



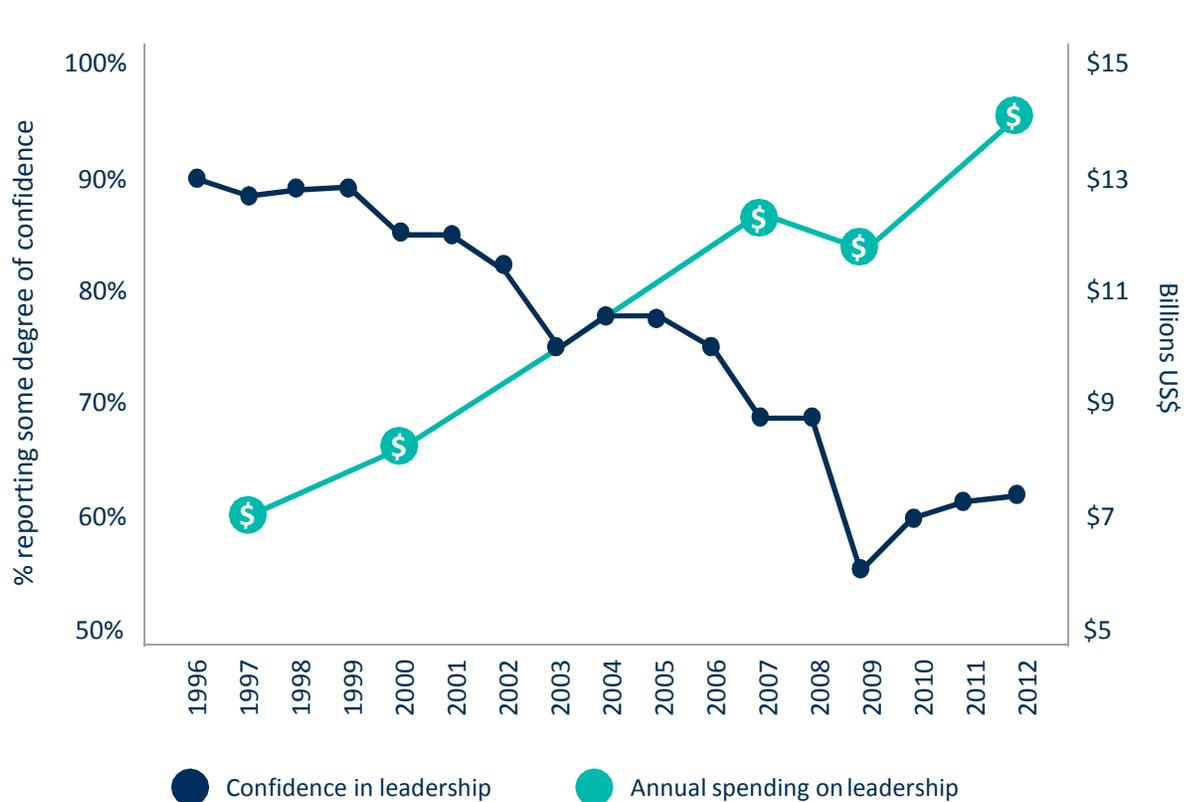
# Leadership Span

March 2017

Private and Confidential

# Confidence in leaders is falling as the era of constant change continues

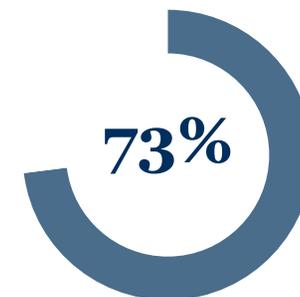
Disruptive factors are already defining the 21<sup>st</sup> century economy, and organizations struggle to predict how future changes will impact leadership teams.



Percentage of Organizations Experiencing Significant Change



Percentage of Executives Expecting Frequency of Change to Increase



*"No other factor plays a bigger role in determining the fate of organizations than the quality of their leaders."*  
 -Tomas Chamorro-Premuzic, CEO of Hogan Assessment Systems

Sources: Harris Interactive; Kaiser RB, Curphy G. Leadership development: The failure of an industry and the opportunity for consulting psychologists. *Consulting Psychology Journal*; CEB research; RRA analysis.

# Many legacy leadership evaluations fall short of recent demands

Organizations have responded to new leadership imperatives by creating new roles, adapting cultures, and seeking new experiences for top C-suite executives. Despite these solutions, too many still struggle to predict leadership potential.

## Characteristics of Existing Leadership Evaluation Mechanisms



## Questions Left Unanswered by Current Approaches to Leadership Assessment

- 1) Which competencies are less or more relevant for tomorrow's challenges?
- 2) What type of leaders will prove most adaptable in navigating disruption?
- 3) Which competencies are more relevant for the C-suite?
- 4) How can CEOs and Boards identify leaders who can thrive and endure in the face of future uncertainty?

# Tension should be mastered, not feared

The most common questions clients ask us today are about tomorrow – what types of leaders can help us best navigate future uncertainty?

