

LEADERSHIP 2.0

How we helped a large Silicon Valley company upgrade their leadership team.

Opportunity

The Diagnostic

Can first-rate leadership help a second-place company become a market leader? That was the question EDC was brought in to answer for a large California-based technology corporation. Like many companies in the “also-ran” category, this organization had a leadership problem. Instead of recruiting top-tier industry leaders, they were promoting subject matter experts who were seen as having management potential. This “promote from within” strategy can work of course, but only if the company has a strong leadership development program. Unfortunately, they did not.

They also had a retention problem. When they did spend the time and resources to hire a leader from the outside, those leaders would often leave for another opportunity shortly after. And of course, this cycle of turnover further reinforced their bad habit of promoting internally.

After years of feeling stuck with second-rate leadership and lagging market performance, senior executives were ready to make a change. First, the CHRO wanted us to assess their current roster of high-performers, and determine who among them had leadership potential. They also wanted help vetting external candidates for executive-level roles. If they were going to invest in bringing someone in, they wanted a meaningful return on their investment.

It was a big undertaking, but one EDC was more than ready to take on.

Approach

The Reboot

Before jumping into the work, we spoke with the executive team about what capabilities they needed. We also spoke with the company’s recruiters and HR team about the roles they were trying to fill. What did the ideal leader look like in their opinion? What strengths were they missing on their management teams? The feedback we received will come as no surprise. The company needed transformational leaders. People who had the capacity to make lasting decisions. Executives who could truly lead, adapt and bring others along on the journey. Now, it was time to find them.

This company, like so many others, had fallen into the trap of promoting the most technically proficient leader. Our first order of business was assessing their current roster of leaders. After 360 interviews, career history interviews and psychometric assessments, we had the results. These leaders scored high marks on building relationships, caring about customers and end-to-end ownership. They were likable, and the combination of knowledge, tenure and likability had helped them advance. For some organizations, those traits might be enough. But this technology company that was tired of being an also-ran. They needed more from their next crop of leaders.

Over the next three years, we used in-person interviews and psychometric assessment to evaluate 68 executive candidates for the following: Could they get results? Plan effectively? Communicate effectively? Make lasting decisions? Drive collaboration? Build relationships? Foster a global mindset? Improve and adapt? Innovate? Develop self and others?

We then analyzed the results and made an objective, firm recommendation on each candidate – recommend to hire, recommend with reservation, or not recommend. And these recommendations were not arbitrary

opinions. Because we leaned on the multi-rater, multi-method approach to assessment, we were able to give scores against all needed competencies. We also used our norm comparison to benchmark the people we reviewed against our proprietary database of thousands of executives across companies and industries, giving our client even more confidence in our findings.

And the results of the assessments? The recommended candidates scored higher across almost all categories. They were especially skilled in making lasting decisions, driving collaboration and innovation – must-have traits for leaders in a technology company.

Outcome

The Payoff

The real value of the assessments and the resulting hiring decisions was the impact it had long-term. In almost every circumstance, the company chose to follow EDC's recommendation. It paid off too. Detailed follow-on analytics show the leaders EDC recommended were better cultural fits, stayed for longer at the company, and outperformed their predecessors according to hard performance measures.

So, can first-rate leadership help a second-place company become a market leader? Over the next six years, the company's stock price increased 42 fold, for an astounding 3,975% gain. That's an extraordinary return on investment.

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