire’ and increases the chances of hiring the right talent.

Mercer|Mettl would like to thank all the survey respondents, CXO and leadership hiring experts that provided us with valuable insights into global leadership hiring best practices, trends and challenges. We look forward to your continued support and feedback for all our upcoming publications.

This report covers three broad areas related to leadership hiring:



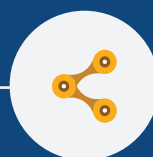
TRENDS

Leadership hiring practices that organizations follow and how they are evolving with time



CHALLENGES

Top challenges that organizations face when looking to fill leadership positions and future problems that they are likely to face.



BEST PRACTICES

Effective leadership hiring methods that help in identifying top leadership talent relevant for your organization more accurately to increase your chances of achieving leadership success.

EXECUTIVE SUMMARY

Organizations and leadership hiring experts shared with us the top challenges that they face while hiring leaders or it's not the cost of hiring or unavailability of talent.

• 34% / 27% •

No internal
succession
pipeline

Long hiring
lead time

The biggest problem that organizations face when it comes to leadership hiring is **not having an internal succession pipeline** of candidates that can take up leadership positions in the future (34%) and **long hiring lead time** that leads to a high candidate back-out rate (27%).

42%

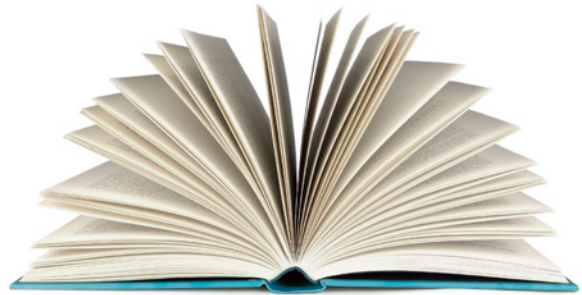
Organizations lacking a leadership competency framework based on which they can carry out leadership hiring.

23%

Organizations solely rely on face to face interviews to hire leadership talent.

3.5 MONTHS

The average lead time that most organizations take to complete the leadership hiring process.



“We then dug deeper to determine why organizations face these challenges. What is holding organizations back from having a succession pipeline? Why is the leadership hiring process so long? To find an answer to these questions, we decided to analyze the current leadership hiring practices of ~200 organizations. Here’s what we found out:



Next, we asked organizations about their perceived leadership success rate and correlated their answers to their current leadership hiring practices. Our findings revealed:

- Organizations that use competency frameworks and modern scientifically validated talent assessment tools and technology have a shorter leadership hiring lead time as compared to organizations that use traditional hiring methods. Furthermore, these organizations that have a shorter time to hire and enjoy a higher leadership success rate.
- Companies that utilize some form of scientifically validated talent assessment tool for leadership hiring are more likely to have successful leadership than when only traditional methods of recruitment are used.
- Having a leadership competency framework in place increases the chances of leadership success.
- Lastly, almost all leadership hiring experts agreed that focus on overcoming everyday operational challenges is what holds most organizations from focusing on long-term talent strategies like leadership development and succession planning. Neglecting these critical organizational practices is the biggest hindrance that prevents organizations from achieving leadership success.

Upon reading this report, you will uncover why competency framework and talent assessment tools usage correlates ‘highly’ with overall leadership success rate, and ‘inversely’ with ‘time to hire.’



A man with brown hair and glasses, wearing a red plaid shirt over a grey t-shirt and khaki pants, is pointing his right index finger at a whiteboard. He is holding a blue folder with a silver clip in his left hand. The whiteboard is covered with various papers, including a large one with pink handwritten text and several smaller ones with photos. The scene is brightly lit, creating a warm, sunlit atmosphere.

CHALLENGES

Thirty-four percent of organizations are forced to hire leaders from outside due to absence of internal succession pipeline. But they are unable to hire the right leaders due to poor hiring practices (23% of the time), not knowing who to hire (16% of the time) and long hiring lead time (27% of the time).

LEADERSHIP HIRING CHALLENGES

Four key leadership hiring challenges holding organizations back

Most organizations, small or large, are not happy with the leadership talent that they are able to hire. In fact, according to a recent study, **Deloitte study 56% of executives believe their companies are not ready to meet today's leadership talent needs**. Our research revealed four key challenges that limit the ability of organizations to fill leadership vacancies with the right talent. These four challenges are:

1) No internal pipeline of candidates to take up leadership positions: Leadership hiring, onboarding, and development typically take a lot of time. In the absence of a succession pipeline, organizations are forced to hire from outside, every time there is a leadership vacancy that needs to be filled. What this means is that you need to start looking for talent one year or more in advance (before the vacancy becoming available), to ensure that the new hire is ready to take on the reins on time. Apart from time, leadership hiring is also a cost-intensive activity.

For all these reasons, most leadership hiring experts advise that organizations look for leadership talent internally first as it makes the hiring process faster, cheaper and yields a higher success rate. *Stephanie Troiano, Marketing Manager at 'The Hire Talent,'* shared why they always look for talent internally, when hiring for a leadership position

"I think, in general, we always want to look internally before hiring for any position. A leadership and management position is typically a costly role to fill, so the better equipped we are to hire internally in the form of promoting an employee, the better. Growing talent within an organization has its obvious benefits, saving time and money in the hiring and recruiting process is one of them".

Also, with a scarcity of leadership talent in the market, not having an internal pipeline of high potentials, adversely impacts an organization's chances of finding the right talent fit for their leadership vacancies. (Table 1)

34%

Organizations state 'lack of internal leadership succession pipeline' as the biggest challenge when it comes to filling a leadership vacancy.

“

“Given a strong internal talent bench, promoting leaders from within has a success rate of 70%-80% relative to a 50%-55% success rate for external leadership hires.”

- Kim Turnage, PhD. - Director,
Leadership Consultant - Talent Plus



2) Long hiring lead time: By having a long hiring process, organizations incur the risk of having a high candidate back out rate.

Companies end up losing out on good leadership talent if their hiring process is too long as the best talent is off the market within 10 days. Bill Hughes, Senior Director of Talent at Patina Solutions (an Executive Search Firm), acknowledges that organizations incur huge talent pool drain due to long hiring processes –

“The biggest challenge faced when hiring leadership is competition. Good talent is in high demand, so some of our candidates have a lot of options. When some clients delay a decision, the candidate may have taken another position and is no longer available.”

3) Inaccurate hiring methods: Organizations often complain about lack of quality leadership talent available in the market, and yet **only 33% of companies feel like they’re using the right hiring methods to measure quality of hire, and only 5% believe their methods are “best in class”** (Ben Slater, VP Growth at Beamery). According to Helen McPherson, Principal Consultant at McPherson Consulting Group –

“A hiring manager’s own experience and judgment – along with the right tools and training – can go a long way, when it comes to identifying the right leadership talent during hiring.”

4) Poor knowledge of who to hire: The job responsibilities associated with most leadership roles is continually changing and expanding. The ability to accurately identify the skill sets that will be needed in a leadership role, now and in the future, can help organizations hire quality talent, who will continue to deliver results for a long time and overcome challenges time and again. Organizations need to be highly aware of the skills that they want their leadership hires to have. Organizations often get stuck in a vicious hiring cycle because they are not sure of the kind of leaders they want to hire.

“I’ve seen organizations have great financial success, look to grow, and hire leaders into middle management positions as the hierarchy expands, only to lay off these very leaders first when times get tough. While these situations are often unavoidable, the main problem lies in why they hired these individuals in the first place.”– Helen McPherson, Principal Consultant at McPherson Consulting Group

27%

Organizations consider long hiring lead time as the biggest factor is responsible for their inability to hire and onboard the right leadership talent.

23%

The inability to identify the right talent by assessing their skills accurately causes 23% organizations to misjudge and reject the right talent, only to select the wrong one.

16%

Organizations are unable to find the right leadership talent as they are not aware of the kind of talent that they want to hire.

To overcome this, [Helen](#) recommends that organizations should employ well-rounded individuals that can take on leadership roles in multiple areas, instead of hiring for very specific skills in their areas of growth. So, if things don't work in the new area, they are not left with an individual whose sole contribution to the company is no longer relevant.

Hiring leaders that fit into the company culture, can motivate employees, and understand the organizational mission will prove to be worth your investment even during times of pivot, [Helen](#) further advises.

ORGANIZATIONS STRUGGLE WITH LEADERSHIP HIRING DUE TO LACK OF SUCCESSION PIPELINE AND LONG HIRING PROCESSES

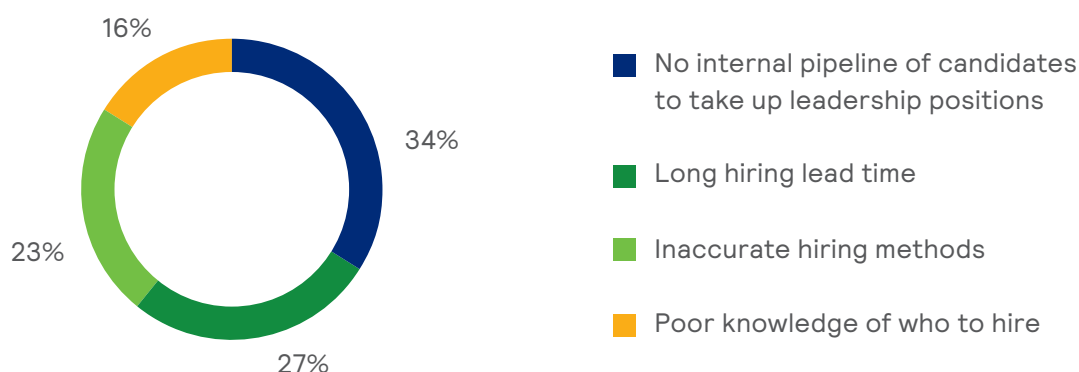


Table 1: Top Leadership Hiring Challenges

While the challenges discussed before represents the consensus of organizations (of different sizes, industry, and region) in general, a further breakdown of problems by 'organization size' revealed that although the challenges remain the same, their impact changes (Table2).