RRA combined decades of market expertise, proprietary research on leadership characteristics, and millions of scientifically validated personality assessments via Hogan Assessment Systems, revealing 3 broad findings



Increasingly, the traits that get a leader to the C-suite are different from – and, at times, in sharp contrast to – what predicts their performance once in the C-suite

## C-suite Personality

The complexities and transformation mandates facing C-suite roles requires future leaders who break the traditional “either/or” trade-offs many rely on to prescribe success profiles

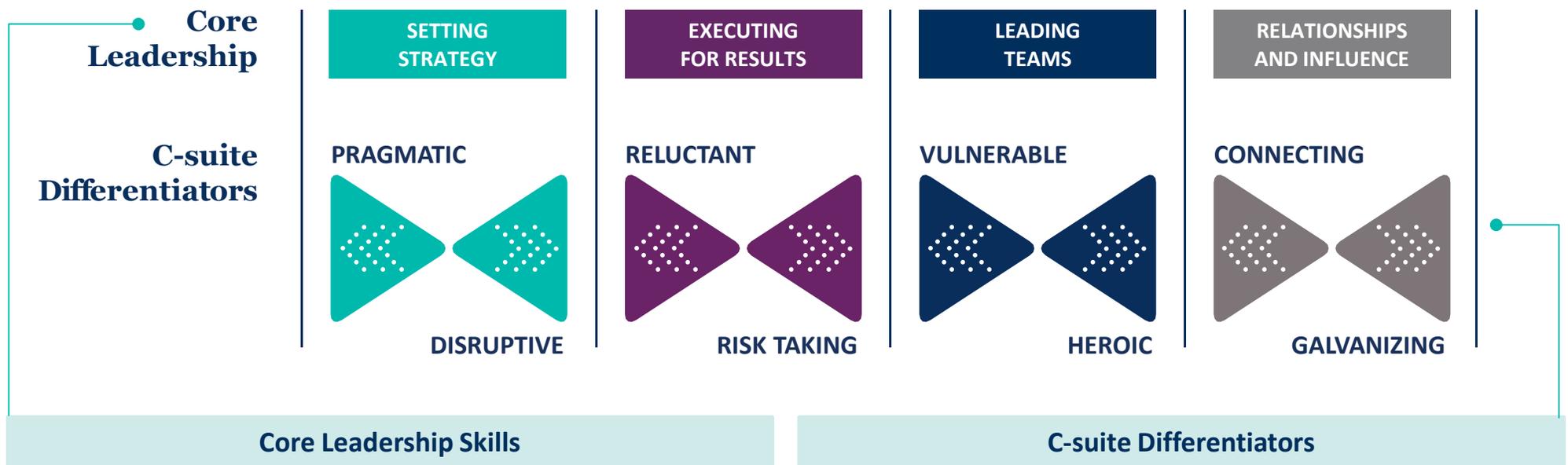
## Changing Circumstances

A fast-paced and uncertain environment undermines durability for unaware or inflexible leaders who are overly dependent on their primary strengths

## C-suite Performance & Longevity

# RRA's New Competency Model – Leadership Span™

Leadership Span™, by design, is a future-focused, CEO and C-suite specific, and truly dynamic model. When combined, the competencies shown here *differentiate* leaders that can succeed in the C-suite.



**Core Leadership Skills**  
 Foundational competencies crucial for leadership success at **any** level – at the C-suite or in junior leadership roles

**C-suite Differentiators**  
 Advanced and sophisticated pairs of seemingly competing C-level competencies that **distinguish success at the C-level** from other levels of leadership

The most effective and highest potential C-suite leaders and CEOs are able to actively **span across the pairs as business conditions require**, rather than just being strong on one end of each pair

# The C-suite differentiators – A closer look

The C-suite differentiators are pairs of what may seem like competing competencies. However, too much emphasis on either end can be a **derailer** for executives. These characteristics need to be present in C-suite leaders such that they are **sufficiently able to span across dimensions** to effectively and consistently perform in a C-suite role over time.

## HEROIC AND VULNERABLE

leaders display perseverance in the face of challenges and know their own strengths, yet also are aware of their limitations.



## GALVANIZING AND CONNECTING

leaders inspire trust through influence, charisma, and drive, yet also let others take the spotlight and empower others to create powerful networks within and beyond the organization.



## DISRUPTIVE AND PRAGMATIC

leaders challenge the status quo and make the case for fundamental changes, yet also act as an organizational filter during times of volatility and understand the practical limits on the amount of change an organization can absorb.



