

# A business benefit? Making assessment centres strategic

**Charles Woodruffe** explains why it is vital that assessment centres deliver the talent the business really needs

**T**here is the apocryphal story of the two aircraft riveters in the War who, when asked by the visiting dignitary what their job was, replied in contrasting fashions. The first said something along the lines of: "I spend all day banging these rivets into fuselages." The second said: "I am helping us win the war by building aircraft."

One can imagine much the same contrast if the CEO asked different assessment centre assessors what they were doing. One might answer: "I have to do some assessment centres because HR keeps asking our division to provide someone." The second might say: "I am helping choose the very best people for our company to compete and win in the marketplace."

How do you get to the second response and what are the consequences of the different mind-sets? The second approach

shows an understanding of the strategic significance of assessment centres, though it could, of course, apply to anything that is sponsored by HR. Such an understanding will only come about if the assessment centre genuinely is part of an overall strategy and not just an isolated initiative. It must be a response to the needs of the business.

**"I am helping choose the very best people for our company to compete and win in the marketplace"**

Ultimately assessment centres have to fit into a coordinated strategy to provide the business with the people it needs to deliver to customers. There has to be a line of sight between the HR process and the business strategy. Then, HR will be seen as an

integral contributor to business success and the constituents of its strategy will be supported and resourced by line management.

Unfortunately, it is with the failure to embed its offerings within a coherent strategy that HR practitioners are frequently charged. Such a failure has important consequences, all of which culminate in HR being seen by the business as more of a burden than a help. At its worst, this results in organisations whose managers would dearly love to revert to using HR just for personnel administration.

Specifically with assessment centres, the failure to link the centres into a business strategy means that they risk achieving only half-hearted support from the line. All the costs in terms of time and money are resented and HR faces an uphill battle in getting line managers to give their time as assessors. Precisely this lack of link to strategy, together with the consequences of the disconnect, is

found in all too many organisations today. A recent survey by my colleagues revealed a large number of organisations with no clear link between assessment centres and their talent strategy and a high proportion without a clear talent strategy in the first place.

Of course, it might have been that we talked to people who did not understand the strategy or its link to assessment centres. Maybe, higher up the HR chain, there was someone who could have explained it better. That is really the best-case scenario and leaves the fact that the people with whom we talked will also be conveying that lack of persuasive understanding to their colleagues.

So, how

do we achieve the state of affairs whereby HR is strategic and embraced by the business? The answer is provided by the example of a large bank with which I worked as a consultant. The HR department was filled with extremely able and well-qualified people. For years, personnel management and then HR were accepted, almost as a part of life, by the bank's senior team. However, as they became busier, HR had increasing difficulties getting support for its processes.

With respect to assessment centres, the HR department faced resistance to getting managers' time for training and then for acting as assessors. The problem was that HR had disconnected from the business and vice versa.

Top management did not really see that HR was helping them secure winning people and this was partly

because of a failure by HR to communicate and persuade, but also because its processes were indeed somewhat remote from the business.

The solution that I persuaded the chief executive to adopt was to take the top management, including the HR director, and work through the logic that the bank would win by people; that talent had to be attracted and retained. Then, we looked at the HR processes that would help achieve this state of affairs and blueprinted initiatives that the business would endorse because they were clearly meeting business needs. Assessment centres? Yes, that is clearly the best way of choosing people with potential. Appraisal? Let's have a more flexible system, rather than going through a repetitive process each year, even for people who were happily in a role and functioning very competently.

Going from this example to seeing how generally assessment centres will be strategic, the



following are the key stages:

1. HR needs to achieve a dialogue with the business, enabling it to understand the business strategy and to design a talent strategy that will meet the business strategy. This dialogue should extend to HR being able to influence and ensure the business strategy is realistic in terms of its implied needs for talent. In turn, the dialogue should result in the business seeing that HR is driven solely by the need to deliver talented people to fulfil business objectives
2. Everything that HR puts in place should clearly be part of the talent strategy with a line of sight to the business strategy
3. HR communicates its initiatives strategically, stating the business benefits of what it is doing or proposing.

