

Finding Future Leaders

A new model for leadership assessment

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Future leaders are prepared for the changes that will come with digitalization and job automation and evolve alongside their jobs and the jobs of those they manage.

Introduction

Navigating these volatile times requires successfully identifying – and developing – the individuals with the necessary skills and behaviors to be successful leaders.

Promoting high-potential employees is not the source of the leak in the leadership pipeline. In one Harvard Business Review survey, 95% of respondents said that high potentials get promoted faster than other employees do¹. However, implementing an assessment model that consistently and accurately identifies those high potential-individuals can be daunting.

Many organizations are unsure about what “high potential” actually means. While companies understand the value of reliably predicting high-potential employees, they have difficulty knowing how to measure potential effectively.

That is why most organizations rely on a combination of performance data and gut instinct to make critical decisions about promotion and leadership development, a process that is unreliable at best and deeply biased at worst.

By embracing an assessment model designed to identify talent with the right mix of behaviors and traits to be successful leaders, organizations can hire digital leaders as well as identify the future leaders already in their organization without relying on instinct or selecting leaders based on past performance data that might not be relevant to their new role.

In fact, our research shows that personality-driven, underlying characteristics lead to success across organizations, industries and roles.



By embracing an assessment model designed to identify talent, organizations can hire digital leaders as well as identify the future leaders already in their organization.

¹ Ready, D., Conger, J., Hill, L., and Stecker, E. (2010). *The anatomy of a high potential*. *Business Strategy Review*, 21(3), 52-55. Campbell, M. and Smith, Roland. (2010).

A leader in the digital era has much the same qualities as leaders ever did, but an effective digital leader adapts their leadership style to working in a digital environment. An agile mindset, the ability to adapt to change and anticipate future needs, and the desire to learn and up-skill are all qualities digital leaders share. Future leaders are prepared for the changes that will come with digitalization and job automation and evolve alongside their jobs and the jobs of those they manage.

Assessing a future leader's potential requires determining the probability of success at a particular point in the leadership journey. An assessment model focused on identifying those key traits related to effective leadership and digital readiness provides organizations a model of high-potential behaviors that can be used to map hiring and promotion decisions, internal career pathways and leadership development.

Key traits such as ability, agility and aspiration indicate a leader's desire to lead, whereas a digital leader model looks at an individual's ability to learn and adapt at a much higher level. A true digital leader empowers the rest of the team around them. Reporting lines and seniority matter less to them than leading a new department where they can rely on their team to have the skills and knowledge needed to achieve results. They coach empowerment and lead with humility.

This kind of leadership is not based on skills or knowledge. It is based on leaders' behavior, particularly how nimble and adaptable they are. How much do they want to learn and improve themselves? How open are they to feedback? How quickly and flexibly can they adapt? How curious are they? How open are they to experimental influences, to new innovations, to new ways of working?

An empirically derived leadership model assesses individuals on key behavioral indicators and examines the extent to which the individual possesses digital behaviors or a learning mindset.

This white paper looks at how employers can apply this model to build their leadership pipeline by creating data-driven leadership pathways, providing unbiased leadership decisions and identifying talent with the skills and qualities essential to lead in the digital future.



A true digital leader
empowers the
rest of the team
around them.

Creating Data-Driven Leadership Pathways

Many of the critical capabilities that future leaders need – ability, aspiration and agility – are viewed as hard-to-capture “intangibles”, leading hiring managers to rely on gut feelings or intuition.

Using an empirically derived, research-based assessment model that accurately predicts the likelihood of success in leadership roles can take the guesswork out of leadership development.

We might think personality is less important for making decisions about promotion than other data points like job performance, but success in a particular, current role does not translate to success in a leadership role. Take, for example, sales. Certain personality traits have been found to be consistently important for successful salespeople – characteristics like drive, ambition or sensitivity to clients’ needs. Does that mean that all frontline salespeople with these traits would be a good fit for a sales manager role? Would they be able to lead people effectively?

Identifying stable, consistent leadership traits that predict success provides a sound foundation for making critical decisions about who can lead your organization. These key traits can help answer the question, “Does this person have the ability to take on a leadership position and are they likely to be successful in one?”