For larger organizations, the biggest challenge hindering their ability to find the right leadership talent is 'long hiring lead time', whereas for smaller organizations the biggest challenge is 'lack of internal succession pipeline'. [Helen](#) shared her own experience of why large organizations have long leadership hiring processes –

“Large companies will often have multi-step interview processes. Think phone interviews with one manager, then flying multiple applicants in and paying for hotel stays to interview with other levels of management, then another round that may include additional questions and assessments-- until the potential hiree is so far into the process that he/she has dedicated weeks, if not months, of his/her life to get this job. A smaller organizations will, maybe, hold 1-3 rounds of phone and in-person interviews with a small pool of applicants.”

Larger organizations have multilayered hiring processes in place which increases their hiring lead time. This is a big challenges as long hiring process causes ‘talent pool drain’ as candidates back out in the middle of the hiring process.

Small organizations focus all their effort on overcoming everyday operational challenges, which leaves them with almost no time to plan ahead and prepare themselves for the future. SMEs often do not have a structured learning & development, succession planning and high potential identification process. This is why most small organizations have no internal pipeline of talent to take up leadership positions, which adversely impacts their ability to build a successful leadership team.

LARGER ORGANIZATIONS STRUGGLE WITH LONG HIRING PROCESSES WHILE SMALL ORGANIZATIONS SUFFER ON ACCOUNT OF NON-EXISTENT SUCCESSION PIPELINE

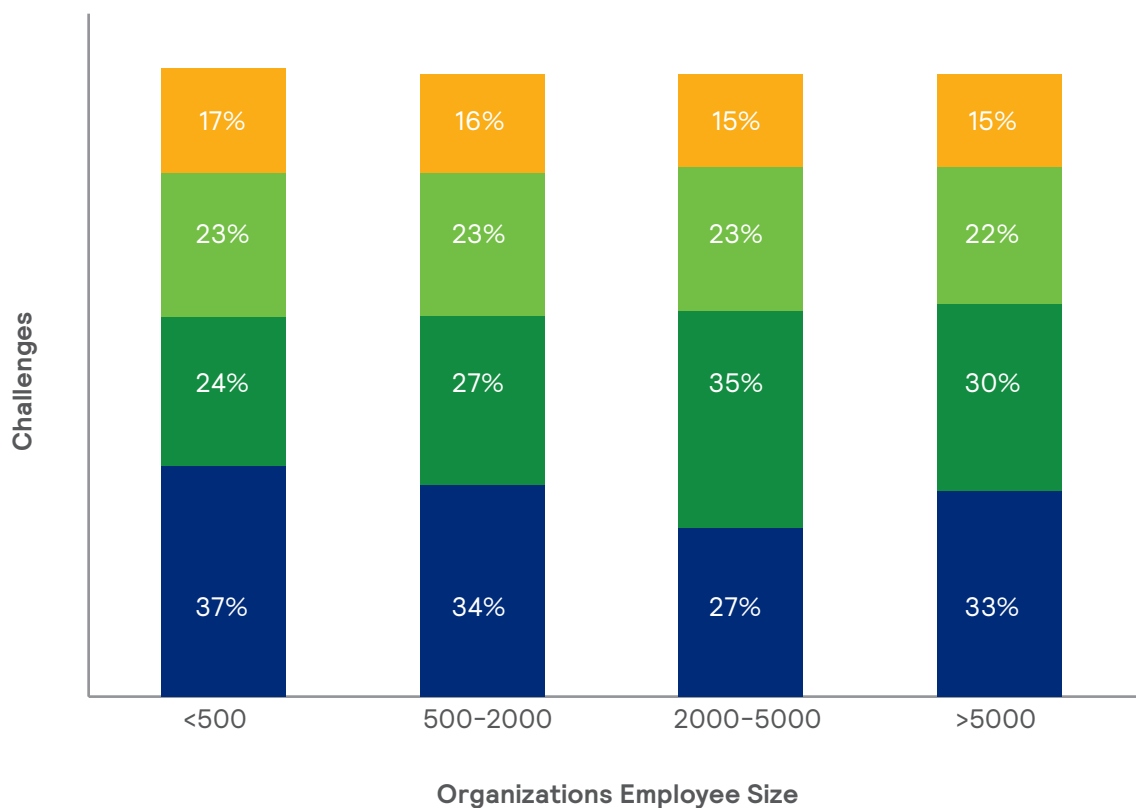


Table 2: Top Leadership Hiring Challenges Faced by Organizations of Different Sizes



Why organizations are unable to find the right leadership talent?

No internal pipeline of candidates to take up leadership positions

Long hiring lead time

Inaccurate hiring methods

Poor knowledge of who to hire





A blurred background image of a city street with tall buildings and a car.

TRENDS

Forty-two percent of organizations are unaware of the competencies they want in their leaders and 23% rely solely on face-to-face interviews for hiring leaders. Not knowing who to hire and how to hire causes organizations to hire the wrong talent ~50% of the time.

LEADERSHIP HIRING TRENDS

Use of talent assessment tools gaining popularity

Organizations differ in the way they carry out leadership hiring. Companies belonging to different industries focus on assessing different skill sets via different methods. Organizations of different sizes vary significantly in their hiring approach. While it is true that the leadership hiring approach needs to be different for each organization, there are some hiring practices that can increase the chances of finding the right leadership talent for any company.

2.1 LEADERSHIP COMPETENCY FRAMEWORK

Leadership competency frameworks provide a structured framework for defining those skills and competencies that have the most significant impact on an organization's performance. Used effectively, they become a roadmap to achieve higher leadership effectiveness.

And yet, many organizations don't have specific rules or frameworks to assess if a candidate is suitable for a leadership position. The decision is usually made based on the level of a company's need or desperation, a gut feeling, and an overall assessment of skills, *Nate Masterson, CEO at Maple Holistics* shares.

42%

Organizations do not have any competency framework in place, based on which they can structure their leadership hiring process

Having a well-rounded competency framework that covers all major skill areas – cognitive, personality, behavior, domain and technical – is essential to assess leadership talent thoroughly. Basing leadership hiring rounds around competency framework custom designed for each job role, makes the talent assessment process more thorough and accurate, thereby increasing the hiring success rate. On the importance of using competency framework for leadership hiring, Nate further adds –

“

“When looking for new leaders, competency frameworks don’t have to be too firm, but there should be some general guidelines in place for the benefit of HR and the business overall. Everyone needs some direction, as this saves the HR team time and makes their work more productive.”



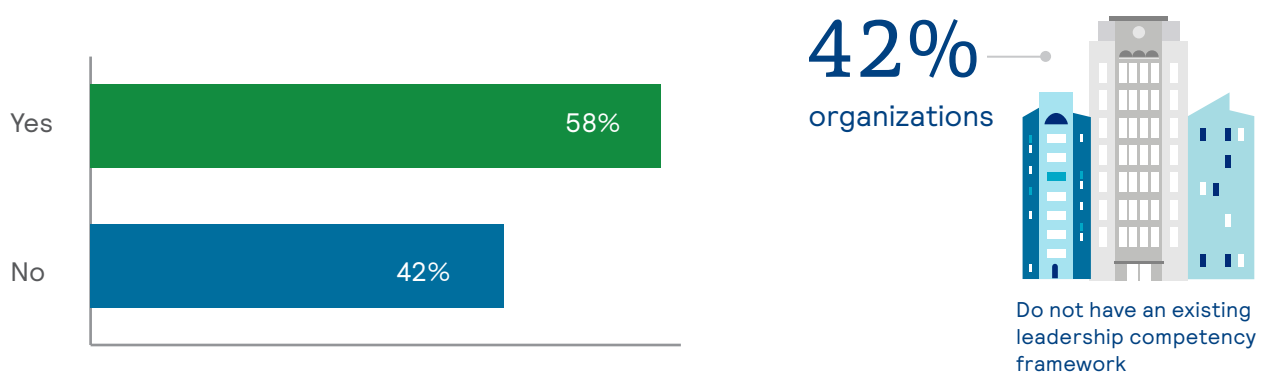


Table 3: Organizations Having an Accurate Leadership Competency Framework

A further breakdown of organizations that do have a leadership competency framework revealed that a higher percentage of larger organizations have a leadership competency framework in place as compared to smaller organizations (Table4). Most Fortune 500 companies have a job role-wise and organization wise competency framework based on which they structure their employee hiring and learning & development process. These organizations enjoy a higher hiring success rate by identifying the right talent that continues to deliver performance consistently and stays in the organization8 for long.