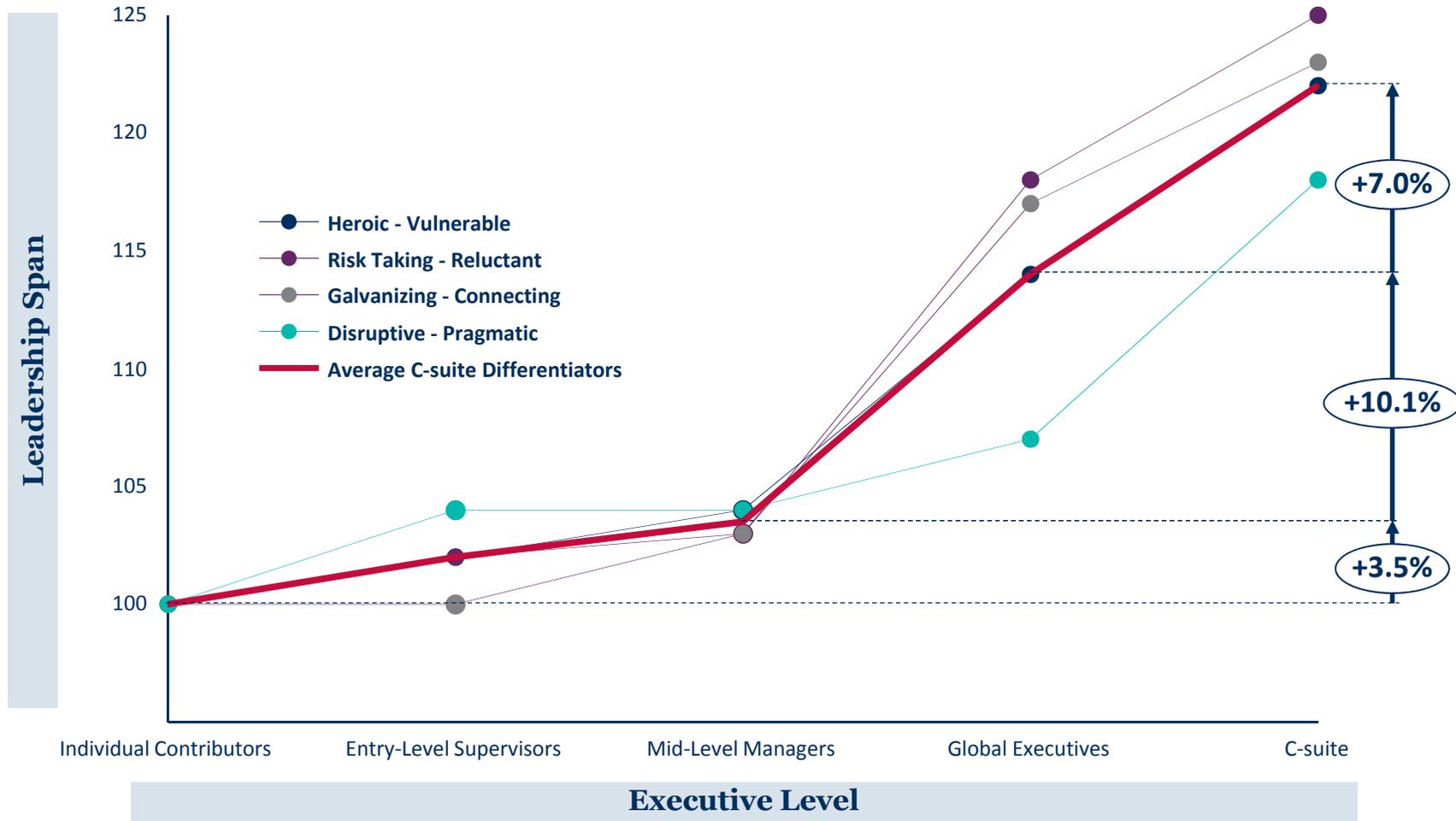
## RISK-TAKING AND RELUCTANT

leaders thrive in ambiguity and adapt nimbly, yet also exercise caution in taking risks and foresee threats of the horizon.



# Leadership Span™ is predictive of leadership potential

Share of population able to “Span” C-suite differentiator competencies indexed



\* “Ability to Span” defined as share of population scoring 51 or above (on a scale of 100) on both competencies comprising a pair of C-suite differentiators (e.g., a high score on both heroic and vulnerable).

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## How our approach is different

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C-suite  
specific

*An approach tailored to predict C-suite potential and performance*, rather than general leadership capabilities



Emphasis on  
durability, by  
understanding  
ability to span

A focus on a diverse portfolio of competencies including those essential for making it into the C-suite as well as “competing” competencies” *that must be selectively emphasized – not traded off – to perform durably* in senior executive roles over a significant period of time



The power  
of combined  
databases

Our model was *developed in conjunction with the world’s leader on personality assessments, Hogan Assessment Systems*

# To help measure leadership span, RRA built a world class assessment tool – in partnership with Hogan Assessment Systems.

