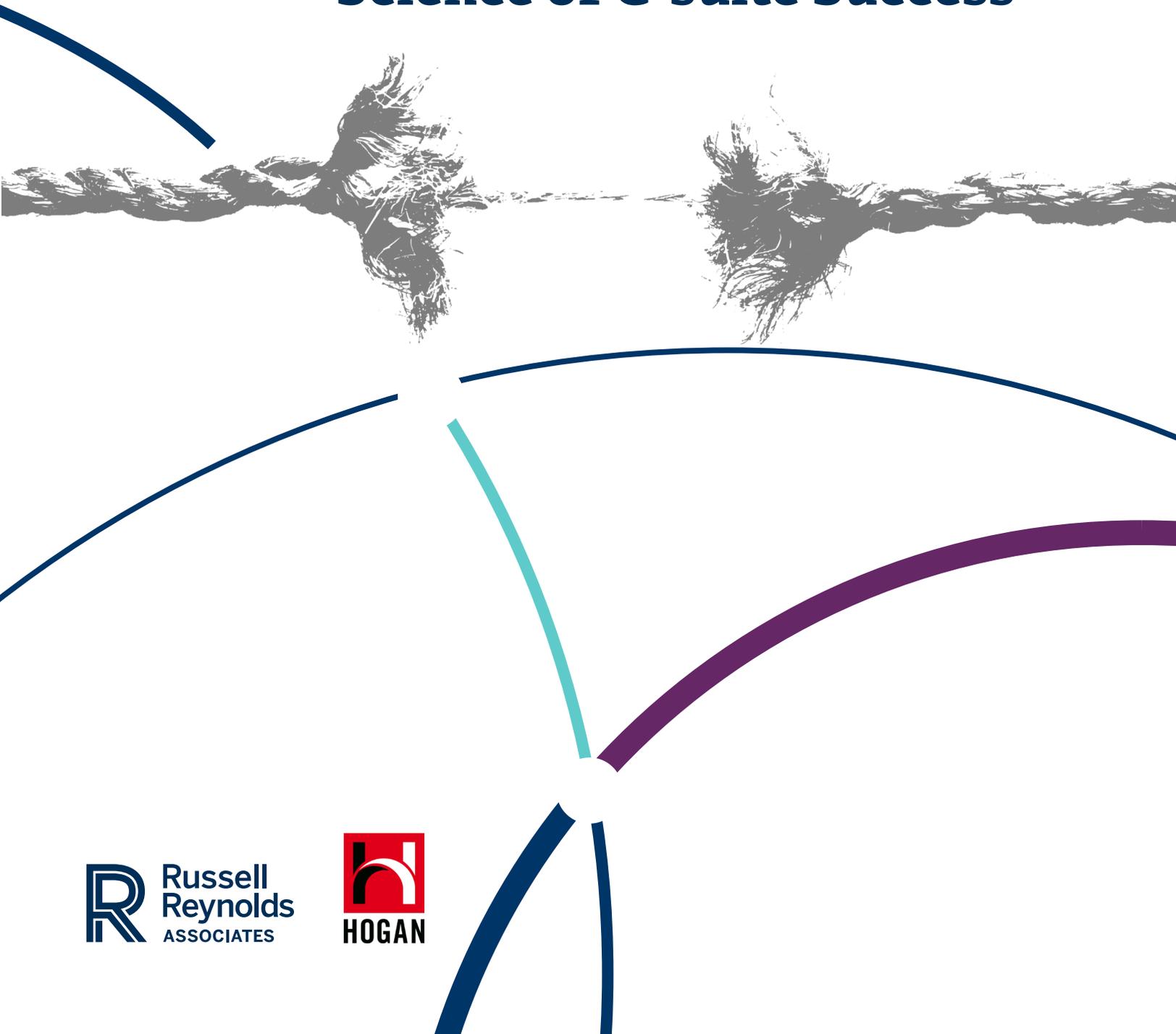

Indispensable Tensions

Leadership Span and the Science of C-suite Success



A Vastly Consequential Force

In the astonishing global financial crisis of 2007–2008, thoughtful observers learned an important lesson: Leadership is a vastly consequential force in human affairs, particularly when it goes wrong. Indeed, in a world ruled by large organizations, a small number of CEOs make decisions that have far reaching social and economic consequences, determining the fate of human affairs.¹ From a social perspective, poor leadership creates dysfunctional, authoritarian cultures that impose major health hazards on powerless subordinates. A leader who is too passive can likewise wreak havoc in an organization, destroying alignment and wasting resources. Strong leaders may bend the organization to their will, but lose or alienate followers in the process.