Our research shows that individuals with a high score on those leadership behaviors are about 30% better at continuous improvement, 25% stronger at problem-solving and 15% more likely to manage their own workload and self-develop. They also have 20% higher job performance ratings.

Individuals who score high on leadership behaviors are:

30%

better at continuous improvement.

25%

stronger at problem-solving.

15%

more likely to manage their own workload and self-develop.

20%

higher job performance ratings.

But to truly identify individuals with the potential to be leaders, we must move beyond assessing high-level traits of agility, ability and aspiration. Within those personality dimensions, personality can be broken down into a multitude of subfacets or aspects of personality that allow you to more accurately determine whether an individual has the specific personality attributes needed to be an effective digital leader.

Aspiration, for example, reflects aspects of personality such as an individual's desire to achieve, their focus on career progression, and their willingness and confidence to lead others. Fully assessing individuals by looking at aspects like how interested they are in leading and having influence over others or how willing they are to make tough decisions helps you identify future leaders with the right mix of aspiration-related traits to be effective in a leadership role. Ability reflects leadership capabilities such as adeptness, emotional intelligence and influence skills that contribute to an individual's tendency to motivate, engage and inspire others.

High-potential individuals score highly across all dimensions of leadership traits. For HR decision-makers, data from these assessments can reveal those individuals' potential to be successful leaders and can help guide decisions about leadership development and career pathways.



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Supporting Unbiased Leadership Decisions

Identifying leadership talent through personality assessments can help ensure decisions are made based on objective criteria.

When it comes to personality, we find there are very few group differences across factors such as gender or age. A carefully designed leadership assessment model will employ adverse-impact analysis to ensure that it is not favoring personality traits associated with individuals who have historically been placed in leadership positions.

A robust talent assessment that looks at a wide range of personality aspects reduces the potential for bias even further. Once you average the data across the number of personality aspects that are assessed in this model, the result provides very little potential for bias. Because of the lack of inherent subgroup differences, using a personality assessment to guide leadership decisions helps protect against the human bias that can creep into leadership pipelines and lead to more diversity in leadership at your organization.

Employees can go through rigorous training, but humans will still bring bias and inconsistencies into their decisions. By making hiring and promotion decisions about individuals based on perceived leadership qualities, people tend to base their decisions on biases and subjective perceptions of leadership ability.



A robust talent assessment that looks at a wide range of personality aspects reduces the potential for bias even further.

An assessment model focused on rigorously identifying and measuring leadership potential provides an unbiased data point that employers can use in the decision-making process, and these types of assessments can better identify potential leaders by accurately identifying hard-to-capture “intangibles” through rigorous, fair and valid assessment methods. This allows decision-makers to rely on data rather than gut feelings or intuition and potentially identify and draw from a larger, more diverse pool of future leaders.

Behavior assessments are not subject to biases based on factors such as gender or race in the way that more subjective measures of leadership and fit are. Each individual is equally likely to be scored high, middle or low across the range of behaviors. A robust, data-based leadership assessment provides a more reliable, fairer source of future leadership.

And by using a digital leadership model, you can bring individuals with different skill sets and experiences into leadership roles and promote diversity of thought through divergent mindsets and different ways of thinking.



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Identifying Digitally-Ready Leaders

The economy of the future will require a new kind of leadership, one that is well-equipped to rapidly respond to emerging threats and opportunities.

Resilience, adaptability, flexibility and curiosity will be the keys to a successful model of leadership that can lead a nimble, digitally-ready workforce.

Fortunately, the key assessment areas for leadership development – agility, learnability and curiosity – map to the same behaviors needed for digital readiness.

But a high-quality leadership assessment model does not just identify traits that are needed to lead right now – it also looks for the timeless leadership traits that leaders will need to move their company forward despite the volatile, complex and uncertain nature of the modern business climate. What are the stable leadership traits people will need to help companies successfully navigate a VUCA environment (volatility, uncertainty, complexity and ambiguity)?

One of the cornerstone traits needed to lead in this type of climate is agility. Agility suggests that an individual will have the ability to learn, adapt to changes in their environment and seek new skills and experiences on the job. Flexibility, adaptability and resilience are needed across the workforce, but nowhere are those traits more important than in your company's leadership.