LARGE ORGANIZATIONS ARE MORE LIKELY TO HAVE A LEADERSHIP COMPETENCY FRAMEWORK THAN SMALLER ORGANIZATIONS

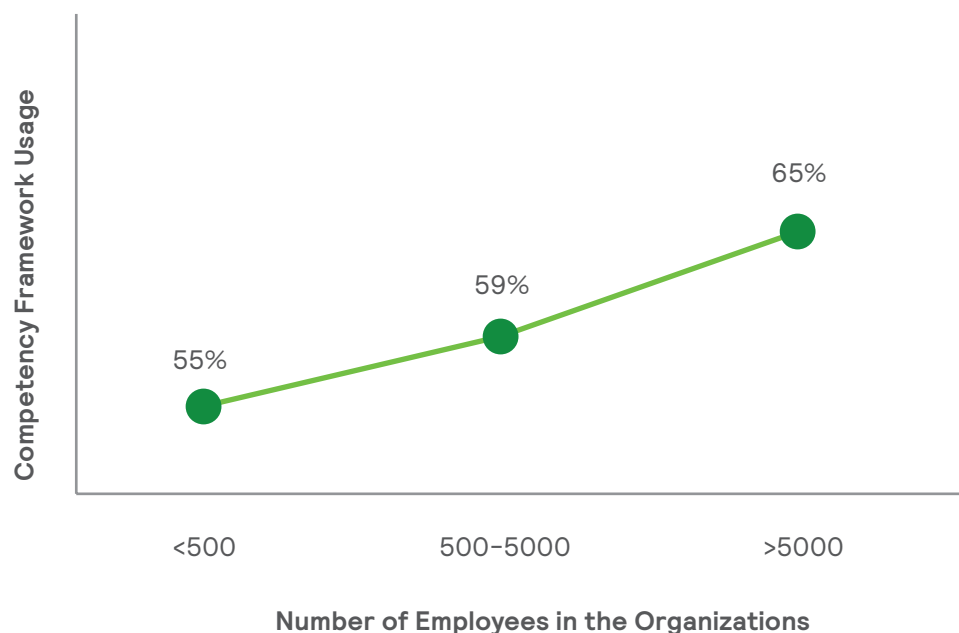
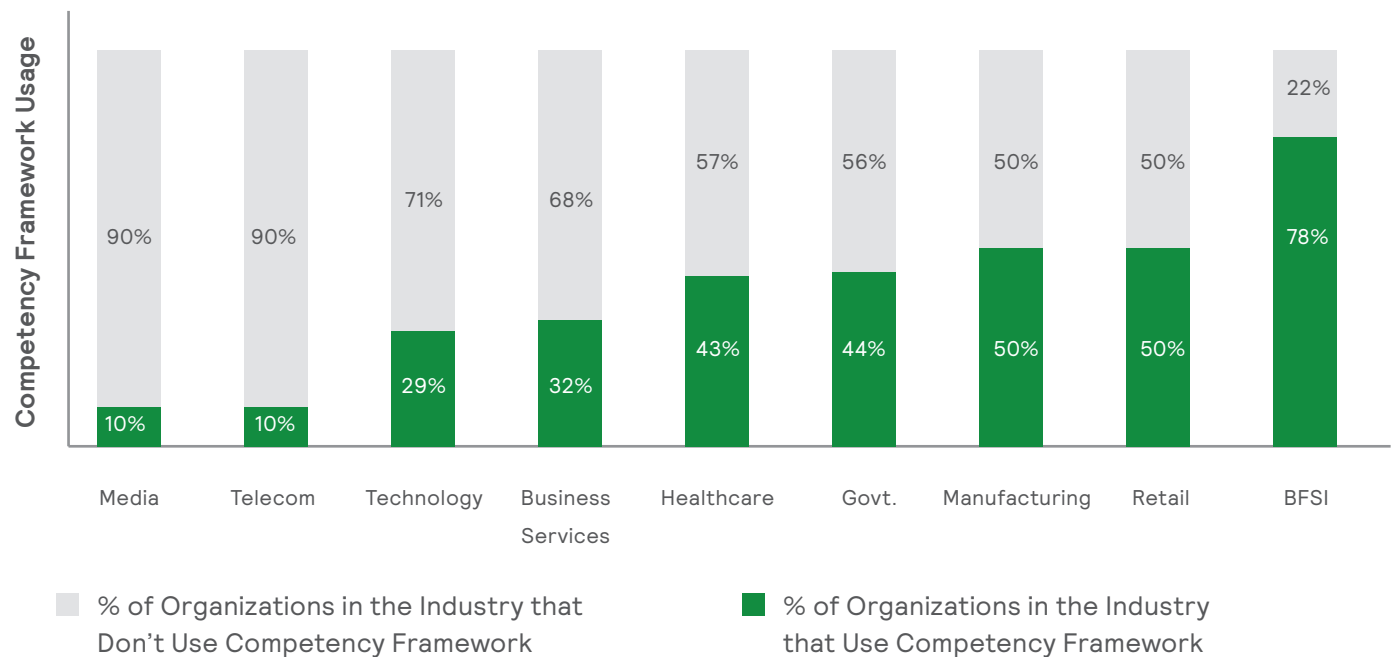


Table 4: Competency Framework Usage for Leadership Hiring by Small and Large Organizations

The adoption rate of competency frameworks for leadership hiring differs from industry to industry. **Sectors that have more people-centric job roles such as BFSI and Retail are more likely to have a leadership competency framework, based on which they hire talent.**

Table 5: Competency Framework Usage for Leadership Hiring by Different Industries



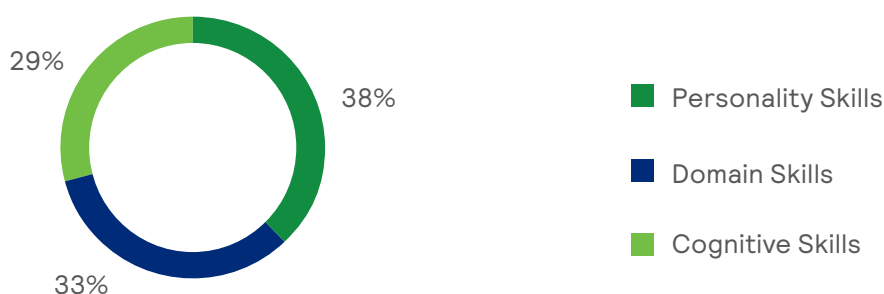
2.2 TOP SKILLS ASSESSED DURING LEADERSHIP HIRING

Leadership roles are incredibly complex. They require high levels of cognitive, domain and, most importantly, interpersonal skills to carry out day-to-day work tasks. Most leadership experts agree that the most critical aspect that needs to be assessed in talent during leadership hiring is their cultural fitment and leadership potential (Table6).

Beth Tucker, CEO of KNF&T Staffing Resources shares why it’s essential to evaluate these two aspects of talent during leadership hiring –

“One of the most important things to consider (when assessing talent for leadership hiring) is their potential. You can assess this more easily by asking behavioral-based questions. These are meant to show how someone has responded in certain situations and predict how their future behaviors will be like.”

Table 6: Most Organizations Assess Personality & Behavior Skills During Leadership Hiring



However, assessment of other skills and competencies such as cognitive, tech, domain, learning agility, and dark personality traits, is quickly catching up. HR Expert Ira Wolfe suggests assessing leadership talent on 6 to 10 core competencies. According to her, universal competencies for leaders tend to include complex problem solving, visioning and strategy, leading others, customer focus, relationship management, dealing with complexity, motivating others, and coaching others.

Organizations belonging to different industries focus on assessing different skill sets during leadership hiring (Table 7). While the healthcare industry focuses more on assessing personality skills, technology industry prioritizes domain skills assessment more (which includes testing an individual's tech skills and functional skills). It is essential to assess talent on skills that are relevant in their job role and industry.



“When adding to any team, the most important items to evaluate are capabilities and skills that allows talent to fit within the team and fit within the role. All of this combined with a neutral outlook in the results of the assessment will lead to successful talent acquisition.”

– RAY MCKENZIE

Founder and Managing Director
of Red Beach Advisors

ORGANIZATIONS ASSESS SKILLS THAT ARE MORE RELEVANT IN THEIR RESPECTIVE INDUSTRY

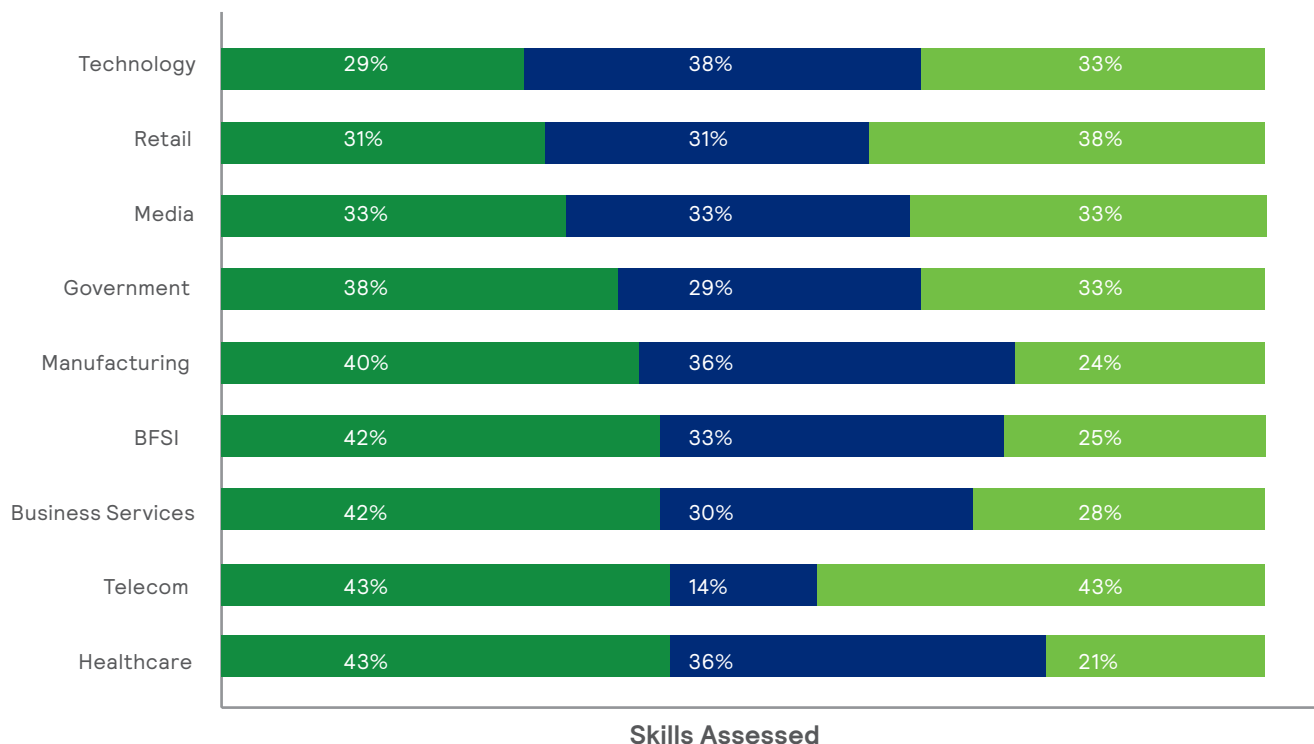


Table 7: Top Skills Assessed During Leadership Hiring by Different Industries

■ Personality Skills ■ Domain Skills ■ Cognitive Skills

While the importance of skill wise fitment in the job role and organization cannot be denied, organizations also need to be mindful of the talent’s ability to fill the leadership gaps left by the last leader and be capable of learning new skills as and when demanded by the job role. *Susan Gilell-Stuy, Managing Principal at Susan Gilell-Stuy LLC*, explains why it’s important to assess for more than just job role and cultural fitment –

“The leaders ‘learning ability’, which includes a cognitive component and the motivation to pick up new knowledge and skills quickly and with flexibility, in addition to the person’s raw intellect, a person’s vision, imagination, strategic thinking and adaptability combined with an intrapreneurial mindset, are key indications of executive leadership potential.”

