

The RESOURCE

SUCCESSFUL EXECUTIVES ARE DIFFERENT

Successful executives behave differently than most people. Yes, they tend to relish being in charge and enjoy the financial reward that comes with success. But if you ask if their primary goal is to have power and money, most would state their main focus is to be really good at what is important or meaningful to them. Money and power are seen more as the rewards for a job well done.

PSP has studied corporate executives for some 60 years, and we have found that the biggest difference separating successful executives from others is their behavioral competencies.

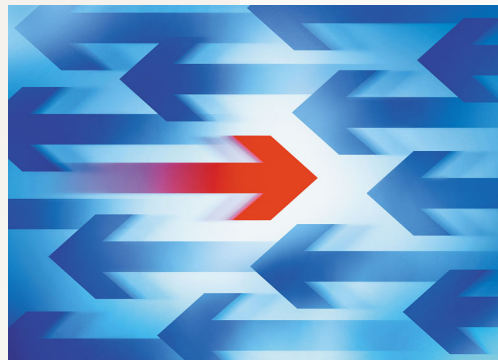
Executives Behave Differently

How do they behave differently? First of all, they adapt to the world, rather than expect the world to adapt to them. They tend to be more objective than most people, seeing things as they are and not only as they want them to be. They recognize the strengths and weaknesses of their employees and make adjustments accordingly. They also seek to understand their own strengths and weaknesses, and have a commitment to continuous learning to enhance their strengths and shore up their weaker areas. While independent, they are not afraid to seek help from others.

Successful executives tend to be at least moderate risk-takers and recognize that failure may be a consequence. Indeed, they are inclined to push themselves out of their comfort zone, recognizing that success comes from not being satisfied with the status quo. They accept the fact that there will be obstacles and mistakes. When unexpected consequences do happen, they learn what they can from the situation, move on, and do not dwell on problems or lament lost opportunities. They see results, whether positive or negative, as feedback rather than as an end point.

While very goal and achievement oriented, successful executives recognize the value of persistence and realize that success is not linear. They handle stress well and are able to keep their perspective when there are problems, accepting responsibility and seldom blaming others. They tend to focus on the present and future, rather than the past. They have good resilience, with the ability to bounce back from problems.

While successful executives are assertive, they are not always the most outgoing nor do they always need to be the center of attention. They do, however, have good people skills and recognize the importance of social networking. As a rule, they can be tolerant and understanding, seeing the importance of building strong relationships with different constituencies. Although not all are understanding, given the current business culture, they are developing greater emotional intelligence. They know when to keep the pressure on and when to provide support and encouragement. They know the importance of, and are skilled in, gaining the trust and support of others for organizational change.



Successful executives are committed continuous learners and recognize the importance of steadily improving themselves and their organizations. While not all are strong analytically, most are readers and see the importance of staying informed. They tend to have strong verbal skills. They are involved in numerous activities, with the energy and drive to keep going both day and evening, often even into the weekends.

Longitudinal Studies

At PSP, we have had the opportunity to assess the skills and attributes of successful executives longitudinally, watching a diverse group of younger managers, including women and minorities, grow into executive roles. We also have coached and developed executives who have already reached senior levels. These successful individuals seek to grow and develop in order to meet their present and future job challenges all the way to the end of their careers. They do not take their success for granted and, while many could retire with ample freedom and money, more often than not they continue to work. They have developed a lifelong behavioral pattern to perform at their best, and that is difficult to turn off.

Recognizing these behavioral patterns in young managers can help companies groom future executive talent. Spotting these patterns in more seasoned executives can enable companies to tap existing talent from the outside when it is needed.

Successful executives are different and this difference helps them to be successful. As their behaviors are modeled within the organization, they also help their companies to succeed.

WHY SUCCESSFUL EXECUTIVES READ

Reading is a hallmark of successful executives. PSP has found that the more successful executives are dedicated readers. Without reading, executives are more isolated, less informed, and less effective. With reading, executives have a quick and portable means for continuous learning.

Reading is fundamental to executives' success. It allows executives to increase their awareness of the issues that confront their companies and be better prepared for taking strategic action. Reading keeps them informed about their own industry as well as the broader issues that affect their customers, employees, community, and personal lives. Without reading, executives are less prepared to evaluate the information they receive. As a result, they are less capable of understanding complex issues, anticipating change, and making sound decisions.



