Use of assessment in SBF 120 Companies

Study report
June 2014

Heidrick & Struggles
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Reminder of the study objectives

This study has the following objectives:

- Identify the practices of assessment regarding the key populations in SBF 120 companies.
- Analyze to what extent assessment is part of companies Talent Management policies.
- Give concrete recommendations based on our analysis and on participating companies analysis to improve assessment practices.

In this study, the term “Key population” covers the following populations:

- Executives: members of the Executive Committee or N-1 Top Leaders. To be an Executive is a status linked with the position. The number of people included in the Executive population depends on the governance and operating models of companies.

- Future Executives: mostly N-1 or N-2 of Executives. They can be Senior managers having the potential to become Executives. They can either take on an Executive position immediately or within 2 to 5 years and are usually part of a development program lasting from 1 to 5 years. Information on this population is consolidated at a Group level for ExCom members.

- Junior High Potentials: young managers who are able to take over an Executive position at a certain point of their career. Usually a young population with a strong academic background or with strong personal characteristics considered critical for the business evolution.
Panel of participating companies to the study among SBF 120 companies

Participating companies among SBF 120

Companies which declare using assessment:
1. Axa
2. Allianz France
3. Aperam
4. BNP Paribas
5. Carrefour
6. Crédit Agricole
7. EDF
8. Euler Hermes
9. Faiveley Transport
10. Faurecia
11. Groupe Casino
12. Groupe Eurotunnel
13. Ipsen
14. Klepierre
15. Lafarge
16. Legrand
17. Neopost
18. Plastic Omnium
19. Publicis Worldwide
20. Renault
21. Sanofi
22. Schneider Electric
23. Société Générale
24. Technicolor
25. TF1
26. Total
27. Vicat

Companies which declare not using assessment:
1. Accor
2. Air France
3. Alstom
4. Atos
5. L’Oréal
6. M6 (Métropole Télévision)
7. Rémy Cointreau
8. Rexel
9. Rubis
10. Scor
11. Soitec
12. Veolia Environnement
13. Vinci
14. Zodiac Aerospace
15. M6
16. Total
17. Vicat
18. Plastic Omnium
19. Publicis Worldwide
20. Renault
21. Sanofi
22. Schneider Electric
23. Société Générale
24. Technicolor
25. TF1
26. Total
27. Vicat

41 companies of the SBF 120 participated in the study:
- 27 of them declare using assessment.
- 14 of them declare not using assessment.

In the following pages of the study:
- “Total panel” refers to participating companies using assessment.
- Some results are not on a 100% basis as multiple answers were possible.

Among the participating companies:
- 47% count more than 50,000 employees.
- 28% count between 5,000 and 50,000 employees.
- 25% count less than 5,000 employees.

Breakdown of participating companies by number of employees (total panel)
The panel of 41 companies was completed with the point of view of 155 Executives having been assessed.

- **155 Executives having been assessed answered the study:**
  - Heidrick & Struggles placements from 2010 to 2013.
  - Alumni of Leading French Engineer and Business Schools (1).
  - In this study, “Total panel of assessees” refers to the 155 people having been assessed who responded to our questionnaire.

- **Among these 155 people:**
  - 62% of people hold Top Executive or Senior Executive positions.
    - 20% are Top Executives: CEOs.
    - 42% are Senior Executives: members of the Executive Committee.
  - 35% are Executives: N-1 Senior Executives.
    - NB: 3% did not mention their current position.

- The interviewees answered an on-line questionnaire to share their point of view regarding assessment.

- **Among the 155 Executives having been assessed:**
  - 66% were assessed twice or more during their career.
  - 34% were assessed once.

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**Level of seniority of the 155 Executives having been assessed**

- Top Executive: 20%
- Senior Executive: 42%
- Executive: 35%
- Other: 3%

**Number of assessments for each assessee (total panel of assessees)**

- Once: 34%
- Twice: 35%
- 3 times or more: 31%
- 3 times or more: 31%
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2/3 of the participating companies use assessment, mainly for Executives, Future Executives and Junior High Potentials

Use of assessment by participating companies

- Among the 41 participating companies:
  - 66% use assessment.
  - 34% do not use assessment.

Key populations assessed (total panel)

- The main targeted populations for assessment are populations below the ExCom level:
  - Executives (67%).
  - Future Executives (74%).
  - Junior High Potentials (67%).