2.3 USE OF SCIENTIFIC AND TECHNOLOGY-DRIVEN HIRING TOOLS

Use of modern scientific tools for talent assessment is gaining pace rapidly. According to Mike Maynard, Business Advisory Practice Group Chair at Keyser, use of scientifically validated talent assessment tools such as **psychometric assessment and cognitive assessment can help assure leadership success more than 80% of the time**. In fact, organizations that do not use any scientific tool such as talent assessment during their hiring process end up with a bad hire ~50% of the time. Organizations are well aware of the benefits that use of scientific talent assessment tools bring to the table, which is why the **77% of organizations make use of some scientifically validated talent assessment tool during the leadership hiring process** (Table8).

Leadership hiring experts firmly believe that the age-old practice of assessing talent via ‘face to face interviews only’ is not very accurate.



“I have found face-to-face interviews not actually indicative of someone’s skillset or potential as an employee or leader, and am now an advocate for more hands-on or experiential tests to see if the candidate would be a good fit, especially for leadership positions where the individual has to mesh well with an entire team.”

– **STACY CAPRIO**
Founder of Accelerated Growth Marketing

77% OF ORGANIZATIONS USE TALENT ASSESSMENT TOOLS DURING LEADERSHIP HIRING

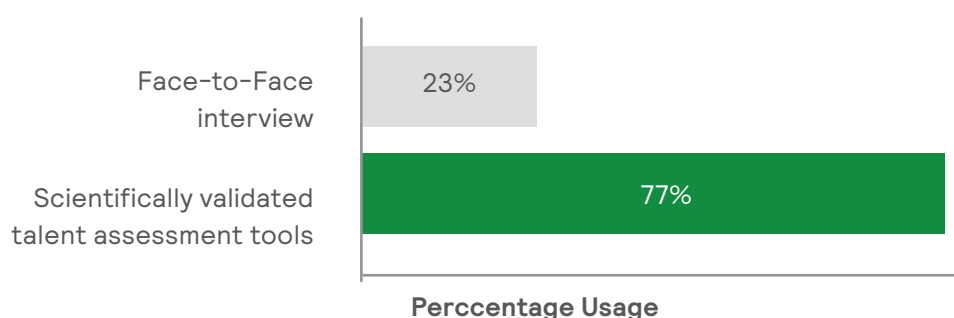


Table 8: Talent Assessment tool Adoption during Leadership Hiring, Across all Organizations

63%

Traditional interviews fail to assess soft skills (such as communication) accurately 63% of the time (Talent Now, Recruitment Statistics 2018).

In industries where the job roles are more customer-facing such as media, retail and telecom, the talent assessment tool adoption rate is higher (Table9). Building strong and long-lasting customer relations require strong interpersonal skills.

Use of talent assessment tools that assess interpersonal skills accurately and help in data backed hiring decision-making substantially increase the chances of finding the right talent in these industries.

INDUSTRIES WITH MORE CUSTOMER FACING ROLES ARE MORE LIKELY TO USE TALENT ASSESSMENT TOOLS

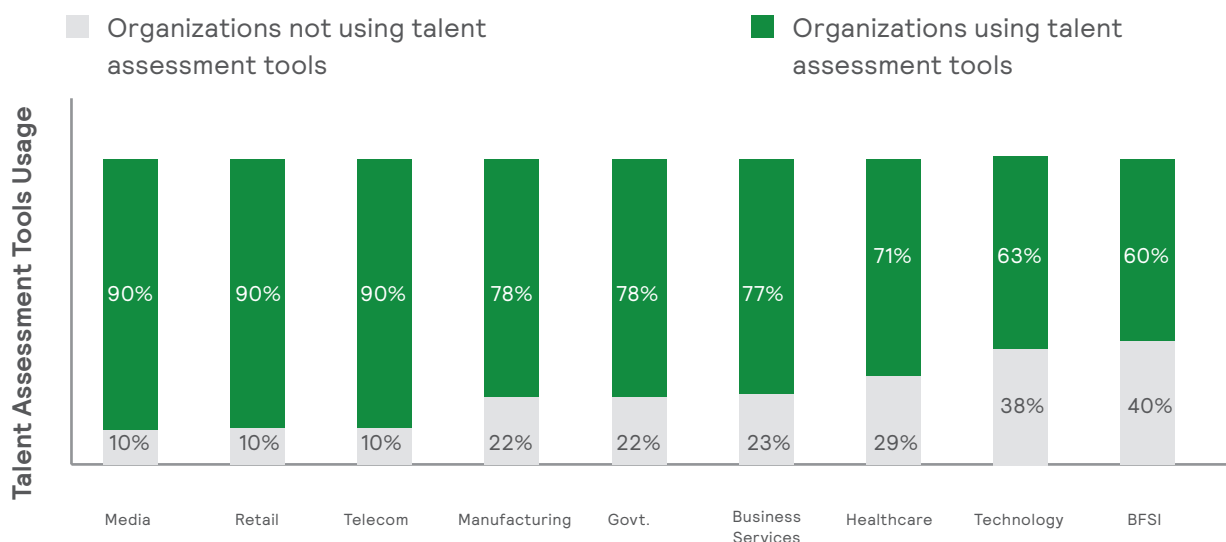


Table 9: Talent Assessment Tool Adoption during Leadership Hiring, by Different Industries

Bigger companies have the highest scientific talent assessment tool adoption rate for leadership hiring. **87% of large companies (having an employee size of 5000 and above) use some talent assessment tool as compared to 71% of small-sized companies** (Table10). One of the most significant factors driving the use of hiring tools in larger companies is having an organization-wide competency framework that helps companies understand their talent assessment needs in a better way. Also, larger budget allocations for hiring allows HR to access tools that they know will increase their ability to hire the right talent. Helen shares her views on why the best hiring tools are used mainly by big corporations only –

“For organizations hiring employees into leadership positions, there is this perpetual need to balance resources, accuracy, and need -- and sometimes those things conflict. Assessment centers, while seen as the gold standard, are incredibly expensive to set up and administer. These are reserved for high-level positions in resource-rich companies, as the payoff may not be proportional to the cost for most leadership positions.”

LARGER COMPANIES HAVE A HIGHER HIRING TOOL ADOPTION RATE THAN SMALLER ORGANIZATIONS

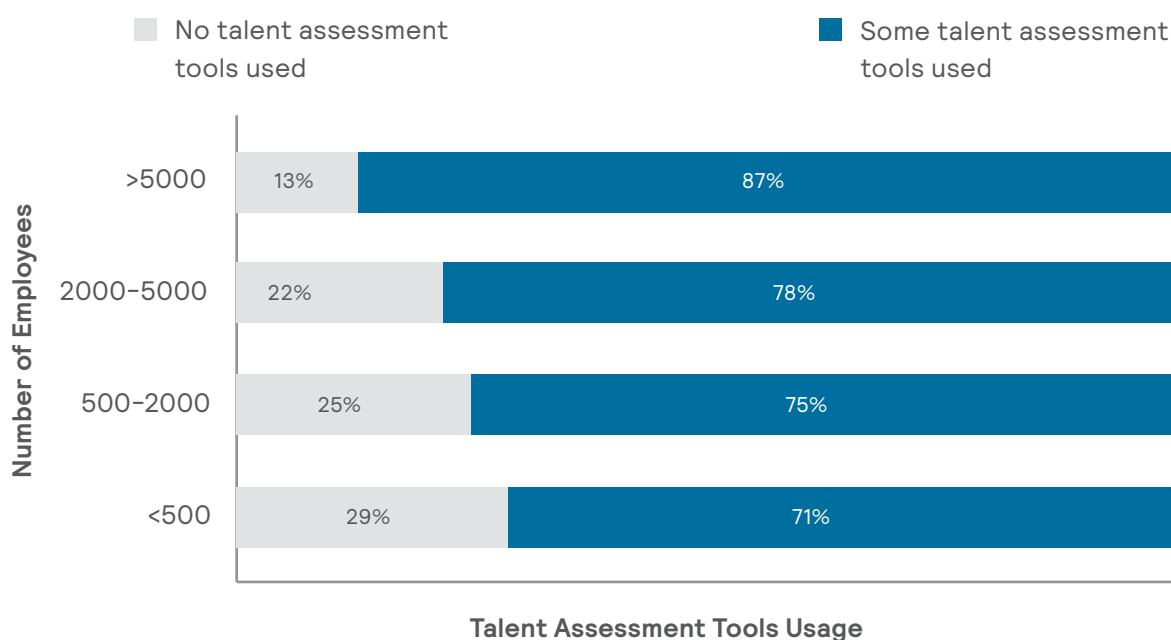


Table 10: Talent Assessment Tool Adoption during Leadership Hiring, by Small and Large Organizations

Now that we are aware of the talent assessment tool adoption rate across organizations, let's have a look at the most common tools that are being used for leadership talent assessment (Table 11).

Most organizations assess leadership talent using psychometric assessments, followed by task-based exercises and leadership assessments. Psychometric assessments are most preferred as they holistically assess an individual's personality, behavior as well as cognitive skills. In layman terms, psychometric assessments evaluate a person's IQ and EQ. It's a well-proven fact that emotional intelligence and leadership success is highly correlated. Leaders with high emotional intelligence are more likely to succeed. IQ, on the other hand, works well within a certain range. Studies show that IQ between 120-128 is optimal for leadership performance, after which it starts to impact leadership performance adversely.