Reading broadens executives' thinking. It gives them greater depth and detail on ideas, rather than mere bullet points to consider.

They become aware of new ideas and expand their options. In a sense, reading jump-starts an executive's creative thinking and problem-solving processes.

Executives must deal with many different constituencies that include employees at various levels, stockholders, regulatory agencies, government officials, board members, and customers. In order to understand the diversity of these outlooks and be more effective in dealing with them, executives find that reading is essential. This is even more important in today's international and global environment, in which a CEO may be dealing with a number of governments and cultural issues, each requiring separate approaches. While reading is not a substitute for first-hand experience, it can help prepare executives for more successful interactions.

Reading provides a competitive advantage. At PSP, we have been involved in assessing and selecting business executives for more than 60 years. Our research data shows that successful executives have stronger verbal skills and knowledge, on average, when compared with other business management personnel. Indeed, their verbal skills are often stronger than their analytical abilities. This comes, in part, from reading.

Reading allows executives to learn what other companies and industries are doing and where innovation is occurring that may impact or benefit their business. Through reading,

executives more effectively understand the bigger picture of how their organization can be more successful in the continuously changing global marketplace.

Much of executives' time is spent in strategic thinking, trying to evaluate their business and prepare their companies for the future. Information is something that all executives seek, and reading is one of the better vehicles for staying well informed.

What do executives read? Most executives read *The Wall Street Journal* or at least skim the articles. Those who seek an understanding of global issues also read the *Financial Times* and *The Economist*, both published overseas and with different viewpoints. The Internet, of course, has endless information, and some websites and blogs provide interesting insights for better understanding of how others see the world or view a company's products and services. Reading one or more business magazines, such as *Fortune*, *Forbes*, *Fast Company* or *Business Week*, is also helpful. The *Harvard Business Review*, *MIT Sloan Management Review* and *The Conference Board Review* offer executives in-depth articles about various business topics.

Many executives read books on a regular basis, both non-fiction and fiction. Biographies and fiction can offer insight into how others perceive the world. Even poetry and the classics are popular among some prominent executives.

Most executives are naturally curious and are continuous learners. Reading allows them to expand their horizons, getting the perspective of "thought leaders" and experts in various areas. Reading ultimately provides a greater diversity of ideas for more creative problem-solving. And reading is one of the most efficient ways to gain new perspective. In short, reading helps executives think.

Successful executives find the time in their hectic schedules for reading, recognizing how important it is to their effectiveness. **There is no substitute for reading.**



SELECTING SENIOR EXECUTIVES

The selection of a senior executive is among the most difficult decisions that an organization can make. Senior executives have enormous responsibility for resource utilization, business direction, and financial results. They also serve more constituencies than any other employee group. The consequences of failure of a senior executive can be disastrous for an entire organization and its stakeholders.

Senior executives are the leaders of their companies. This role is often confused with management, an important but separate function. As leaders, senior executives establish direction, align people, motivate the workforce, and develop new leaders. These responsibilities cannot be delegated to others. Senior executives also need some management skills, such as planning/organizing, budgeting, staffing, and problem solving. The best senior executives have both leadership and management skills. They lead and follow through. This further increases the difficulty in selection.

Selection Methods

A variety of methods are used to select senior executives. Most commonly, a preliminary review of an individual's work experience and track record of results is the first step. Successful senior executives already should have shouldered substantial profit-and-loss responsibility. The best senior executives have either turned around a struggling organization or taken a successful operation to a higher level.

Once preliminary screening has been completed, interviews and reference checks usually are conducted. Many companies have senior executives interview with members of the Board of Directors or with significant investors. These interviews usually are wide-ranging in scope, but are highly dependent on the personalities, experiences, skills and biases of the interviewer. Regardless of the specific questions asked, these interviews always lead to a common point: Does this individual have what it takes to get our company to the next level? Reference checks can be a helpful adjunct to interviews in answering this important question.

Another selection method that has become increasingly popular is the objective assessment of finalists for senior executive positions. Typically, this process involves psychological testing in the areas of leadership style, work behaviors, motivational factors, and mental abilities. The best assessments compare applicants to some external benchmark, such as a nationwide database of senior executives in similar industries. Often, objective assessments include an extensive interview by an experienced industrial psychologist.