- At the Executive Committee level, assessment is much less used: only 33% of the participating companies use assessment for their ExCom members.

- At the Board level, assessment is rarely used (4%).

- The companies use assessment for succession planning purpose, to develop key populations and prepare them to take an Executive Committee position. This succession planning purpose does not apply anymore to ExCom members.
For the participating companies not performing assessment, mainly for cultural reasons, alternative methods are used.

Among the 34% of participating companies which do not use assessment:

- 70% of the companies consider assessment does not fit culturally with the company.
- 30% of companies point out the fact that they are not equipped internally (resources, means, processes, etc.) to implement this type of program.
- 10% of companies do not have the ad hoc budget and 10% do not perceive the specific added value of assessment with regards to other tools.
More than 80% of participating companies use assessment for key populations individual development

- Participating companies use assessment primarily to develop key populations, individually or collectively:
  - 81% of companies use it for individual development.
  - 67% for career management purpose.
  - 15% for collective development.

- Participating companies use it also as a tool to support their decision making on talent management processes:
  - Promotion (59%).
  - Recruitment (41%).
  - Succession planning (37%).

- The main managerial or talent management decisions following an assessment are consistent with the 2 main objectives mentioned by the participating companies:
  - Development: the decision to engage assesses in an individual plan (95%) as well as the decision to coach or mentor the person assessed (82%) or to train him/her (23%) are in line with the development objective.
  - Support for talent management decisions:
    - Promotion or mobility decisions (59%).
    - Recruitment decisions (36%).

![Bar chart showing objectives of assessment](chart.png)

![Bar chart showing talent management decisions following assessment](chart2.png)

Note (1): Size of the panel: 22 companies on the total panel
The main objective mentioned by the 155 Executives having been assessed is also individual development.

**Assessees’ objective of assessment (total panel of assessees)**

- **Professional development**: 53%
- **Performance management**: 29%
- **Decision for taking another position (internal mobility / promotion)**: 23%
- **Recruitment**: 20%
- **Outplacement**: 3%

- **Among the 155 Executives having been assessed, many of them were assessed for development purpose**, which is in line with the main objective mentioned by participating companies:
  - Professional development (52%).
  - Performance management (29%).

- **According to the Executives having been assessed, assessment is also a tool to support to decision making on talent management processes**, which confirms the 2\textsuperscript{nd} objective mentioned by participating companies:
  - Support to a mobility or promotion decision (23%).
  - Support to the company decision on their recruitment (20%).
For the participating companies, the core element of an assessment remains the structured interview.

The structured interview is an element of assessment for 96% of the participating companies. This is a core element whatever the overall format used for assessment.

The participating companies combine the structured interview with other elements:

- 360° feedback, used by 61% of the companies, to provide information on leadership competencies mastery.
- Psychometric tests (52% of companies) to assess personality traits.
- Aptitude tests (61%) to assess intellectual capabilities (IQ test).
- Work simulations (57%) or business case (52%) to assess behaviors in the business environment.

Values inventory is used as an element of assessment by only 22% of participating companies as this dimension is very often assessed during the structured interview (see page 13).

Reference check is still quite rarely used by the participating companies (17%).

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**Components of assessment**

- **Structured interview**: 96%
- **360° feedback**: 61%
- **Aptitude tests**: 61%
- **Work simulations**: 57%
- **Psychometric tests**: 52%
- **Business case**: 52%
- **Values inventory**: 22%
- **Reference check**: 17%

Note (1): Size of the panel: 23 companies on the total panel.
According to the 155 Executives having been assessed, the structured interview as well as the 360° feedback are 2 core elements of the assessment.

- The structured interview is an element of assessment for 72% of the Executives having been assessed. As for the participating companies, this is a core element of assessment.
- As for the participating companies, the Executives having been assessed emphasize 360° feedback as the other key element of their assessment (57%).
- According to the Executives, the following elements were used less significantly:
  - Psychometric tests (39%).
  - Business case (37%), work simulations (36%) and role-playing games (32%).
  - Aptitude tests (29%).
  - Reference check (22%).