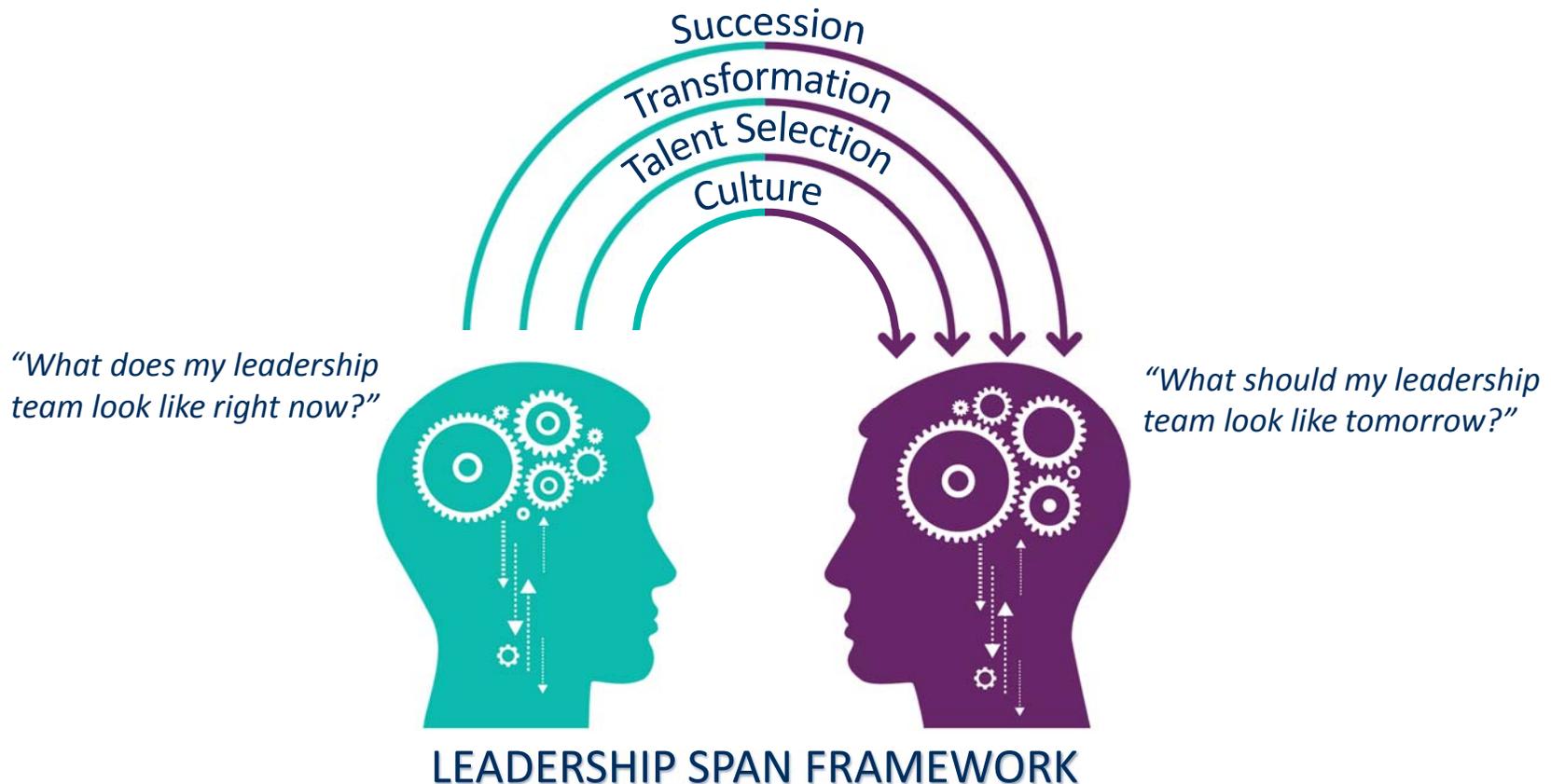
The Leadership Span Assessment is a robust, data-driven tool that helps predict CEO and C-suite success using our competency model.

Leadership Span Assessment Tool		
What is the tool?	What does it do?	To be leveraged with...
<ul style="list-style-type: none"><li>▪ Developed in partnership with Hogan Assessment Systems for exclusive use for Russell Reynolds clients</li><li>▪ Predicts CEO and C-suite success using RRA's competency model, benchmarked against millions of records across 30 years of data</li><li>▪ 60 minute online personality questionnaire</li></ul>	<ul style="list-style-type: none"><li>▪ Specifically designed to assess executives against RRA's competency model for leadership advisory and search projects</li><li>▪ Relevant to the CEO and C-suite and the 1-2 layers beneath that— individuals who are in consideration for a C-suite role, or the next generation in the leadership pipeline.</li><li>▪ This model addresses talent issues of C-suite readiness, potential, succession &amp; durability</li></ul>	<ul style="list-style-type: none"><li>▪ The assessment is intended to be used in conjunction with other sources of relevant information about the executive and is NOT intended to be a standalone input for talent decisions – particularly in-depth interviews</li><li>▪ The assessment does not capture an individual's cognitive abilities or IQ</li><li>▪ This assessment is not designed for more junior-level leadership roles</li></ul>