Perhaps it's not surprising that a wide range of scientific studies suggest that CEO personality characteristics are a major driver of organizational culture, and in turn objective measures of firm performance.²



Yet “weak” leaders and “strong” leaders are simple caricatures. The truth is that effective leaders tend to demonstrate a complex mix of abilities and traits, including contradictory qualities. Take the “productive disruptor” for example – a leadership style (identified in recent research by Russell Reynolds) that enables executives to pursue bold strategies, while also engaging people in the hard work of transformation. These leaders are more disruptive and innovative than other executives, but at the same time, are also more socially adept, pragmatic, and determined to translate ideas into tangible outputs. This paradoxical combination of traits – disruptive vs. socially adept – are not at odds with each other, but need to coexist for leaders to be truly successful.³

Leadership is complex. After 100-years of academic research on the topic there is still no consensus on the critical qualities of effective CEOs despite a steady increase in resources dedicated to interventions designed to enhance leadership effectiveness. A poll by Harris Interactive found that spending on leadership selection and development has steadily increased over the last 15 years to an all-time high of around 16 billion dollars per year. Yet sadly, the majority of people – whether in large governmental agencies, market-minded corporations, or altruistic non-profits – report declining confidence in leaders.⁴



Leadership development is increasingly one of the top concerns voiced by CEOs, Boards, and investors. Equity analysts are focusing on succession planning and leadership pipelines. Moreover, recent changes in the workplace, driven by technological disruption, have forced organizations to rethink what makes someone successful when it comes to spearheading large organizations, because the leadership qualities that worked in the past may no longer be relevant in the future.⁵ In other words, what got CEOs here may not get them there (as sky-high failure rates for new CEOs demonstrate). It is therefore less critical to focus on past achievements and expertise, than on future capabilities: Potential, it seems, is the new performance. Accordingly, improving the state of executive selection will require opting for a more scientific, evidence-based approach.



of all new CEOs fail within the first 18 months in role



of Directors report not understanding the capabilities of internal CEO candidates



of Boards report never recording any of their intended succession plans

The C-suite Paradox and the Leadership Span Model

A paradox has consistently emerged in the derailment research of Hogan and Russell Reynolds. Namely, four “dark side” traits – Bold, Mischievous, Colorful, and Imaginative – are often associated with short-term positive performance outcomes in the C-suite. To be more precise, these personality characteristics – also referred to as the *charisma cluster* – may help leaders ascend to the C-suite, and they are pivotal in helping senior executives rally a team toward the company’s mission and vision.

However, when leaders are unaware of the negative consequences associated with these traits – e.g., overconfidence, arrogance, excessive risk-taking, and manipulation tactics – they will likely overuse them and face the prospect of a significant career derailment.⁶ C-suite effectiveness is not so much a function of having low scores on these traits, but rather, of keeping them under control.

At the same time that rising executives are learning to manage their traits, they are also forced to balance growing tensions between contradictory organizational challenges. Some executives will thrive during this challenging period, while others will flounder. But how can a company know which candidates will fall into either category?

Hogan and Russell Reynolds joined forces to address this specific challenge, and created Leadership Span™, a model and assessment approach designed specifically to evaluate individuals’ ability to cope with four major dualities that characterize the transition into senior leadership roles:



- 1. Being both disruptive and pragmatic:** Organizations need a leader to disrupt the status quo with innovation, but they also must be pragmatic about focus, priorities, and the pace of innovation in their organization.
- 2. Being both risk-taking and reluctant:** A good leader takes calculated risks and is opportunistic, but we also want them to be somewhat reluctant and show some vigilance before steering the organization off a cliff.
- 3. Being both heroic and vulnerable:** A heroic leader needs to be a vulnerable as well, so their perseverance and grit don’t turn into self-delusions. They need to take feedback and external data to heart and make continuous improvements to themselves and their organizations.
- 4. Being both galvanizing and connecting:** Leaders must galvanize support with energy and inspiration, but they also need to know when to take a step back and share credit, promote the success of others, and to connect the organization to become something stronger and greater than themselves and the cult of their own personality.

The model was created to identify each individual’s leadership span (or range). While each span may seem contradictory – *How can someone be both risk-taking and reluctant?* – the most successful leaders are able to embody both traits simultaneously.

