

What's involved in a great psychological assessment?

Previously, I have shared some of the benefits for you of having a better understanding of your portfolio company CEOs through psychological assessments. (These can also be extraordinarily valuable when considering candidates in what I hope is the rare instance of CEO transition). Let's look at what is involved in a great CEO psychological assessment.

WHAT ARE WE LOOKING FOR?

Your CEO needs to be able to meet the known challenges of the job and also be someone who can likely handle the unknowns that turn up. If you know that there will be no unexpected opportunities and no unexpected problems in an unchanging world, then you probably just need someone who has led a similar company in similar times in a compelling fashion. But it may also be important to know how the CEO will cope with change. Will s/he capitalize on opportunity? Can he do something no one has ever done? How well will he or she perform under new or unexpected conditions?

In faster-moving or more uncertain markets, expecting the unexpected makes sense. For this, you need someone with the ability to cope – which requires raw cognitive capability and a stable information-seeking personality much more than specific pre-defined skills. An assessment approach focused on active coping capabilities fits well here.

Executives don't generally relish assessments. An assessment that merely parrots back what the CEO or references (in case of a search) provides no value to a CEO and won't help your existing or new relationship with a CEO. Much more valuable are assessments that give executives new understanding of themselves and actionable ideas for improving how they interact with others (including but not limited to you).

WHAT ARE THE COMPONENTS OF A GREAT ASSESSMENT?

- **Agreement of the Board (and CEO) on job requirements** – What does this position require? The board should craft a rigorous job description and definition of the ideal characteristics for the occupant of this position.
- **Intellectual horsepower measures** that help assess the person's ability to handle complex work. The tools I use (which are not proprietary to me) can identify differences between individuals within the top 3% of the population. I measure complexity of mental processing, and the executive's ability to create new ways of conceptualizing what they are seeing (think, at the extreme, of Copernicus dreaming up the idea that the earth revolves around the sun rather than vice-versa).

The CEO job often requires the ability to think about tasks that will last five years (e.g., to operate a company and perhaps reshape a system) to 20 years (e.g., to develop and construct new theories and approaches that have not been done before, such as dramatically reshaping an industry using new technologies). Measuring complexity of mental processing illuminates how big/long of a task the executive can handle. If they can handle the size and length of the tasks the job calls for, they are a good fit on this dimension. A CEO who can handle bigger/longer tasks than the job requires will be bored; a CEO confronted with tasks above their mental complexity capability will fail.

- **Developmental/psychological measures.** This proprietary combination of assessment techniques includes a *battery of psychological tests* that have been developed and tested over 90 years and an *in-depth developmental history* (interview career and personal).

This part of the assessment aims at understanding three things.

1. What motivates the executive (drives, values, and ideals) consciously and unconsciously?

2. How strong are their self-control, self-regulation, and adaptive capabilities?
3. The congruence between what the executive says and does, and the underlying (deeply unconscious) motivations that drive the executive.

This assessment will identify if the executive will be able to stably cope with any circumstances they encounter and if at all times what they say is what they'll do. If the executive varies from this admittedly quite high standard, it will identify when and how that variance is likely to occur.

To get the needed data, I use three instruments:

1. A self-reported personality test
2. A sentence completion exercise, which allows the executive to demonstrate how they cope and what motivates them in an indirect, spontaneous way
3. A story telling technique that taps more covert, indirect and less conscious revelations of self. The executive is shown a series of photographs, and for each one is asked to tell a story with a beginning, a middle and an end that explains what is happening in the photograph. What the executive says reveals much about the categories in which he sees the world and which elements of situations are most important to him. The responses also reveal much about the executive's leadership motivations and style.

The last two instruments present the executive with vague, ambiguous and sometimes, mildly discomfiting situations. To generate a response, the executive must fall back on his or inner psychological resources. There are no cues for how to answer. There is no pretending, no role-playing, and no faking good. Nothing about the assessment allows the candidate to rehearse a response or give a canned answer.

THE PROCESS OF A GREAT ASSESSMENT

A great assessment requires a bit of work, but the results can be extremely valuable. The elements are:

- An upfront meeting with Chair and in the case of a search, perhaps a few other members of the Board to determine what the CEO position at this company now and in the future demands. How complicated are the problems the CEO will face? What are the most important outside and internal constituencies he will have to manage? What are the performance expectations for the CEO and the biggest barriers and supports in place to hinder/help in achieving them?
- Online or remote responding to instruments (which takes a typical CEO two hours)
- In-person interview – which can also be done very effectively remotely – in which I look at the executive's capabilities, developmental and career history, values, and readiness to learn and grow. I pay close attention to intellectual capacity, understanding of leadership, capacity to sustain mature relationships, humility and openness to self-awareness. The discussion is informed by the answers provided on some of the instruments. Interviews typically take three hours but can take longer depending on the candidate.
- Analysis and interpretation. For a typical CEO, I will spend eight hours developing the analysis and interpretation. It is not simply a matter of scoring and reporting the scores and what they mean. It is a job of integrating all the data to understand the executive's whole personality system and how the executive is likely to function (or dysfunction) in the job.
- Report of results. For existing CEOs the report is typically in writing; for candidates it may be oral first. Within a week of the assessment, I provide oral feedback to the person requesting the assessment, along with recommendations regarding the executive or candidate. I provide a written report within six days; if the assessment is part of a search, I will have a discussion with some members of the search committee too.

- Debrief with CEO. This is typically a meeting or call of three hours, and ideally, is the start of a series of conversations leading to the CEO's feeling confident about using the assessor as a sounding board.
- Developmental planning for the CEO

If you'd like to understand more about my approach, which has been used to accurately assess CEOs and other top executives in many industries, the value received all around, and how to get a CEO to do the assessment, please [contact me](#).