# A variety of advisory services strengthened by Leadership Span™

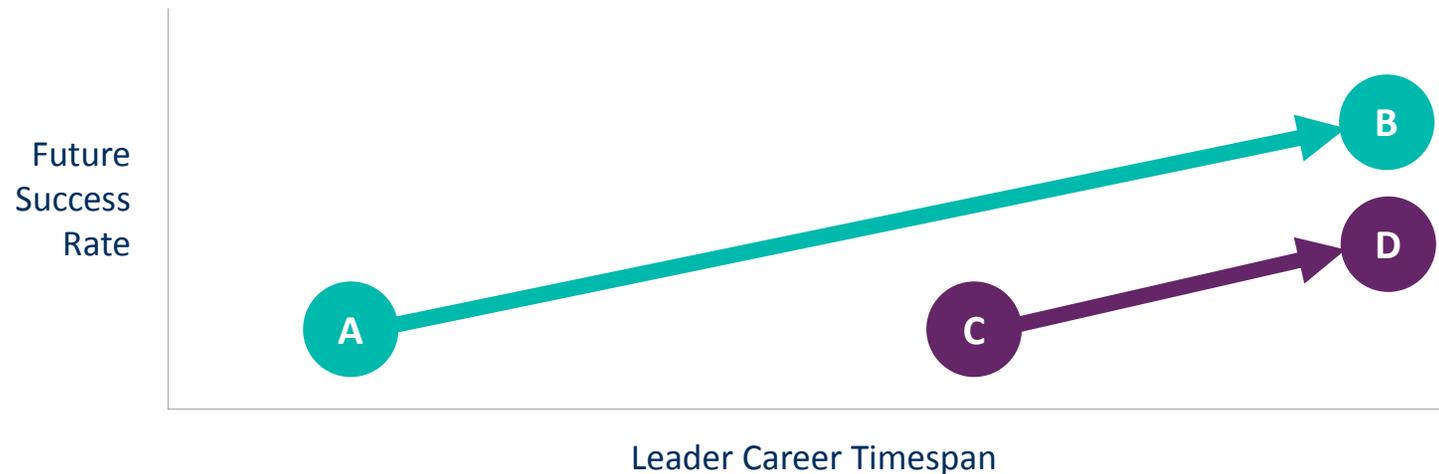
Leadership Span™ acts as a catalyst for focusing your leadership strategy on the future.

With better data on executives' ability to span across competencies necessary for success in various situations, organizations can more effectively capitalize on their high potential talent.



## How Leadership Span™ improves succession planning

The earlier succession planning starts, the **greater return on an executive's potential**. By using the future-focused Leadership Span model as a basis for succession planning, organizations can identify potential successors more quickly – and develop them more efficiently.