Components of the assessment (1)

<table>
<thead>
<tr>
<th>Element</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structured interview</td>
<td>72%</td>
</tr>
<tr>
<td>360° feedback</td>
<td>57%</td>
</tr>
<tr>
<td>Psychometric tests</td>
<td>39%</td>
</tr>
<tr>
<td>Business case</td>
<td>37%</td>
</tr>
<tr>
<td>Work simulations</td>
<td>36%</td>
</tr>
<tr>
<td>Role-playing games</td>
<td>32%</td>
</tr>
<tr>
<td>Aptitude tests</td>
<td>29%</td>
</tr>
<tr>
<td>Reference check</td>
<td>22%</td>
</tr>
</tbody>
</table>

Note (1): Size of the panel: 147 respondents on the total panel of assesses.
All participating companies assess the leadership competencies during the structured interview

Among structured interview components, **leadership competencies are systematically mentioned** by participating companies as the most critical dimension being assessed.

The companies use **3 other main dimensions** to evaluate key populations in order to manage their career path in the best way:

- **Potential** (86%).
- **Motivations / aspirations** (76%) which are critical to decide in which developmental area companies must invest.
- **Values / culture** (52%) which are a mean to evaluate the cultural fit with the company, which is a talent for retention driver.

The business experience (24%), the external benchmark with the market (19%) and the technical competencies (14%) are much less assessed by the participating companies during the structured interview.

Note (1): Size of the panel: 21 companies on the total panel
Almost 80% of companies use a leadership model to assess key populations, which is most of the time their own leadership model.

- **A leadership model defines the leadership competencies expected from the key populations.** It is based on the strategic priorities for a company, its culture and values. It is a framework composed of a limited number of competencies.

- Among the 77% of companies using a leadership model for assessment:
  - 70% use exclusively their own leadership model to assess key people.
  - 24% of companies use their own leadership model as well as a selection of relevant competencies for the assessment, coming in general from their external provider.
  - Only 6% of participating companies use an external leadership model (for instance the model of the external provider).

- **14% of participating companies do not use a leadership model** but realize a picking of critical competencies from external models.
  - Nevertheless, some of them point out the added value of using a leadership model for assessment.

**Note (1):** Size of the panel: 22 companies on the total panel.
Almost all companies ask for external expertise to perform assessment

Among the participating companies which perform assessment:
- 59% of companies use external expertise (methodology transfer, license buying, expertise in structured interview...) as well as their own resources to perform assessment (interview).
- 37% of participating companies completely outsource their assessments.
- Only 4% use their internal resources and methodology.

Among participating companies which use external resources to perform assessment:
- 69% of companies ask for Executive Search firms expertise:
  - 50% ask whether for Executive Search experts support or Assessment firms support, depending on the level of seniority of the assessed population: Executive Search for Senior Executives and Executives, pure players of assessment for the levels below.
  - 19% perform their assessments with the exclusive support of Executive Search firms.
- 25% of assessments are conducted by pure players of assessment.
- Only 6% of assessments are performed by generalist HR consulting firms.
Participating companies are more satisfied with external expertise provided for assessment than with internal expertise

■ 73% of the participating companies are satisfied with the level of expertise of internal resources in charge of assessment:
  - 18% are very satisfied.
  - 55% are satisfied.
■ 27% are averagely satisfied.

■ The level of satisfaction increases by 17% when external expertise is provided to perform assessment:
  - More than 90% of the participating companies are satisfied with the level of expertise of external resources in charge of assessment delivery:
    ▪ 53% are very satisfied.
    ▪ 41% are satisfied.
■ Only 6% are averagely satisfied.

Notes
(1): Size of the panel: 11 companies on the 16 using both external and internal resources and the 1 using internal resources only
(2): Size of the panel: 17 companies on the 16 using both external and internal resources and the 10 using external resources only
Executives having been assessed emphasize their satisfaction of the resources in charge of their assessment

- 75% of Executives having been assessed acknowledge the expertise of the resources who conducted their assessment:
  - 46% of them stated they were satisfied.
  - 29% of them stated they were very satisfied.

- 17% were averagely satisfied.

- Only 3% were unsatisfied with the resources who conducted their assessment.

Note (1): Size of the panel: 129 respondents on the total panel of assesses.
The results of the assessment are systematically communicated by participating companies to the key populations assessed.