In the case of assessment centres, their strategic significance is two-fold. First, they offer an excellent way of seeing whether a candidate can produce the behaviours required for the role for which they are being considered. The assessment centre actually requires a demonstration of performance. Second, by maximising the likelihood that decisions are being made correctly, they help enable a commitment to be made to people. Other things being equal, a hire and fire culture is not conducive to people's retention. Their attitude will be to jump before they are pushed.

Both of these justifications for assessment centres are based around the idea that they are the best way of choosing people and this is the only fundamental reason to have one. In order to arrive at the assessment centre as a solution, there is a chain of thinking that needs to be gone through. It will, no doubt, differ slightly from circumstance to circumstance but essentially it involves the following:

1. We need clarity on what is required for the role

<b>Mergers &amp; Acquisitions Team Leader</b>
<b>Contribution of role to Bank's Strategy</b>
<b>Top quality transaction work delivered to clients - 'From work won by directors to work done by teams'.</b>
<b>Indicators of Excellence</b>
<ul style="list-style-type: none"> <li>• Thorough understanding of all aspects of the transaction - its strategic business case, the parties to the transaction, the regulatory climate and the 'project plan'</li> <li>• Ensures delivery of requirements are error-free and to time</li> <li>• Comes up with creative proposals to progress the transaction and actions these or conveys to director as appropriate</li> <li>• Motivates and develops all members of transaction team, ensuring their talent is properly used and managed and that workloads are achievable</li> <li>• Is seen as thoroughly credible by, and liaises with, all external parties – client (FD and CEO) and lawyers</li> <li>• Maintains active communication with transaction director</li> <li>• Develops professional knowledge base and network to become seen as expert in his transaction area</li> </ul>

2. We need to choose the best way of determining whether people can meet those requirements. Assessment centres may or may not be the answer
3. We need to design an assessment centre that really will give valid insights on candidates' abilities to meet the requirements
4. We need to communicate the point of the assessment centre to the business.

### Clarity on the role

The most fundamental way in which assessment centres can become disconnected from the business and its strategy is by failing to reflect accurately to managers what is required of people for success.

Unfortunately, competencies have not served HR well in this regard. The methodology for deriving competencies is not sufficiently future-focused and the language and nature of competency frameworks is generally divorced from that which managers would use.

Managers' reservations are increased when they see the sheer volume of many competency frameworks. Many organisations still have lists of at least a dozen

competencies for any particular role and, somehow, these lists appear to lose sight of the essence of what is required of a high performer.

Of course, some organisations have simplified their lists after their initial experience of competencies. However, the danger with this simplification is that the potential for a disconnection between competencies and performance increases as the list is pruned and simplified.

Rather than trying to cluster the behaviours of high performance into pseudo-psychometric variables behind performance, nowadays I advocate ordering behaviours by the strategic outputs that they achieve. The place to start is the organisation's strategy; then ask what outputs the person has to achieve to make a maximum contribution to that strategy, and then ask what behaviours are required for each output.

The result is a succinct list of indicators of excellence. An example for an investment bank team leader is provided in the table above.

Indicators of excellence are an evolution of competencies but are also clearly different to them.



They are an evolution because both competencies and indicators of excellence specify behaviours that lead to high performance. Theoretically, they should be similar behaviours but there will be differences; the differences between competencies and indicators of excellence become pronounced in the way that the behaviours are grouped.

The behavioural differences are elicited because the competency researcher asks what differentiates between high and low performers, whereas the questions for the indicators of excellence start with the strategy. Of course, there should be a connection between performance and strategy but questioning on the indicators is more focussed. It can also be very clearly focussed on the future.

More fundamental is the difference in the way the behaviours are reduced and clustered. With competencies, the aim is to produce a model of the person who will be a high performer – essentially, a model of the traits he will exhibit. This naturally leads to a relatively large number of competencies because the researcher is trying to avoid combining traits that are psychologically distinct.