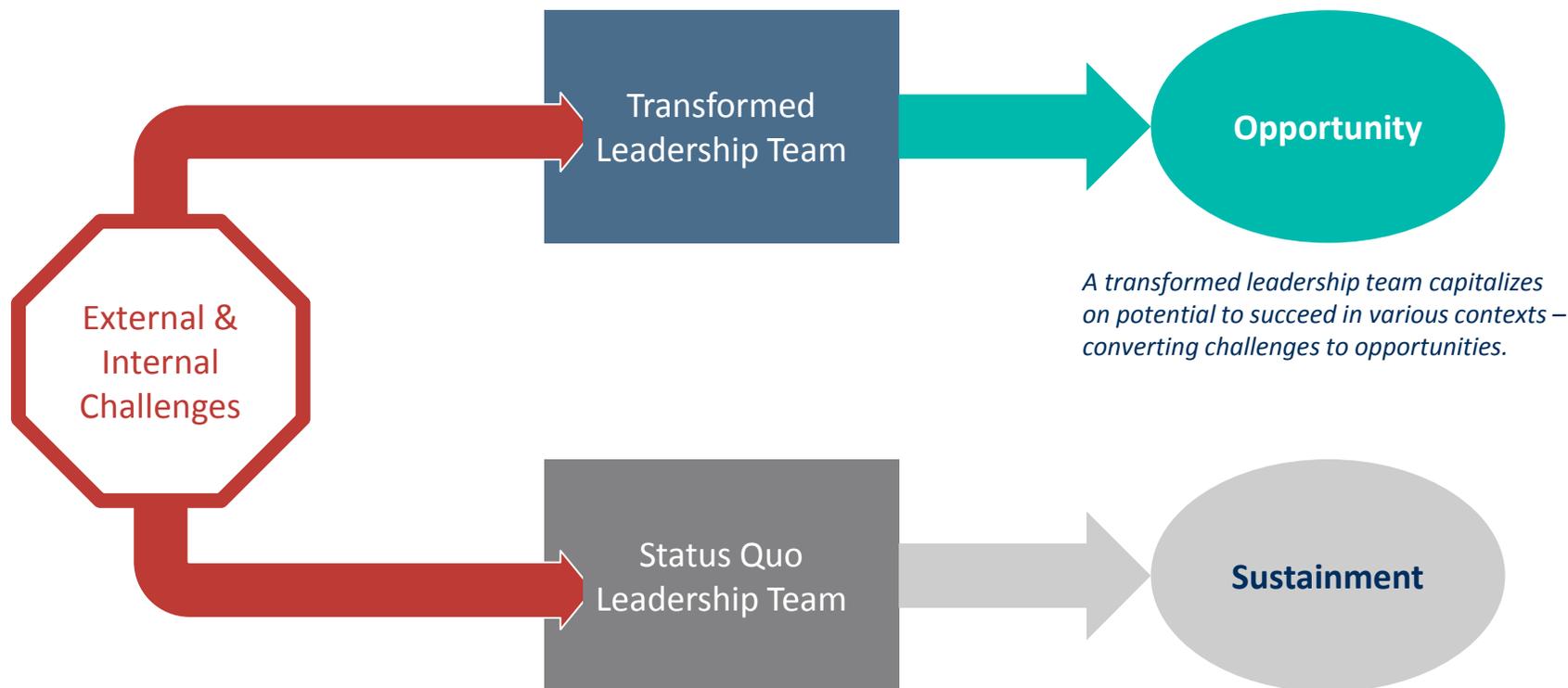


- A. Leadership Span helps predict future or continued success in the C-suite – and allows you to identify predictors of success earlier in an individual's career.
- B. With Leadership Span's ability to spot flexible leaders, you are more likely to invest in executives with maximum succession potential.
- C. Without Leadership Span, the known pool of potential successors is far smaller...
- D. ...with far less time to develop them prior to need.

# Transforming executive teams – leveraging Leadership Span™

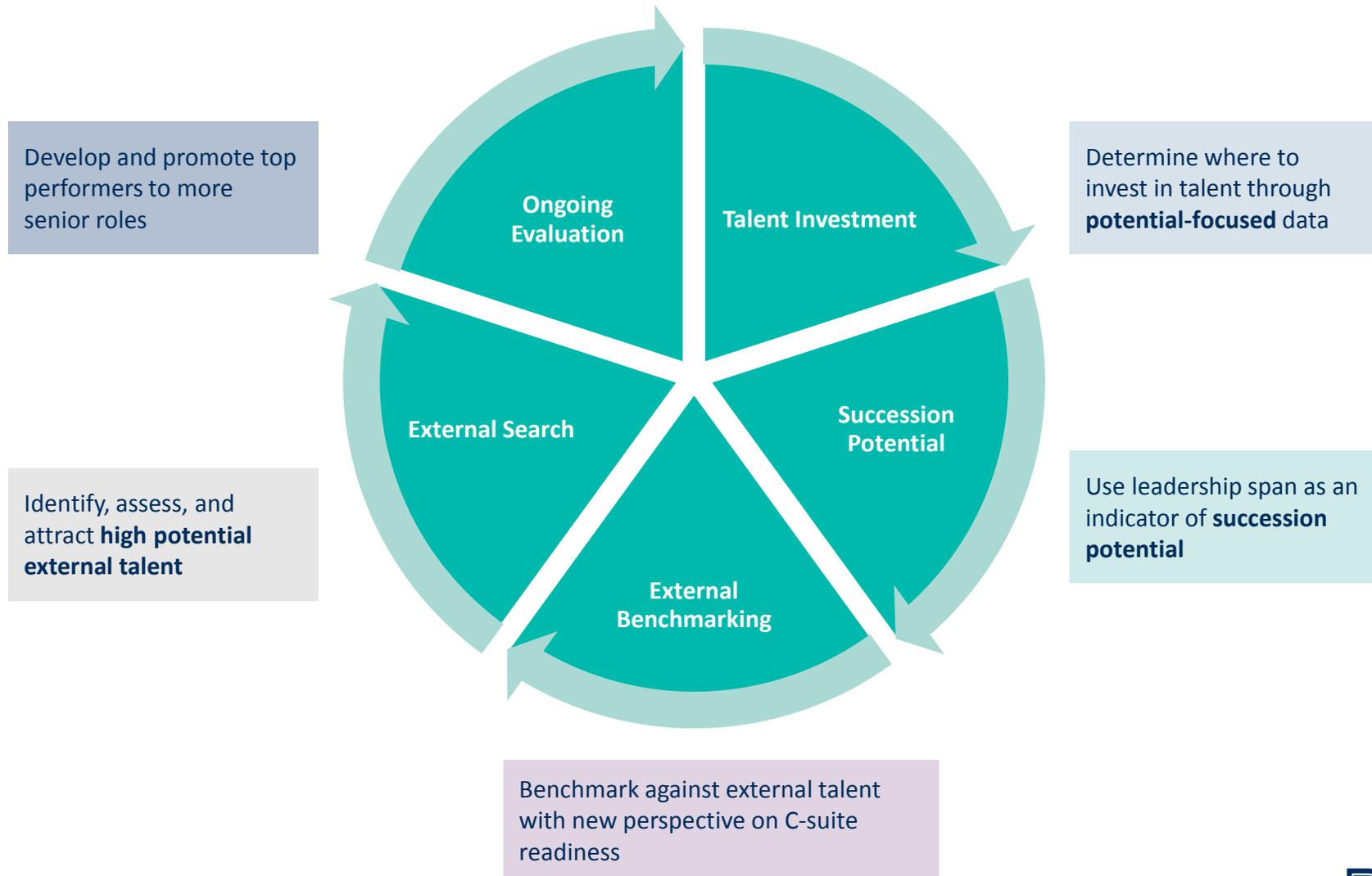
Transformation of leadership teams is required in many different situations – including M&A transactions, competitive disruption, globalization, and more.