“Psychometric testing offers an objective, standardized, reliable and unbiased approach to testing suitability and accurately predict which people have the potential to succeed in your business. Ability testing, personality profiling, motivation assessments, integrity testing, and assessment centers are other options available that can offer the same result.”

- LARS HERREM

Group Executive Director
at Nigel Wright Group

For a more thorough assessment of leadership talent, organizations rely on leadership assessments that provide data-backed insights on the talent's leadership skills such as the ability to lead people, drive business growth, interpersonal skills, learning agility, critical thinking, decision making, etc. *Aram Lulla, GM of the HR division at Lucas Group* advocates usage of leadership assessments –

“Using personality and specific leadership assessment tools can give additional data points to assess fit while utilizing references to specifically ask about their performance and their alignment with the core values of your organization.”

PSYCHOMETRIC ASSESSMENT IS THE MOST COMMONLY USED TOOL DURING LEADERSHIP HIRING

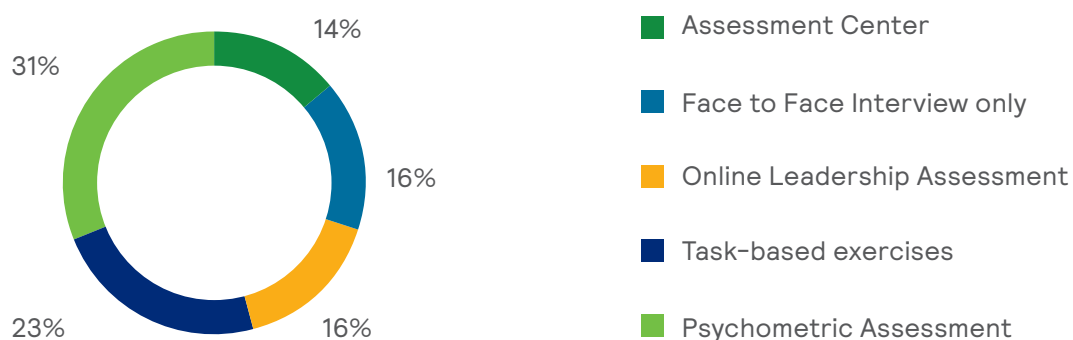


Table 11: Most Commonly Used Talent Assessment during Leadership Hiring



In general, psychometric assessments are more commonly used during leadership hiring; however, the preference towards talent assessment tool usage changes with organization size. Large organizations use more of online leadership assessment and assessment centers, whereas smaller organizations assess talent via task-based exercises (Table 12). Budget availability and job role wise competency frameworks determine the tools that organizations use to hire leadership talent. For example, if a job role requires high numerical ability, organizations will often screen candidates using aptitude tests.

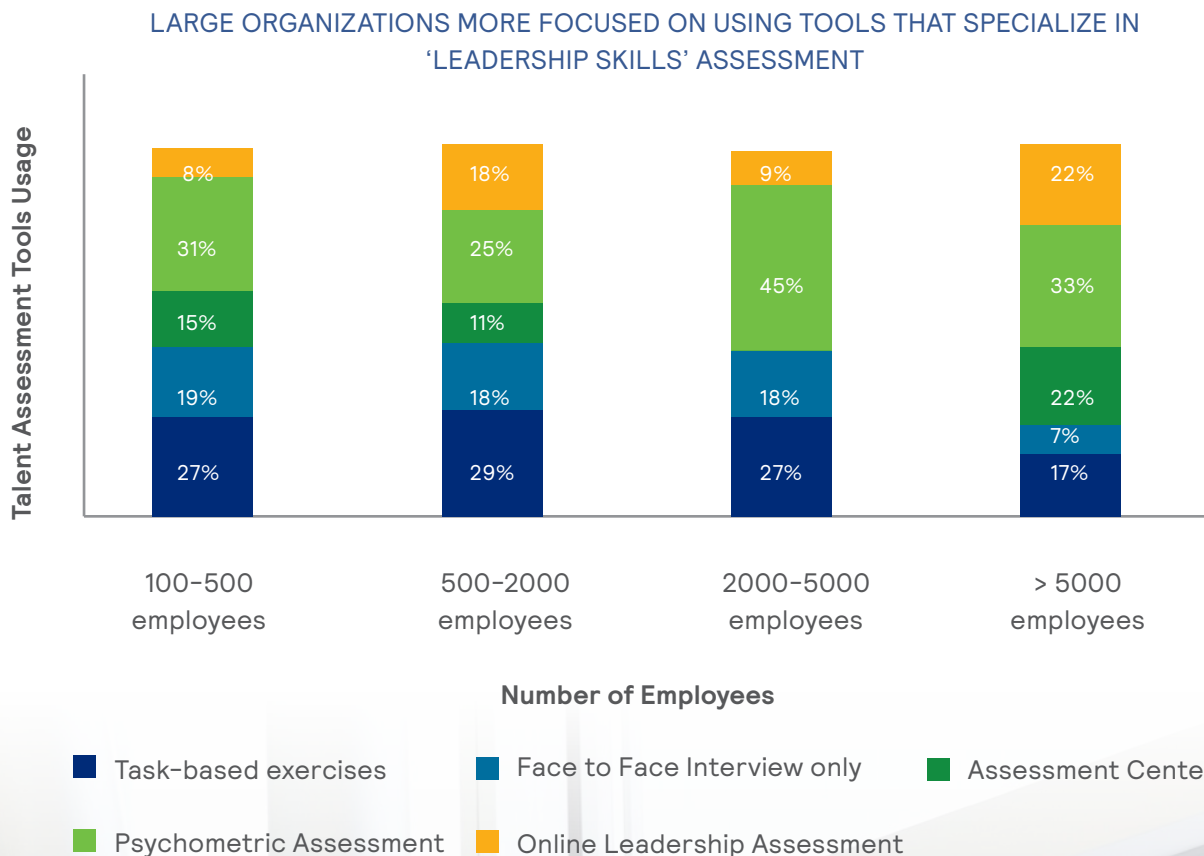


Table 12: Talent Assessment Methods Used During Leadership Hiring by Organizations of Different Sizes

2.4 TIME TAKEN TO HIRE LEADERSHIP TALENT

Long hiring lead time is the biggest reason for candidates backing out in the middle of the hiring process. Most leadership hiring experts that we interviewed, emphasized on the importance of providing a good candidate experience during the hiring process, to ensure that they go through with it. Providing a good candidate experience involves keeping the hiring process structured, concise and staying in constant touch with the candidate.

However, this time frame varies with organizational size and industry (Table13).



“The biggest challenge faced when hiring leadership is competition. Good talent is in high demand, so some of our candidates have a lot of options. When some clients delay a decision, the candidate may have taken another position and is no longer available.

- RACHAEL HARRIS
Patina Solutions

3.5
months

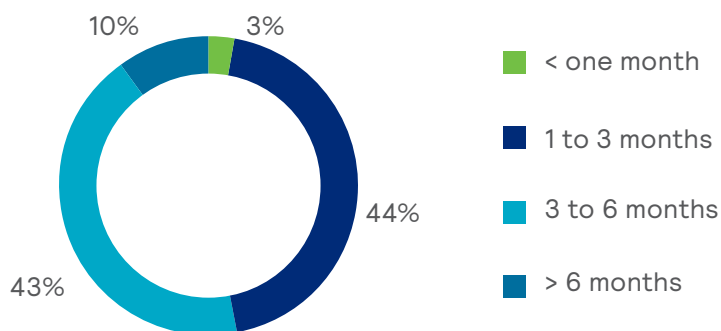


Table 13: Time Taken to Hire Leadership Talent

Healthcare and BFSI have the longest leadership hiring lead time, whereas retail and media have the lowest

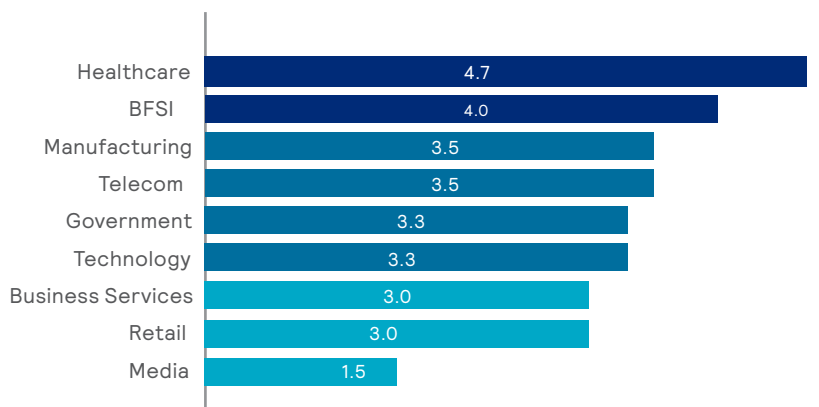


Table 14: Time Taken for Leadership Hiring (months)

Larger organizations take longer to hire leadership talent as compared to smaller organizations. This is because of the large number of processes in place that they must adhere to while carrying out leadership hiring. In smaller organizations, the leadership hiring process is improvised based on how fast they want the new leader to join.

LARGER ORGANIZATIONS HAVE LONGER HIRING LEAD TIME

Average Time Taken to Hire Leadership Talent (In Months), by Organizations of Different Sizes



Table 15: Time Taken to Hire Leadership Hiring (months)

But again, the time taken to hire leadership talent also depends on how high in the job hierarchy is the new hire going to be placed. *Scott Miller, CMO at FranklinCovey* agrees to this, in his words-

"Again, the timelines vary. Hiring for a CEO or a position in a foreign country might take much longer than a role that is less nuanced or senior. I'd say the less senior the role, the less time it takes. The more senior the role is, the longer your search may be and the more discernment you should employ. Getting the hiring wrong for senior leadership roles is immensely costly, damaging to the culture and the most difficult to unwind without damage to the organization."