Learnability, agility and curiosity are the foundational competencies to understand future readiness in ourselves



Learnability

Seeking continual self-improvement



Agility

Flexibly adapting to changing situations



Curiosity

Being curious and open to change and novelty

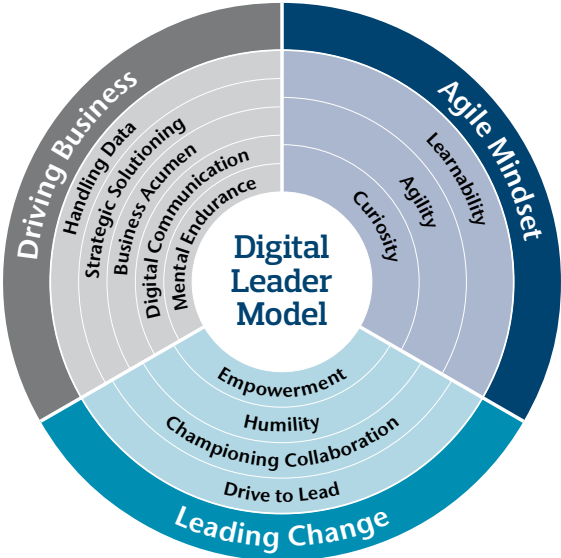
Companies will face unexpected setbacks and challenges in the coming decade. They will need leaders who can thrive despite those setbacks and adapt to new ways of working, new business models and new forms of technology. Often, those hurdles are much larger and more challenging for leaders than for individual contributors. The challenges at the leadership level are magnified. As a leader, you face not just your personal challenges, your own weaknesses in personality or skills, but you also take on your team’s challenges.

The 80/20 rule, where tremendous success comes from relatively few individuals, applies here. Leaders are not afraid to try new things and accept the notion of “failing fast.”²

Performing an analysis of the strengths — and weaknesses — of your organization’s current leaders can help reveal whether you have the nimble, agile, flexible leaders you need to adapt to uncertain times.

**Which behaviors do you need to ensure your company will have the future leaders it needs?
 What behaviors will create the diversity of thought and nimbleness your company requires?
 A leadership skills-gap analysis can help you identify and fill in the gaps in your digital leadership.**

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² Aon Hewitt Top Companies for Leaders 2015.

Conclusion

For every organization, success in the future depends on having the right leadership at the helm.

Car sales in China dropped 92% in early February due to the COVID-19 epidemic.³ But some manufacturers adapted swiftly by pivoting to manufacturing ventilators instead. Organizations with leadership who possess the adaptability and learnability to take that kind of forward-thinking action quickly are the ones who will thrive.

And employers can leverage the power of an assessment model specifically targeted to identify talent with the right mix of behaviors and traits to be successful leaders in our uncertain times.

Advances in technology in the past two decades have transformed how we understand and assess personality. Talent recruitment and acquisition has increasingly relied on modern assessments to identify and select talent. But applying those advances to the process of finding future leaders within an organization has lagged behind. Many companies still rely on current job performance data and subjective measures of perceived leadership qualities to decide which employees will play integral roles in the future of the company.

But these decisions are too important to leave to chance. Building an agile workforce requires the right leadership to guide your company into the future. Personality is at the core of that. Personality determines whether someone has the right mix of traits and attributes to be the kind of leader companies need in this uncertain, volatile business environment. And basing leadership decisions on data garnered from robust assessments developed to reliably and accurately identify those key traits related to effective leadership helps eliminate human bias and creates greater access to the leadership pipeline.

The potential gains from identifying future leaders will go far beyond the obvious result of having a steady pipeline of leaders ready to step into new roles.

Companies that embrace a rigorous, reliable assessment model to find its next generation of digital leaders and who can assess their leaders effectively digitally or virtually will reap the rewards well into the future.



Organizations with leadership who possess the adaptability and learnability to take that kind of forward-thinking action quickly are the ones who will thrive.

³ <https://www.cnn.com/2020/02/21/chinas-passenger-car-sales-tumble-92percent-in-early-february-due-to-coronavirus.html>

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