Successful transformation involves assessment of the leadership team as a whole, and **capitalizing on the hidden potential** for handling the specific challenges relevant to each situation.



# Talent selection – leveraging Leadership Span™

Forward-facing insight, generated directly by the Leadership Span™ model, helps quantify continued and potential C-suite success throughout the “life cycle” of talent selection.



## Cultural transformation – leveraging Leadership Span™

Is your company culture incidental? Or a well-designed component of performance strategy?

Quantifying the gap between current and desired culture is the first step in creating an environment that encourages development of leadership span.



Russell Reynolds proprietary Culture Analyst™ can be used in conjunction with Leadership Span™ to quantify the underlying values of your organization and identify areas of alignment and misalignment between and amongst leaders, geographies, and functional groups.

By comparing your company's current vs. desired culture, we can identify any obstacles or key focus areas to drive a successful transformation.

## **Sample case studies**

*Language tailored to reference new model*

# Case study - multi-hospital system – C-suite succession planning

## Company Description

**Client:** Multi-Hospital System (US)

**Annual Revenue:** \$2.5B

**Sector:** Healthcare

**Population Assessed:** 16  
succession candidates

**Geography:** US

## Situation

- Amidst increasingly complexity and unpredictability of the market and changing leadership demands, the organization's Audit committee saw the need to establish a succession plan for the organization's top leadership roles.

## Action

### CEO Job Specification

- RRA worked with the Board to develop a robust Job Specification for the CEO role, as well as a "leadership competency model" to be used in the recruitment and development of identified C-suite succession candidates. Both deliverables incorporated the future leadership requirements and strategic goals of the organization.

### Assessment of top leaders

- RRA assessed 16 succession candidates for the top 8 leadership roles using psychometric tests, competency-based interviews and 360 referencing. Executives were then benchmarked against RRA's proprietary psychometric profiles for relevant C-suite positions.
- RRA identified several qualified internal C-suite succession candidates throughout the organization.
- While many succession candidates were well-suited for their current roles, there were notable development gaps when benchmarked against appropriate C-suite positions.

## Result

- The client used the process and the findings to develop a comprehensive C-suite succession plan. Each executive was given actionable development recommendations to better prepare them for the C-suite.
- Contrary to the client's initial beliefs, the assessment process demonstrated that there were certain roles in which there were no viable internal succession candidates.
- **With the new Leadership Span framework, RRA will be able to conduct succession projects like this one with added insight into C-suite readiness, specifically tailored to the needs of top leadership roles**

*"This was exceptionally thorough, well managed throughout...It was an extraordinary job, far more than exceeded our expectations."*

# Case study – international airline – leadership transformation and succession planning

## Company Description

**Client:** International airline (Asia Pacific)

**Annual Revenue:** \$5.2 B

**Sector:** Industrial/Natural Resources

**Population Assessed:** 28 senior executives

**Geography:** Asia Pacific

## Situation

- Client identified a group of “high potential” and “promotable” executives as possible successors for key executive and senior leadership team roles.
- The client wanted a rigorous & objective assessment process to provide data to support strategic succession planning and promotions, as well as a framework for the ongoing development of the chosen senior leadership cohort.

## Action

### Comprehensive Executive Assessments

- The executives completed well-validated personality and cognitive tests that measured their abilities to deal with complexity at the most senior level.
- RRA conducted 2:1 competency-based interviews and 360 referencing to add qualitative insight on each executive’s potential for success in the C-suite.

### Succession Recommendations

- In an extensive 4-hour de-brief with the current CEO and C-suite, RRA provided recommendations around each executives’ succession potential. Upon delivering the results, RRA facilitated a discussion around the implications for talent management and broader succession planning.

### Feedback to Assessed Executives

- RRA team conducted individual feedback sessions with the assessed executives, in which they were given actionable development recommendations, comprised of both experiential and behavioral elements.
- Each executive was provided an individualized conversation template to be used with their manager regarding their professional development.

## Results

- The client was given robust data to support their judgment around individual potential within the organization.
- The client used the assessment results to restructure some of the management to ensure that high-potential successors were given the right experiences to prepare them for the C-suite.
- Assessments brought the strengths, some previously unrecognized, of high-potential leaders to the CEO’s attention.

# Case study – insurance broker – Culture Analyst™ and search

## Company Description

**Client:** Insurance Broker (US)

**Annual Revenue:** \$1.7 B

**Sector:** Financial Services

**Population Assessed:** 14 executives

**Geography:** US

## Situation

- The client needed to select a CFO, specifically someone who would help drive business strategy and build a world class finance function. Given the company's growth-through-acquisition strategy, it was critical that the chosen candidate fit the strong culture of the organization.

## Action

### External Search

- RRA team presented the client with a slate of candidates who possessed the background and experiences and competencies needed for the role.