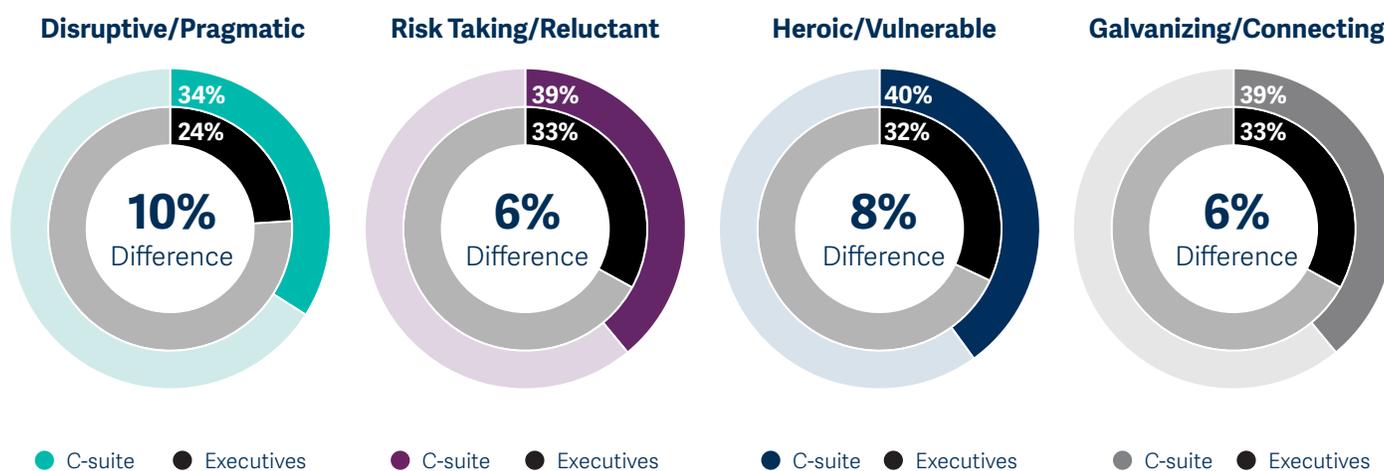
Pragmatic disruptors innovate and drive change, but they do so in collaboration with their teams. They recognize that bold visions will likely fizzle without the engagement of the broader organization, and they recognize that the perfect is often the enemy of the good.

Reluctant risk-takers are willing to make big bets, but they do so cautiously and with a mature sense of the law of unintended circumstances. They are uniquely able to resist trend chasing. They cut through the clutter of competing ideas and take risks where they matter.

Vulnerable heroes don't hesitate to lead the charge, but they understand that they don't have all the answers. They're never paralyzed by indecision, but they're rarely unilateral in action. They engage their teams and seek guidance, but act quickly and decisively in the face of challenging circumstances.

Galvanizing connectors build tight-knit teams while working to connect and engage their teams with a wider ecosystem of internal and external partners. They are highly inclusive but never insular. They build bonds within, and build bridges to, the team.

As Boards and CHROs seek out new leaders for their organization, they need to find candidates who demonstrate the range of traits captured in the Leadership Span™. Newspapers are filled with headlines about CEOs who had one of these traits, but not the companion: The leader who creates an innovative product line but doesn't know how to change buyer behavior. The risk taker who gambled on a new way of doing business, but who risked too much and fell from grace. The hero who wanted the status and benefits of being a leader, but couldn't overcome his failings. The galvanizing executive everyone was drawn to, but with which no one could stand to interact.



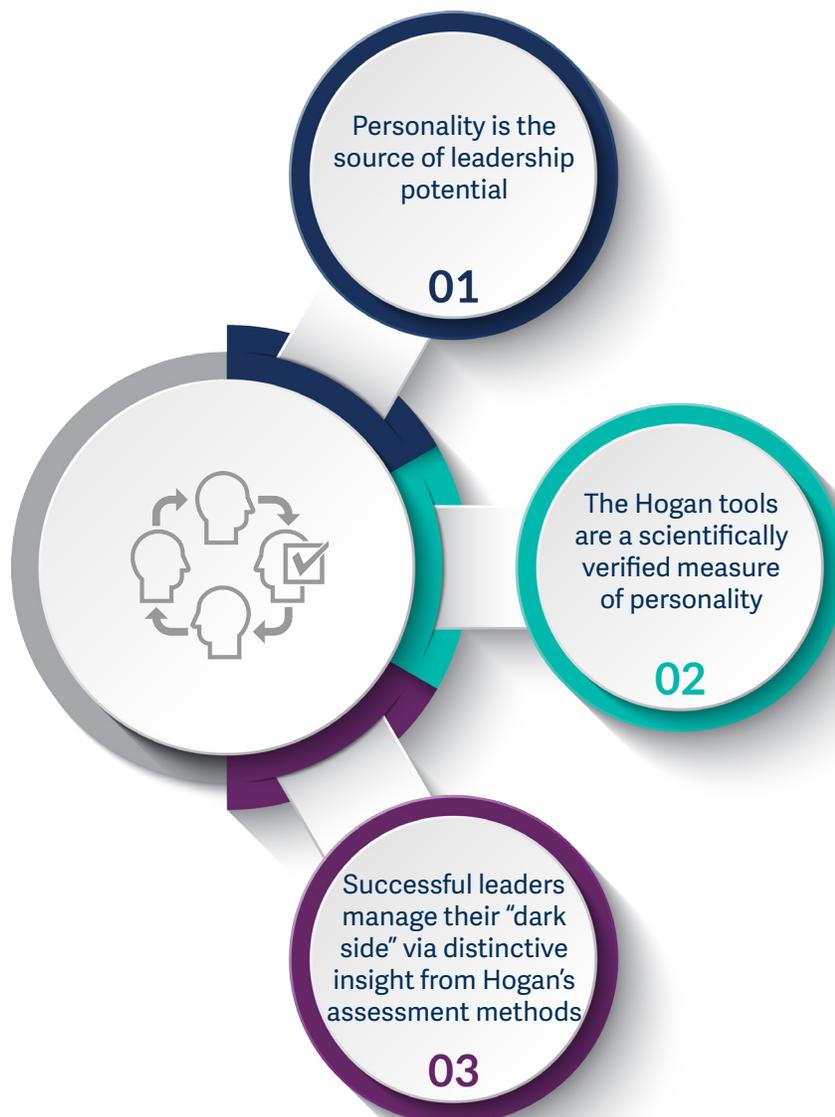
Percentage of C-suite and non-C-suite executives rated either Above Average or High in both traits in each dyad