On the other hand, the indicators are clustered around the key outputs that must be delivered for strategic impact. The number of indicators is naturally limited to the number of such outputs.

### **Choosing people for the talent pools**

The job of selection is to identify people who can display the indicators of excellence required for the talent pool. Fundamentally, what organisations want is behaviour in particular situations and people differ in their capacity and willingness to produce those behaviours. This applies both to immediate behaviour (current performance) and future behaviour (potential).



The required behaviours will only be displayed if a) the person is capable of displaying them, b) the person wishes to display them and c) the situation encourages them to be displayed.

The evidence of someone's capability to show a behaviour is best produced by getting the person to demonstrate it. Gathering behavioural evidence is, of course, the point of an assessment centre: assessment centres get the person to behave in a range of simulations of the role that he would perform, if he were appointed.

to select favourable examples and leave aside the less favourable.

Then there are appraisals and references. If you are seeking to assess current employees against the indicators of excellence, the obvious starting point is to collect all the evidence you have in the form of an appraisal of them. This might be extended to the use of multi-raters. References perform the same role as appraisal with external candidates. As a generalisation, if referees can be treated as colleagues (such as the professional references between academics or members of the medical profession), the

## The most fundamental way in which assessment centres can become disconnected from the business and its strategy is by failing to reflect accurately to managers what is required of people for success

The assessment centre will pass the strategic test if it is clearly the best way of measuring what the organisation wants. Otherwise, it will appear to be an HR luxury and managers will be difficult to convince otherwise.

There are plenty of alternatives to assessment centres that will need to be considered. For new recruits, one alternative is the internship – really an extended assessment centre. Internships give the organisation a wonderful opportunity to assess the internee's capability in precisely the situations that he would confront if he was offered permanent employment.

Another option is a behavioural interview that questions the person about his demonstration of the indicators of excellence. It has the obvious advantage of being based on, potentially, a lifetime's sample of the person's behaviour; the disadvantage, however, is that the interviewee will naturally try

reference mimics an appraisal and potentially becomes a fruitful source of behavioural evidence.

If an assessment centre is the best way to choose people, it needs to be designed skillfully if it is to deliver its promise and give valid insights on candidates' abilities to meet the requirements. Otherwise, its actual contribution to the business will be limited. I describe the detail of assessment centre design elsewhere<sup>1</sup> but, in essence, the more closely the simulations replicate the role, the more certain one can be that behaviour in the role will be the same as the behaviour in the simulation.

Conversely, if assessment centres are no more than generic management games, their predictive power will melt away.

### Communicating the strategic rationale

Finally, for them to be strategic and be seen to be so, HR must communicate the point

of assessment centres to the business. HR must convince its colleagues in the line that there is a big picture of business success involved in all the effort of the assessment centre.

If the groundwork has been done correctly – “these are the role requirements; this is the best way to see if candidates can match up” – this message should be fairly straightforward to convey. On the other hand, it will be difficult to convince sceptical line managers if the requirements seem to miss the point or an assessment centre seems an over-engineered or fanciful way of checking on candidates' capabilities.

### Conclusion

If assessment centres are to be embraced enthusiastically by the business, HR must embed them in an overall talent management strategy and communicate this clearly. From my experience, HR can be all too quick to get frustrated with its colleagues in the line.

As often as not, the line's scepticism is based on an accurate perception that HR's processes are not the most direct way of meeting the needs of the business. It might be that the competency kits provided by HR seem remote from the winning people that the business needs. It might also be that an assessment centre seems an over-engineered way of identifying these winning people.

In such cases, either the line is correct and there is a simpler solution or HR has failed to communicate the rationale for the assessment centre. ■

### Reference

1. Woodruffe C *Development and assessment centres: Identifying and developing competence* 4<sup>th</sup> edition. 2007.

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