

The Search for Innovative Management

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Tony Taylor of ATP Recruitment Limited argues that the recruitment of very senior executives, with innovative capabilities, is a task that goes far beyond a simple interview by a chief executive. External specialists can help, especially using "Executive Search", but even here great care in the recruitment process is essential.

The latest industrial revolution, from analogue to digital, valve to chip, together with a fluctuating world economy and aggressive competition from the Far East, places greater pressure on management than ever before. Lawrence Appley, a former Chairman of the Board of The American Management Association, prophetically pinpointed the issue - "out of this period of economic and technical emergence", he stated, "has developed a fantastic vacuum in leadership, because strong leadership does not come out of good times. It comes out of troubled times . . . It comes out of chaos . . .and if (people) don't get good leadership, then bad leadership comes into the vacuum."ⁱⁱ

The search for innovative management is a sensitive task, dealing with the strengths and motivational complexities of human beings - quite a different process from the selection of widgets for manufacturing. Corporate bodies undertake detailed cost assessments for items of capital expenditure, but the appointment of a Manufacturing Director may be based on the strength of a ninety-minute interview! The management time (a hidden but nevertheless dramatic cost) involved in attending to structured, intensive recruitment programmes is worthwhile, but can be a considerable burden. Indeed, there are those who will argue that an effective manager is unlikely to have enough spare time to concentrate on the more intricate aspects of systematic selection procedures.

In the recruitment of a top manager, possibly a successor to the Chief Executive, it is the prerogative of the Chairman and/or the incumbent to make recommendations to the Board of Directors. Because of the confidentiality which may be associated with the appointment, it may not always be appropriate to refer to in-house advisors. It is frequently argued (often tritely) that the most important company asset is its people. Trite it may appear, but there is considerable truth in the statement.

The recruitment process is both crucial and difficult, particularly for a chief executive who may seldom find himself involved in the selection of staff. If the

executive is choosing his successor, he or she must be chaste to the danger of selecting one in the likeness of his own image. A good chief executive is not a museum curator perpetuating the past - rather he is an instrument of change.

Walter Lippmann identified this problem when he wrote "...the distance between what we know and what we need to know, appears to be greater than ever..."ⁱⁱ It is a wise person who chooses a successor who is better than himself; this requires considerable courage.

As a result, more and more executives now turn to external specialists for assistance in this area. Selecting a consultancy is, however, to enter into a veritable quagmire in itself. It has been estimated that there is one agency for every 7000 people in the United Kingdomⁱⁱⁱ, providing a plethora of services from main board executive search through to the provision of exotic dancers.

Various consultancy and agency facilities are available to management and the decision to adopt different approaches to recruitment must be determined by a combination of the nature of the appointment and cost effectiveness.

A growing sector of the human resources industry lies in placement or contingency recruitment, where agencies will charge a fee only if, and when, a nominated candidate joins the client. In practice, this can be a particularly useful service for companies seeking candidates within given areas - those working in the field of computers or the accountancy profession, for instance, lend themselves to this type of approach as a result of the intensity of their disciplines.

Selection Advertising is often a cost effective source for recruiting junior and middle management candidates and a varied range of services is normally available, ranging from a basic Confidential Reply Service (where the client's anonymity is preserved and details of applicants are passed directly to the client for interview and assessment) through to the more thorough consultancy based Management Selection programme.

Executive Search - more commonly referred to as "Headhunting" - is shrouded in unnecessary mystique, this often being emphasised and developed by Search Consultants themselves. In reality, Executive Search is the application of controlled and logical methods of identifying candidates who have a track record which makes them highly desirable and who, in all probability, would not respond to an advertisement. Executive

Search consultancies vary in size from small, one man operations, through to large international organisations. Search is people orientated and to be effective, the consultancy should be small, personal and intimate. Search, which is by no means a quantifiable business, is normally considered to be appropriate for very senior appointments only.

Consultants should work in line with their own unwritten, but rigidly adhered to, code of ethical practice - it has been mooted on many occasions that a more formal ethical register should be established, but attempts to date have proved unsuccessful, largely as a result of the diverse and entrepreneurial nature of the many types of consultancies involved. The Employment Agencies Act of 1973 licenses "agencies" to operate in the United Kingdom, but is by and large more relevant to junior level recruitment. It is essential that organisations who retain the services of recruitment practices should be entirely satisfied that a responsible approach will be adopted.

Careful and considered recruitment techniques help to ensure that the right candidate is selected. Choosing a subordinate, however, need not be a game of chance, although it must always be remembered that a human being is a complex animal, but, not withstanding, a creature of habit. One interview or even a series of interviews represents a most unsatisfactory method of evaluating people. Some candidates, indeed, have developed the art of being interviewed to an almost professional standard and, in the hands of the inexperienced interviewer, are able to give a false picture of their abilities - the recruiter must always beware of the candidate who thinks he is a legend in his own mind! The converse also applies, with candidates performing inadequately during interview, who can yet demonstrate a history of positive results. For these reasons, it is not surprising to find that in a large number of cases, the best candidate does not always get the job offer! In selecting a senior executive, the basic nuts and bolts of the individual will have been clearly identified. What will not be recorded are the intangible factors which make a manager into a leader. Identifying leadership skills, which represents a combination of qualities is extremely difficult. The avoidance of first impressions is most important. The frequent comment "I knew he was the one for the job the moment he walked through the door" is a naive observation. Love at first sight must be reserved for the pages of Mills and Boon novels!