### Internal Culture Analyst™

- In conjunction with the search process, RRA's proprietary Culture Analyst™ survey was completed by 13 executives in the organization. This allowed for the codification of the company's culture, along with the identification of gaps between the current and desired culture.
- RRA synthesized the findings and provided recommendations around how the results could be used to inform the selection of the CFO.

### Evaluation of Finalist Candidate

- After a thorough search and review process, the top candidate completed the Culture Analyst™ survey. The results revealed the candidate was not only aligned with several of the defining characteristics of the company's current culture, but that he was also well-positioned to help drive some of the desired cultural changes.

## Result

- The client was able to make an informed decision as to who was best suited for the future success in the CFO role – and how each candidate would match up to the rest of the C-suite.
- The Culture Analyst™ provided the client with a deeper understanding of its current and desired culture. The CEO shared the results of the survey with the senior leadership team to facilitate an internal discussion around sustainable culture change.



# About Russell Reynolds Associates

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## RIGHT TEAM FOR THE JOB

**400**

experienced consultants working together & supported by a global research team.

## INSIGHTS FROM DOING THIS ALL DAY, EVERY DAY

More than **3,500** engagements annually allow us to see critical patterns and help you stay ahead of what's next.

## NETWORK OF EXCEPTIONAL PEOPLE

An interconnected network of leaders who can drive the growth & success of your business.

## COLLECTIVE POWER OF ONE FIRM

**47** offices in North & South America, Europe & Asia/Pacific.

## WE ARE THE DIVERSITY LEADER

Proactive mapping of diverse talent and data-driven inclusion consulting

### Our Expertise

Sector Expertise	Functional Expertise	Leadership Expertise
<ul style="list-style-type: none"> <li>▪ Consumer</li> <li>▪ Financial Services</li> <li>▪ Healthcare</li> <li>▪ Industrial / Natural Resources</li> <li>▪ Nonprofit</li> <li>▪ Private Equity</li> <li>▪ Technology</li> </ul>	<ul style="list-style-type: none"> <li>▪ Board of Directors</li> <li>▪ CEOs</li> <li>▪ Digital Leadership</li> <li>▪ Financial Officers</li> <li>▪ HR Officers</li> <li>▪ Information Officers</li> <li>▪ Legal Officers</li> <li>▪ Marketing and Communications Officers</li> <li>▪ Risk Officers</li> <li>▪ Supply Chain Officers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive search</li> <li>▪ Executive assessment</li> <li>▪ Succession planning</li> <li>▪ Leadership transformation                             <ul style="list-style-type: none"> <li>✓ Large cap</li> <li>✓ Private equity</li> <li>✓ M&amp;A</li> </ul> </li> <li>▪ Culture advisory</li> <li>▪ Diversity &amp; inclusion consulting</li> </ul>

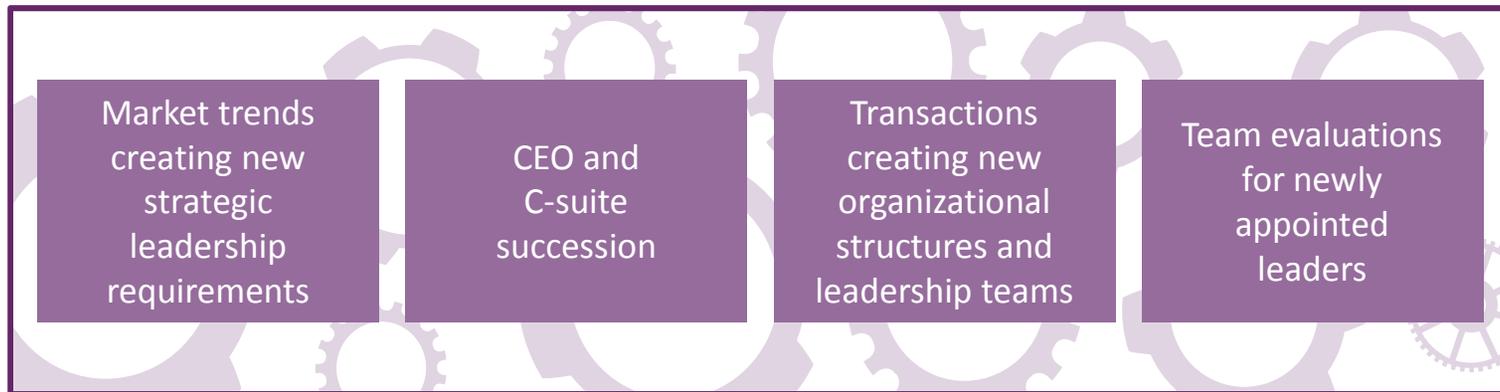
## How we help clients

RRA's Leadership and Succession Practice takes a holistic view of the client's organization to provide a roadmap for future success.



# How we add value

## Situations in which we specialize



## What we do





# Preparing you for what's next, right now

Insight-seekers  
Relationship-builders  
Collaborators

*We are Russell Reynolds Associates*