- **All participating companies present the results** face to face through a feedback session. The presentation is based most of the time on a coaching approach to respect the development purpose of the exercise.
- **76% of the companies use also an individual written report** as a support to present the results.
- This report is confidential, therefore the results are not systematically communicated to the line manager.

- **The following people are involved in the presentation of the results**, which is the critical step before making any managerial decision or engage any development work:
  - In **43% of the companies, the HR manager, the line manager and the External consultant are involved**.
  - In **19% of the companies, neither the management nor the HR are involved in the results restitution, which is provided by the external consultant**.
- **The person the most frequently involved in the presentation of the results** is **the external consultant (77%)**, **immediately followed by the HR manager (76%)**. The line manager is less frequently involved in the restitution (61%).

**Notes (1) and (2): Size of the panel: 21 companies on the total panel**
Participating companies do not systematically implement an individual action plan after assessment and do not ensure systematic follow-up

- In almost all companies (91%), assessees are met in a dedicated face to face meeting to set up an individual action plan after their assessment.
- In 9% of the participating companies, there is no individual action plan implemented after the assessment.

Among the companies in which key populations assessed develop an individual action for developmental purpose:
- 70% of companies ensure a follow-up of the action plan over time.
- 30% of companies do not ensure any HR / managerial follow-up of this developmental action plan over time or are not aware of any follow-up plan.

Among these companies:
- The follow-up of action plan mainly lasts 1 year (64%).
- It can also be ensured on a shorter period of time: 6 months (21%) or even 3 months (7%).

Notes: (1): Size of the panel: 22 companies on total panel
(2): Size of the panel: 20 companies on the 22 companies implementing an action plan
(3): Size of the panel: 14 companies on the 22 companies implementing an action plan
Executives having been assessed confirm that action plan and follow-up after assessment are dimensions to be improved.

**Design of an action plan after their assessment**

<table>
<thead>
<tr>
<th>No Follow-up</th>
<th>Yes Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Level of satisfaction of assessee about their action plan**

- Very satisfied: 16%
- Averagely satisfied: 17%
- Satisfied: 17%
- Unsatisfied: 36%
- No budget: 3%
- Initial objectives lacked precision: 8%
- Lack of decision making: 17%
- No follow-up by HR: 46%
- No follow-up by management: 57%

**Reasons why no action plan was implemented after assessment – Assessee’s point of view**

- An individual action plan was designed after their assessment for 50% of the Executives having been assessed.
- For the rest of them, there was neither action plan designed nor any type of follow-up ensured after their assessment.
- The level of satisfaction regarding the action plan is mixed: 48% are very satisfied or satisfied and 36% are averagely satisfied or unsatisfied.
- According to the Executives having been assessed, the main reason explaining the lack of follow-up after their assessment is a lack of ownership from the line manager and/or from the HR manager:
  - 57% of them consider that no action plan was implemented because there was no ownership from the management to ensure the follow-up.
  - 46% of them consider that no action plan was implemented because there was no follow-up ensured by the HR.
- Only 3% of the Executives having been assessed associate the lack of action plan with a lack of budget.

Note (1): Size of the panel: 129 respondents on the total panel of assessees.
Participating companies as well as the 155 Executives having been assessed agree that assessment has a real added value.

### Companies’ satisfaction about assessment (1)

<table>
<thead>
<tr>
<th>Desired Result</th>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desire to maintain or develop the use of assessment in the future</td>
<td>100%</td>
</tr>
<tr>
<td>Assessment as an accurate tool for the decision making-process</td>
<td>95%</td>
</tr>
<tr>
<td>Assessment as an accurate development tool</td>
<td>95%</td>
</tr>
<tr>
<td>Added value of assessments for the company and for the people assessed</td>
<td>95%</td>
</tr>
<tr>
<td>Assessment as an accurate appraisal tool</td>
<td>75%</td>
</tr>
</tbody>
</table>

### Satisfaction of Executives assessed about elements of understanding and self-awareness brought by assessment (3)

- **Companies' satisfaction level about assessment outcomes is very high:**
  - 95% of participating companies highlight assessment added value, both for the organization and for the people assessed.
  - 95% of participating companies consider assessment as a pertinent development tool.
  - 95% of them consider assessment as a pertinent tool to support decision-making.