Some executives and consultants question the prudence of inviting experienced

managers with an exemplary record to submit to psychological testing. It is interesting to note that Sir Michael Edwardes, introducing psychological assessment into British Leyland in the 1970s, was surprised at the sensational reaction of the British press to what is a common component of the selection grid in North America. According to Sir Michael, his "experience has been that their use in recruitment improves the success rate in making appointments on straight interviews from 50% to approximately 90%. The procedure reduces the failure rate; it does not eliminate error, but it is an invaluable aid to decision making . . . Assessment is, of course, particularly useful in the case of recruitment when one is not familiar with the executives concerned." iv

Of course, psychological/psychometric testing must be viewed as part of the overall systematic programme and should not be seen as the sole basis for a decision. Many professional recruiting organisations have a battery of in-house tests, including more unproven ones such as graphology, although it is a wise practice to sub-contract the analysis in order to eliminate, as much as possible, the subjective considerations of the recruiter. As two eminent US academics have noted, "the way in which a given individual will define personality will depend upon his particular theoretical preference . . . (since) . . . personality is defined by the particular empirical concepts which are a part of the theory of personality employed by the observer." v

The importance of a thorough, pre-employment medical examination cannot be overstated. Most people welcome the opportunity for a full scale medical check-over, but may appear reluctant if the results are not placed at their own disposal immediately. Equally, there are those who have a problem which makes it difficult for them to obtain employment and some, such as those with alcohol related conditions, who will take every possible route to conceal the true position. The recruiter must pass on as much information as possible about the job, including any stress factors, to the examining physician in order that he can make comment as to the candidate's health in direct relation to the duties he is expected to undertake.

Academic and professional qualifications should always be verified by the issuing authority. It is incredible how adept some people are at forging certificates. Similarly, the recruiter must satisfy himself as to the status of the qualification in relation to the requirements of the job concerned. Christopher Dawson, writing in 'The Australian', referred to a number of organisations in the UK which are not represented among the 46 British University Vice Chancellors, nor listed within the Commonwealth Association of Universities. His article, following an advertisement by the 'Somerset University Independent' in a prominent Sydney Newspaper asking for A\$9 for a prospectus also referred to "the Kensington University, based in Hartlepool, Cleveland, and the University de la Romande, which claimed to be

registered in the Isle of Man" vi. Such institutions are not illegal, it must be said, but their degrees are not recognised by other Universities, nor by professional bodies. These degrees are easy for the British based recruiter to identify, but the exercise here is made more difficult by the surfeit of degrees available from a large number of bookstalls and similar operations in the United States of America. The recruiter should always ensure the academic validity of qualification, and if in any doubt, should undertake research - the facilities of the Fulbright Commission are invaluable in this regard.

Reference checking, in general, plays a central role in the recruitment process. It is one of the few occasions in which an objective overview can be made as to how well the candidate has performed in the past which, at the end of the day, is the best general indicator as to his/her future performance. A caveat of importance, however, is for the reference checker to appreciate that references are not given with "qualified privilege" and a detailed critique of a candidate can lead to action for defamation - as slander is harder to prove than libel, a telephone reference is often the most effective method of gaining a true picture of a candidate's background. Absolute confidentiality is a prerequisite to this activity.

The success of any organisation in the unpredictable years leading up to the 21st Century is affected by a wide range of internal and external factors, some of which will be beyond the control of the operation itself. Without doubt, though, the calibre of the key personnel in the corporate structure has a substantial impact on overall performance. Management, once confused as a euphemism for administration, must be PROACTIVE not reactive. It is a highly sophisticated activity and successful companies throughout the world now select executives with a positive approach, producing new solutions to new problems.

The recruiter at any level is faced with a number of hurdles of varying complexity and, since the subjects in question are "rational" human beings, it may be somewhat pompous to suggest that it can be scientific. Nevertheless, the application of systematic, well-tested procedures helps to eliminate unknown variables, enabling the search for innovative management to be pursued positively.

'Labour can do nothing without capital, capital can do nothing without labour, and neither labour nor capital can do anything without the guiding genius of management'

MacKenzie King 1917

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Tony Taylor BA (Hons) FIRP FInstSMM has been involved in professional recruitment work for over 25 years and has travelled extensively throughout the world acting on behalf of clients ranging from small, independent companies through to large public corporations and government departments.

He has a particular interest in training and is dedicated to ensuring the highest professional standards are adopted throughout the recruitment industry. He regularly makes presentations on recruitment techniques and employment legislation.

He has appeared on television and radio on many occasions and has published articles on a range of management topics as well as football, (one of his other key interests). A member of The Kennel Club, he has judged gundogs at Championship Shows in the UK and Australia
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ATP Recruitment Ltd

Churchill House, 12 Mosley Street
Newcastle Upon Tyne NE1 1DE
Tel: 0191 406 6506

&

London Office
Tel: 0207 993 6038

Web Site: www.atprecruitment.com
E-mail: info@atprecruitment.com

ⁱ Lawrence Appley, speaking to top industrialists in Chicago in 1970.

ⁱⁱ Walter Lippmann, *A Preface to Politics*, 1913, ch.4.

ⁱⁱⁱ Keynote Report, *Employment Agencies, An Industrial Section Overview*, 2nd Edition, published by Keynote Publications Ltd, 1986.

^{iv} Sir Michael Edwardes, *Back from the Brink*, published by William Collins Sons & Co Ltd, 1983.

^v *Theories of Personality*, by Calvin S Hall & Gardner Lindzey, 2nd Edition, published by John Wiley & Sons Inc.

^{vi} "An Institution Touts for Business", by Christopher Dawson, *The Australian, Higher Education Supplement*, Wednesday 12 November 1986, p.16