The power of the Leadership Span™ is the increased likelihood of strong leader performance over time. Leaders who embody the full range of traits come to the job with a more diverse portfolio of skills that they are able to deploy when circumstances change. At the same time, it decreases the pressure on the Board or Human Resources to precisely identify the exact future needs of the organization and of a specific executive, and the tremendous risk to the business if they get it wrong.

The Underlying Research & Assessment Approach

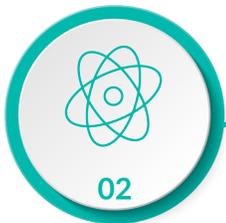
Russell Reynolds Associates and Hogan Assessment Systems joined forces to create Leadership Span™ to help organizations evaluate executive and CEO talent in each of these areas. The two firms combine extensive experience and unique expertise working with C-suite competency models in Fortune 100 companies, and most of these models provide compelling evidence for identifying the critical drivers of effective leadership performance at all levels. However, while some individuals have more potential for leadership than others, potential is a matter of degree rather than an “all-or-nothing” phenomenon.

To evaluate the degree to which leaders are likely to display the critical competencies of the Leadership Span™ model, data from the core Hogan assessment approaches were synthesized using a custom meta-analytic algorithm generated from Hogan Assessments data archive. This approach leverages Hogan’s gold standard methodology for assessing leadership potential and predicting leadership effectiveness. This methodology is based on three key premises:





Personality is the source of leadership potential: As decades of research in industrial-organizational psychology and economics have shown, leaders' personality consistently predicts their own performance, as well as the performance of their teams and organizations.⁷ Furthermore, there is a direct causal association between the personality and behaviors of leaders on one hand, and the climate and engagement of their teams and organizations on the other.⁸ The reason for this is that leaders are responsible for creating organizational culture, so understanding a leader's personality is essential for predicting the dynamics and rules of organizational life. This is particularly important when leaders are executives, for the effects of their personality will cascade down to the rest of the organization.⁹



The Hogan tools are a scientifically verified measure of personality: Although there are a wide range of commercially available personality tools, very few have been validated by the independent scientific community, and no tools have been as extensively scrutinized as Hogan's personality assessments. More specifically, with over 5 million completed assessments in 50 different languages, and over 300 independent validity studies, the Hogan tools are widely regarded as the gold standard of personality assessments for organizational settings, in particular leadership positions.



Successful leaders manage their "dark side" via distinctive insight from Hogan's assessment methods: Leaders' ability to drive team and organizational effectiveness depends not only on their bright side (e.g., aptitudes, capabilities, and potential), but also their ability to control their dark side, including counterproductive or undesirable behavioral styles.¹⁰ Not surprisingly, dark side personality traits predict derailment, detrimental work behaviors, and leadership incompetence.¹¹ Balance is key: Leaders need to act with confidence, but not so much confidence that it turns into recklessness. They need to have attention to detail, but not obsession. Recognizing the problems that can arise when dark side tendencies become out of balance, over 50 percent of Fortune 100 companies use Hogan's dark side (HDS) assessment method to better understand the potential risk factors associated with their leaders' personality and mitigate their impact on an organization.

Leadership Span™ leverages Russell Reynolds' unique expertise decoding the C-suite – built on decades of global experience evaluating leaders and enabling executive transitions in the top organizations of the world – and Hogan's exhaustive big data repository of over 5 million leadership profiles. The result is the most rigorous analytic approach ever created for identifying foundational leadership competencies and critical C-suite differentiators, including CEO potential. By leveraging the companies' vast data archive and experience, the Leadership Span™ assessment can provide a precise quantification of overall leadership potential, as well as predicting C-suite and CEO readiness.

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