- **All participating companies express their will to maintain or develop assessment use in the future.**

- **Assessees level of satisfaction on assessment is globally in line with participating companies:**
  - 87% of them highlight assessment added value.
  - 81% have a positive opinion on their assessment.

- **67% of them are very satisfied or satisfied with the elements of understanding and self-awareness they acquired through their assessment.**

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Note (1): Size of the panel: 20 companies on the total panel
Note (2) and (3): 129 respondents on the total panel of assessees
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For each key population, there is a specific assessment methodology corresponding to their career development need.

**A dedicated assessment methodology for each key population**

- **For Young graduates**
  - **Tests & questionnaires and role playing games** aim at confirming analytical and conceptual skills as well as cultural fit with the company.

- **For Junior High Potentials**
  - **Development Center** aims at confirming and accelerating individuals’ potential.

- **For Future Executives**
  - **Assessment Center** aims at identifying future Executives’ level of readiness to take an Executive position and at supporting Talent management decisions: selection of the best candidate for a mobility / promotion, integration in a succession plan.

- **For Executives**
  - **Customized assessment**, centered on the Executive, aims at identifying potential successors, evaluating succession readiness (succession planning) and at improving or accelerating Executive’s performance track.

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**Components of assessment**

<table>
<thead>
<tr>
<th>Components of assessment</th>
<th>Young graduates</th>
<th>Junior High Potentials</th>
<th>Future Executives</th>
<th>Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference check</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Structured interview</td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>360° feedback</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychometric test(s)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>(x)</td>
</tr>
<tr>
<td>Business case</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Work simulation</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Role-playing game</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aptitude test</td>
<td>x</td>
<td>x</td>
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</tr>
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The continuity and consistency of selection and evaluation criteria must be ensured between the Excom and the key populations.

**Our findings**

- Companies mostly use assessment to address succession planning issues.
- However, the Executive Committee population is almost never involved in assessment programs.
- Most of the time, selection criteria used for C-Suite positions are not exactly consistent with the framework used for assessment.

**Recommendations**

- Ensure that the Excom team is fully committed in defining the reference framework for assessment programs:
  - Identify the critical competencies expected from the Executives to execute the strategy to be assessed.
  - Decide on the full range of criteria for evaluation (experience, performance, potential, etc.).
- Ensure selection criteria for a nomination to the Excom are consistent with the key talent policy criteria:
  - Leadership competencies.
  - Performance.
  - Potential.
  - Ad hoc criteria
- Have the Excom members be regularly assessed towards the defined leadership competencies.
Assessment programs are an investment for which the ROI should be more proactively managed

### Our findings

- The main objective of assessment pointed out by participating companies as well as by the 155 Executives having been assessed is individual development.

- Participating companies as well as the Executives having been assessed agree that assessment has a real added value:
  - Assessment is considered as a pertinent development tool and to support decision-making.
  - Executives having been assessed are satisfied with the elements of understanding and self-awareness acquired through assessment.

- Despite these findings, the study points out the lack of investment (time and resources) in the most critical follow-up phase:
  - Participating companies do not systematically implement an individual action plan after assessment.
  - Some companies do not ensure any HR / managerial follow-up of this developmental action plan over time.

### Our recommendations to maximize assessment Return On Investment

- Consider assessment as a financial investment for the company:
  - Evaluate the cost of an assessment program in comparison with the cost incurred by the success risk at stake (cost of external recruitment, cost of transition management, etc.).

- Clearly define and budget the possible action plans following the assessment (mobility, leadership training, Executive coaching, mentoring, etc.).

- Monitor the action plan over time:
  - Decide who should meet individuals having been assessed.
  - Meet them regularly to assess the extent of behavioral change and monitor their career development after the assessment.
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Methodology of the study

- This study has been carried out from May 2013 to March 2014 by:
  - Olivier Boulard, Managing Partner Europe & Africa, Leadership Consulting
  - Olivier Jéglot, Principal Leadership Consulting
  - Céline Bonis, Associate Principal Leadership Consulting
  - Catherine Laverny, Senior Associate Leadership Consulting

- The information contained in this study was generated from the following research material:
  - Quantitative on-line questionnaires filled by companies and Executives assessed on assessment practices.
  - Interviews with Human Resources Directors and VPs Talent (face to face meetings or calls), based on a qualitative questionnaire to deepen the topics of the on-line questionnaire.