However, it's not all out of our control. Organizations can become more efficient in leadership hiring and keep the process short, while not compromising on the quality of the hiring process or hires. This can be achieved by using scientifically validated talent assessment tools and competency frameworks.







BEST PRACTICES

Competency-based leadership hiring using talent assessment tools, allows organizations to hire the right leadership talent in a time and cost effective manner, improving the chances of achieving leadership success by ~35%.

LEADERSHIP HIRING BEST PRACTICES

Now that we know how organizations are carrying out leadership hiring – what skills they are assessing, what talent assessment tools they are using, how much time are they allocating and whether they are using competency frameworks or not, it's important also to assess the impact of these on leadership success rate.

To identify the best practices that can increase an organization's chances of finding the right leadership talent, we asked our survey respondents and leaders what they perceived as their leadership success rate. We then correlated their responses with their leadership hiring practices to find out what methods are likely to increase the chances of hiring the right leadership talent for any organization.

Here's what we found:

#1 LEADERSHIP HIRING BEST PRACTICE: USE OF SCIENTIFICALLY VALIDATED TALENT ASSESSMENT TOOLS

'Leadership success rate' and 'scientifically validated talent assessment tools adoption rate' during leadership hiring, is highly positively correlated (Table16). As discussed before, the accuracy with which modern talent assessment tools can measure the skill proficiency level of talent, significantly improves the chances of identifying the right candidate for any job role, including leadership roles. Our conversation with leadership hiring experts further confirmed our study and analysis.

I am a strong proponent of utilizing assessments to evaluate talent, evaluate leadership, and identify management style synergies for the talent that is coming into the team. Without the use of these assessments, organizations are often operating blindly.

– RAY MCKENZIE

Founder and Managing Director
of Red Beach Advisors

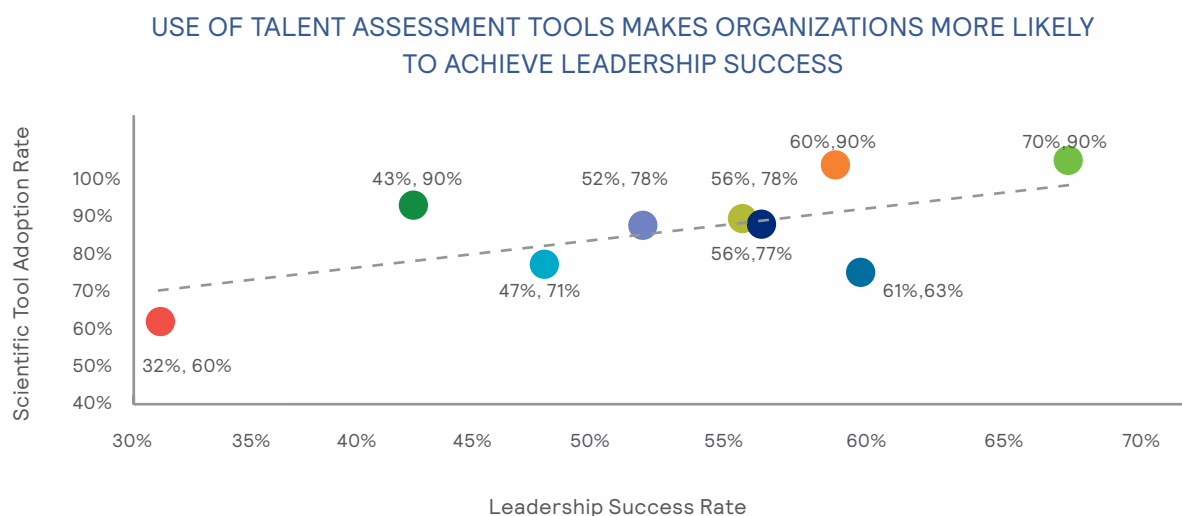


Table 16: Leadership Success Rate vs. Scientific Tool Adoption Rate by Different Industries

Industries:



BFSI



Telecom



Healthcare



Government
Sector



Retail



Media



Technology



Business
Services



Manufacturing

Organizations that utilize some form of scientifically validated talent assessment tools for leadership hiring are more likely to succeed than when only traditional methods of recruitment are used.



#2 LEADERSHIP HIRING BEST PRACTICE: HAVING AN UPDATED LEADERSHIP COMPETENCY FRAMEWORK

Organizations that have an accurate and regularly updated organizational and leadership competency framework, on the basis on which they carry out their leadership hiring, enjoy higher leadership success rate than organizations that do not have a ready leadership competency framework.

‘Leadership success rate’ and ‘competency framework adoption rate’ is highly positively correlated (Table17). This means, companies that base their leadership hiring and development methodology on competency frameworks, enjoy a much higher leadership success rate.

The benefits of competency-based hiring are multifold. Having an accurate leadership competency framework means that the organizations is aware of the kind of skills they want their leaders to have. Knowing who to hire is crucial for recruiting the right leadership talent. Also, these organizations have a much better idea about the kind of talent assessment tools to use during hiring as they already know what skills they want to assess. Having a competency framework also helps in structuring the hiring process, bringing uniformity and efficiency and removing biases from the hiring process. All this leads to a more holistic and accurate talent assessment which enables the organization to identify the right leadership talent more effectively.

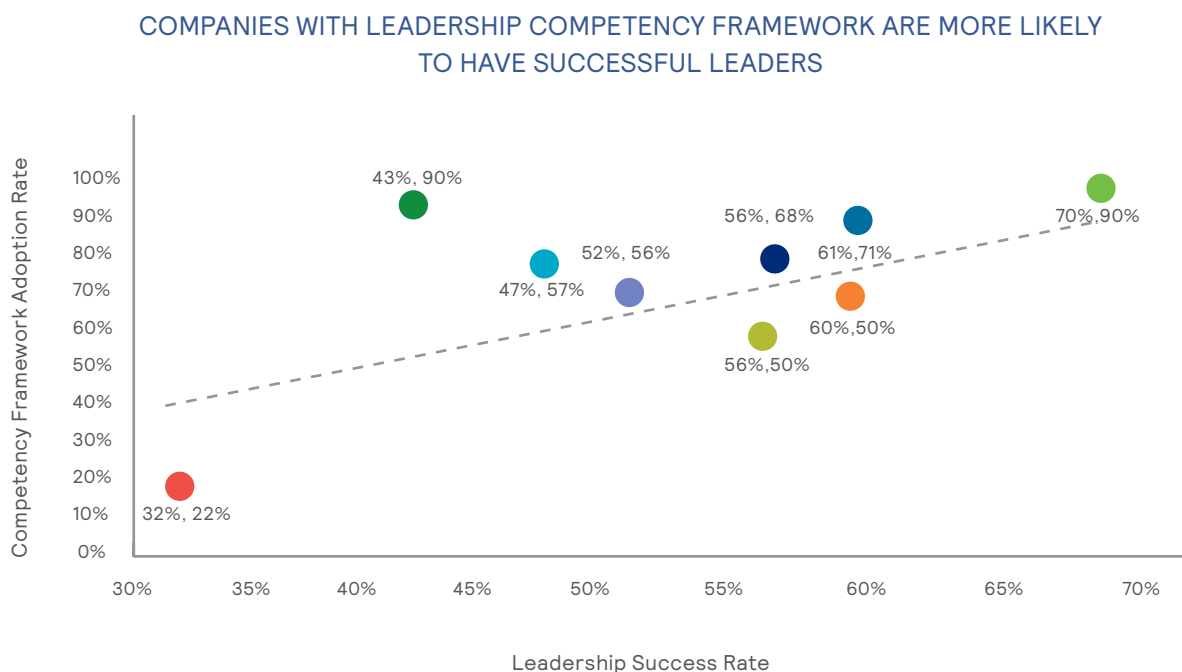


Table 17: Leadership Success Rate vs. Scientific Tool Adoption Rate by Different Industries

Industries;



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Healthcare



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#3 LEADERSHIP HIRING BEST PRACTICE: KEEPING LEADERSHIP HIRING LEAD TIME SHORT

Organizations having a leadership hiring lead time of less than a month have a perceived leadership success rate of 80%, whereas those that take 3- 6 months to hire leadership have a perceived leadership success rate of 47%. (Table 18)

In general, lesser the leadership hiring time, more is the perceived leadership success rate. The negative correlation between 'leadership success rate' and 'time to hire' leadership talent, is clearly depicted in chart 18.

Organizations that have shorter 'time to hire' can significantly reduce their candidate back out rate, thereby preventing loss of quality talent during the hiring process. In the present time and age, there is a significant shortage of leadership talent, and **89% of the talent that organizations would ideally like to hire are already employed**. Increasing the chances of successfully recruiting the right leadership talent requires making the hiring process more concise, streamlined, structured and candidate friendly.

Great candidates don't stay on the market long before getting scooped up, so the need to remove barriers and reduce time to fill is ever-present. Doing so while still ensuring you've thoroughly assessed your candidates can be a challenge. Respect for a candidate's time is a huge factor in recruiting top candidates.