Advantages of Objective Assessment

Objective assessment has several advantages. The first is that the assessment is completed by an outside third party, one

who is not involved in the recruiting or the final decision-making. Second, objective assessment provides a common benchmark with which to compare all candidates to each other. While candidates have different work experiences, backgrounds, and interview skills, an objective assessment puts all candidates on the same footing. Third, objective assessment measures potential executive derailers such as poor decision-making, energy/drive, emotional intelligence, resilience, results orientation, open-mindedness, and the ability to think on one's feet. These qualities are very difficult to assess in interviews and work experience reviews.

Finally, objective assessment avoids the "siren song" of job knowledge and pedigree. Countless senior executives who have failed over the years had worked for a competitor or knew the business, but that was not enough. Objective assessment measures behavioral characteristics and aptitudes rather than specific knowledge in a technical area. Job knowledge and background are good to have but should not be the prime determinant in senior executive selection.

PSP's Metrics

While a number of companies offer senior executive assessment services, PSP's approach differs from the norm. First, we customize our measurement tools according to each company's specific needs. We often find that the required "success factors" differ from company to company, depending on where a company is in its life cycle, marketplace, and strategic trajectory. PSP also utilizes our nationwide database of senior executive benchmarks. In other words, we can compare applicants to our national norms for CEOs, CFOs, COOs, and SVPs. Very few consulting companies have this capability.

PSP's objective assessment also includes an in-depth behavioral interview conducted by an industrial psychologist with a minimum of 20 years of experience in executive assessment work. During these interviews, senior executives are asked to give examples of a wide variety of actions they have taken in response to specific situations.

Finally, PSP integrates the objective assessment data with information from interviews, references, the executive's work experience, and the demands of the job. Common themes among sources of information are identified, assets are underscored, and potential weaknesses are enumerated. Compatibility with other senior executives on the team is analyzed and evaluated.

In these ways, PSP's objective assessment helps to minimize risk and to maximize the chances for success in senior executive selection.



WHAT'S NEW @ PSP

- ❖ Conducted CEO successor selection for a Midwest logistics company with aggressive growth plans.
- ❖ Conducted executive and managerial assessments for overseas positions in China, Australia, Mexico and Europe.
- ❖ Designed a selection program for an integrated steel plant that resulted in successful performance of 75 of 91 production employees hired within a 15-month period.
- ❖ Achieved a dramatic drop in turnover, from 50 percent to less than 5 percent, in a large pharmaceutical plant, located in the Southeast, for their chemical technician position.
- ❖ Customized an Interviewer Training Program for a large integrated steel plant in the Midwest, using PSP's Pattern Behavioral Interviewing Program.
- ❖ Presented a lecture on selection and retention of electrical system operators at an annual meeting of the Electrical Power Research Institute.
- ❖ Defended the PSP assessment process for a customer in an adverse impact challenge by the EEOC.
- ❖ Presented a workshop on employee motivation at a meeting of the Precision Metalforming Association.



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RESOURCES FOR EXECUTIVES

In ***Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant***, W. Chan Kim and Renée Mauborgne present their vision of expanding markets for innovative companies to explore. These professors at France's INSEAD, one of the world's largest business schools, use the blue ocean metaphor to represent untapped markets with the opportunity for growth. Using examples like Southwest Airlines and Starbucks, they provide a strategy for analyzing and navigating these blue oceans. The book (also available as an audio CD) grew out of an article in *Harvard Business Review* (October 2004).

At 14, Douglas Barry decided to become a CEO rather than an archaeologist, and sent letters to more than 150 CEOs of major corporations, asking them "What does it take to become a CEO?" In ***Wisdom for a Young CEO***, written when he was 17, Barry compiles their thoughtful advice on achieving success in business and in life. Some of PSP's customers are quoted in this book.

"Alpha males"—intelligent, self-confident, demanding and successful—represent the majority of senior executives. But their strengths make them both challenging and frustrating to work with. Kate Ludeman and Eddie Erlandson, who have coached many senior executives, discuss "***Coaching the Alpha Male***" in *Harvard Business Review* (May 2004, pages 58-67), and in their recent book, ***Alpha Male Syndrome: Curb the Belligerence, Channel the Brilliance***.

Harvard Business School Professor Michael A. Roberto demonstrates how leaders can improve the quality of their decision-making in ***Why Great Leaders Don't Take Yes for an Answer: Managing for Conflict and Consensus***. Roberto believes that leaders must cultivate constructive conflict while *simultaneously* building consensus.



For recommendations on training resources on any management topic, contact PSP directly.