- STEPHANIE TROIANO

Marketing Manager at The Hire Talent

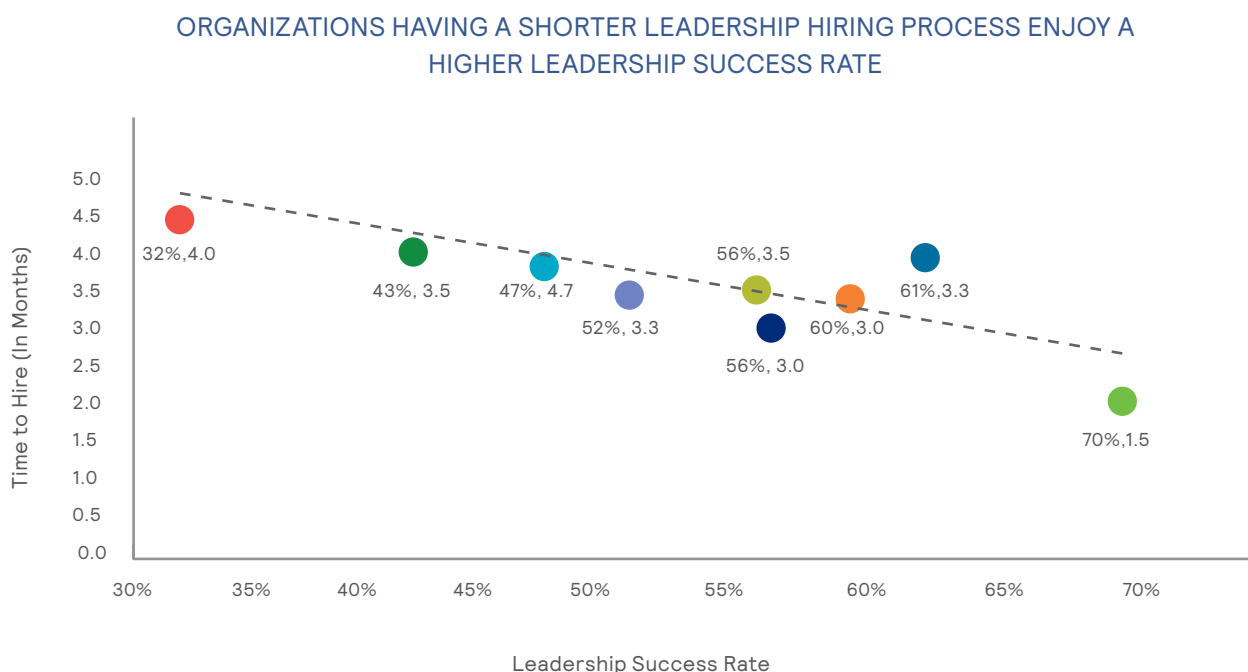


Table 18: Leadership Success Rate vs. Average Time to Hire Leadership Talent by Different Industries

Industries;



So now the question arises How do you reduce your ‘time to hire’?

Our study shows that the use of ‘scientific talent assessment tools’ and ‘competency frameworks’ are inversely proportional to the time of hire. What this means is that- higher the usage of ‘talent assessment tools’ and ‘competency frameworks’ during the leadership hiring process, shorter will be the ‘time to hire.’ (Table 19, 20)



USE OF LEADERSHIP COMPETENCY FRAMEWORK AND TALENT ASSESSMENT TOOLS MAKES HIRING PROCESS SHORTER

a) Competency framework adoption rate by different industries is highly negatively correlated (-55%) with those industry's 'time to hire' leadership talent.

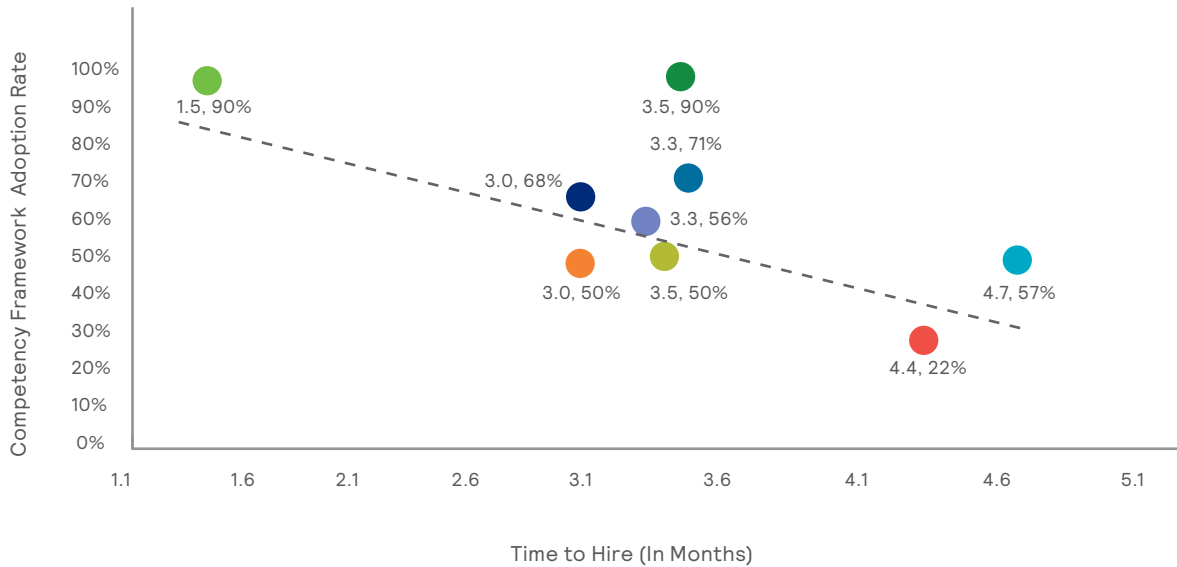


Table 19: Time to Hire vs. Competency Framework Adoption Rate by Different Industries

Industries;



b) Talent assessment tool adoption by different industries is highly negatively correlated (-56%) with those industry's 'time to hire' leadership talent.

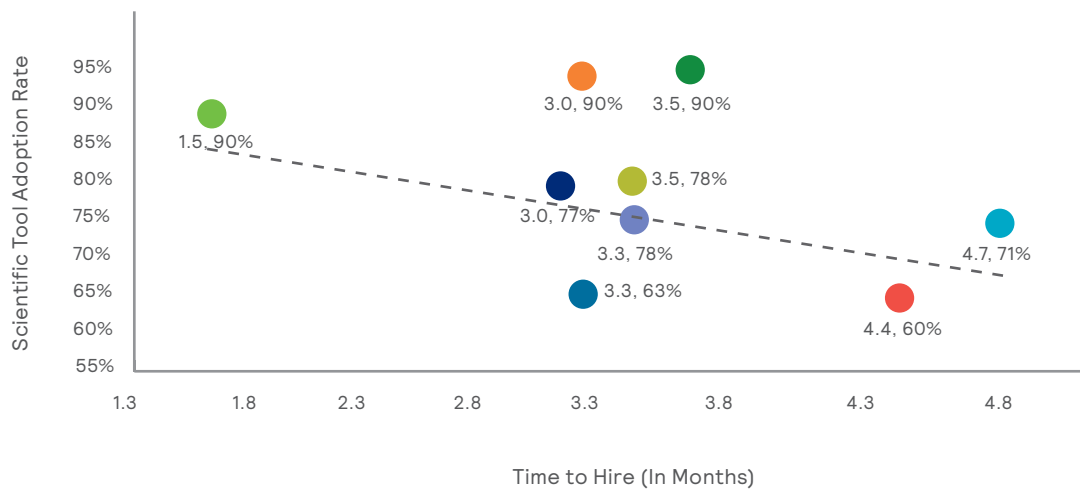


Table 20: Time to Hire vs. Scientific Tool Adoption Rate by Different Industries

Industries;



CONCLUSION

According to Deloitte, **organizations with strong leaders are 2.3x more likely to financially outperform peers**. Sadly, most organizations do not have a strong leadership and this problem is only going to magnify in the future.

Even organizations that have a strong leadership presently cannot be certain if they will continue to have it in the future.

86%

Organizations globally anticipate a shortfall in leaders in the next 3 years



84%

Organizations rate leadership as an urgent issue.



“There is an alarming trend happening across all organizations and industries, particularly in the U.S., as Baby Boomers are retiring en masse. A leadership gap is widening in organizations becoming a real challenge as Boomers leave the work force and there are not enough Gen-Xers to take their place.

– JEFF ORR

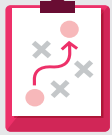
TEDX speaker, CEO of
InDemand Leadership

The leadership talent pool is shrinking. Their demand outstrips the supply by a great deal. In this age and time, in order to identify quality leadership talent and hire them before someone else does, it's important to adopt the best-in-class leadership hiring practices that significantly enhances your chance of identifying the right talent accurately, followed by providing them with a delightful hiring process experience.

There are a couple of things that organizations can do to increase their chances of successfully hiring the right leadership talent. We have listed them down for you:



BEST HIRING PRACTICES TO HELP ORGANIZATIONS ACHIEVE LEADERSHIP SUCCESS



Create an organization level and job role wise **competency framework** to know what kind of skills are needed in each job role (now and for the near future) so that you know who to hire.



Make use of **talent assessment tools** to measure talent's skill levels accurately and make data-backed hiring decisions which significantly increases your chances of recruiting the right talent.



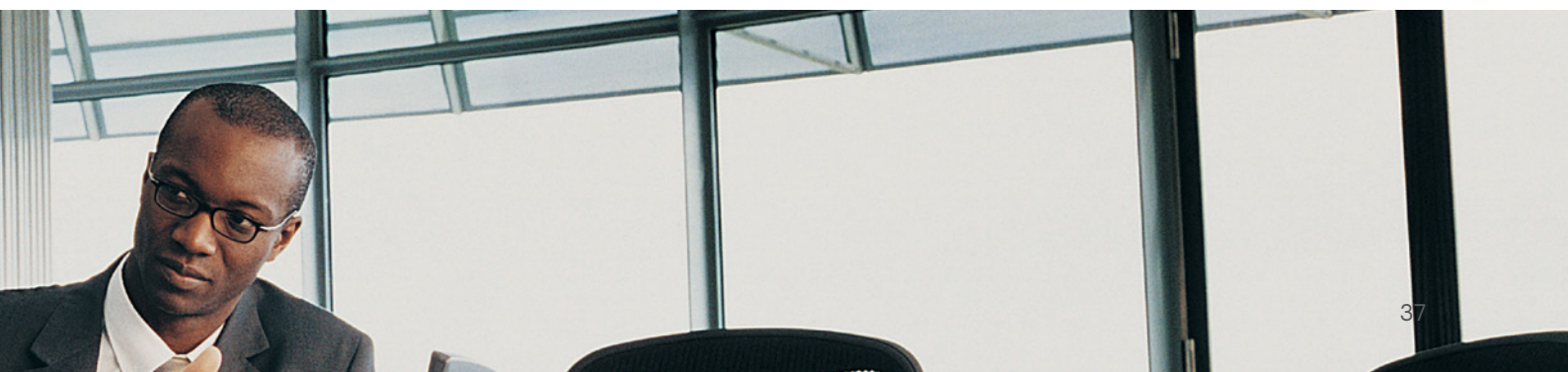
Have a ready internal **succession pipeline** to take up future leadership positions, as leadership talent is scarce in the market.



Involve **leadership** in leadership hiring decisions to ensure that the new leadership hires share the company's vision, mission, and values.



Make your hiring process more **candidate friendly** by making it structured and concise. Good talent is only available in the market for ten days.



HOW MERCER | METTL CAN HELP

We present to you the Mercer | Mettl Leadership Suit that is designed to take care of all your managerial and leadership hiring needs



**Mercer | Mettl
Offering**



**Tool
Description**



**Best suited
for**



Managerial
assessment

This assessment will help in profiling an employee's behavioral skills and judge him/her on managerial competencies. Broadly, this test focuses on measuring the candidate's organizational acumen, collaborative skills, leadership skills, people management skills, and management of work.

Hiring first-time managers



Learning
agility
assessment

This assessment will help in identifying and developing High Potentials by measuring the two components of learning agility: Ability to learn: the ability to learn quickly by recognizing patterns, logical rules, and trends in new data; Orientation to learn: essential behavioral competencies which will predispose the respondent to learn new things faster than others.

High potential identification



Leadership
assessment

A comprehensive and objective assessment that provides insights into leadership styles and a leader's work-oriented personality and helps them increase their overall effectiveness. This sophisticated assessment provides detailed advice based on 19 leadership attributes with the following applications:

A comprehensive tool for managerial and executive development and performance

A foundation for management and executive counseling

A career aid for MBA and executive development program participants

Adjunct to team building exercises

Hiring and identifying training needs in mid to senior level leaders

Assessment center and Development Center (AC/DC)

AC/DCs are comprehensive psychometric programs designed to evaluate key competencies in individuals through set of strategic group activities conducted in offline setting. Mettl's advanced psychometric tools enable virtual administration of AC/DCs while also offering flexibility of offline activities.



VIRTUAL ACDC

A complete online suite of scientifically validated tools & assessments that simulates AC/DCs. Eliminate logistics hassles & reduce costs.



BLENDED ACDC

Retain flexibility by combining virtual assessment with on-field programs as per your needs. Create holistic development maps for your employees.



TRADITIONAL ACDC

Comprehensive psychometric programs designed to evaluate critical competencies in individuals through a set of strategic group activities conducted in an offline setting.

Best Suited For: Hiring and identifying training needs in senior leaders and CXOs Leadership development of all leaders.



SURVEY RESPONDENT DETAILS

Leadership Hiring Trends 2019 Survey covers...

...Organizations of all sizes

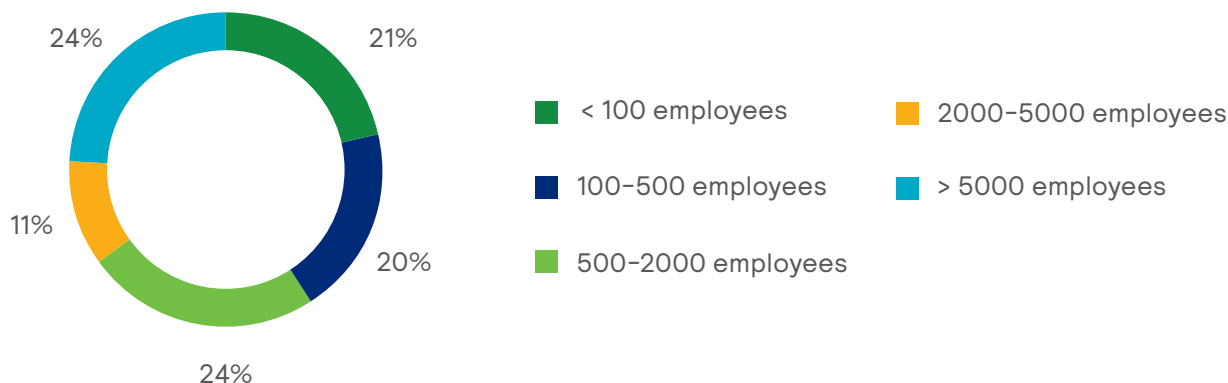


Table 21: Survey Respondent's Organisation Size

...belonging to 23 different industries

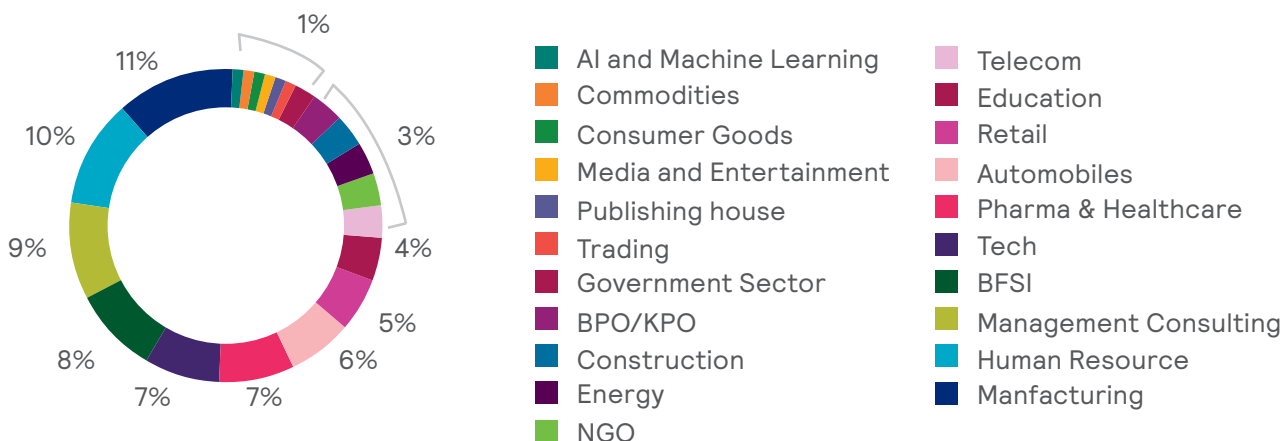


Table 22: Industries That the Respondents Work In

....and all major geographies

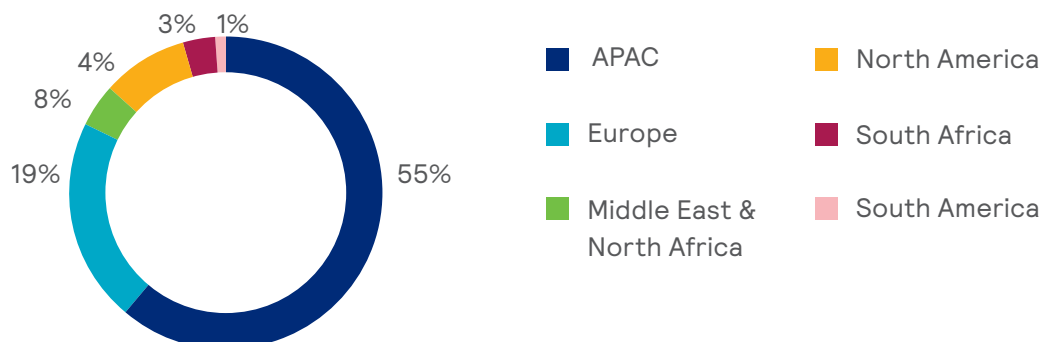


Table 23: Respondent's Geographical Location

WE VALUE YOUR PARTICIPATION

Mercer | Mettl's sincere gratitude to all the participating organizations for making 'Leadership Hiring and Development Trends 2019' survey a great success. We value your opinions and insights and offer this E-book as a token of our thanks. Here's a partial list of the participating organizations:

- Freudenberg Filtration Technologies SE & Co. KG
- Zydus Cadila
- Crest Solutions
- HPM Chemicals & Fertilizers Ltd.
- The L Group
- ZeroMassWater
- GigX
- MTN Group
- NTPC
- Salzer Group
- Knorr-Bremse
- Parle
- Jubilant Food
- Siemens
- Maple Holistics
- KNF&T Staffing Resources
- FranklinCovey
- Target Retail
- Reliance Ada
- V-Guard
- ISS World
- Technicolor SA
- KRIBHCO
- Diebold Nixdorf
- Hindustan Petroleum
- The Hire Talent
- KeyserCo
- McPherson Consulting Group
- Red Beach Advisors
- Accelerated Growth Marketing
- Susan Gilell Stuy, LLC
- Patina Solutions
- Lucas Group
- Nigel Wright Consultancy

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Normal'



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NATE MASTERSON

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Holistics



BETH TUCKER

President and CEO of KNF&T
Staffing Resources (named
one of the Best Professional
Recruiting Firms by Forbes)



RAY MCKENZIE

Founder and Managing
Director of Red Beach
Advisors



SUSAN GILELL-STUY

Managing Principal at Susan
Gilell-Stuy LLC , executive
coach for The Wharton School –
University of Pennsylvania EMBA
and MBA programs



MIKE MAYNARD

Business Advisory
Practice Group Chair
at Keyser



STACY CAPRIO

Founder of Accelerated
Growth Marketing



LARS HERREM

Group Executive Director at
Nigel Wright Group



ARAM LULLA

GM of the HR division
at Lucas Group



SCOTT MILLER

Executive Vice President,
Business Development and
Chief Marketing Officer at
FranklinCovey



STEPHANIE TROIANO

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Manager at The Hire Talent | A
Talent Assessment Company

THINK TANK

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ABOUT US

At Mercer | Mettl, our mission is to enable organizations to make better people decisions across two key areas: Acquisition and Development. Since our inception in 2010, we have partnered with 4000+ corporates, 31 sector skill councils/ government departments, and 15+ educational institutions across 90+ countries.

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