

Industry Insights

The Importance of Assessing Leaders



Many people think that leadership is about having titles like Director, Vice President, or Chief Executive Officer, but nothing could be further from the truth. We have all seen examples of people with titles or senior positions who were incapable of being productive. In other cases, we have all seen leaders who have the right skill sets that suggest they should be successful in a leadership role, but something about their personality or other characteristics makes people not want to work with them. Leadership is about action. Leadership is the ability to build and sustain a team that performs better than their competition. Having the right leaders in role and preparing for the next generation of leaders is paramount to the future success of any organization.

Leadership is critical because organizational performance depends on every leaders' skill in building and managing teams. Researchers estimate that up to 45% of an organization's financial performance is directly attributable to its executive leadership [1]. From the vantage point of the follower, a bad leader can wreak havoc on individual productivity, intent to stay, well-being and psychological safety. Each of us has experienced working for a great leader, and each of us has experienced working for a terrible leader.

Leadership plays a crucial role in shaping the success of an organization. And assessing leadership skills is vital for identifying individuals who can drive teams toward achieving strategic goals, fostering a positive work environment, and navigating through challenges. Your leaders are the linchpin between the culture your organization espouses to create and the people on the frontline delivering your brand to your customers. Effective leaders align their teams with the organization's short-term and long-term objectives. Assessing leadership skills helps ensure that individuals in key positions have the vision and capability to guide their teams in the right direction.

There are many types of leadership assessments: some measure aptitude, potential, work style or personality. While many of these can provide a proxy for skills related to communication, empathy, or team motivation, there is no better tool than a Leadership 360 that provides a comparison and contrast for what leaders think of their own performance, and what direct reports, peers, managers and customers think about the leader's performance. The advantage of the 360 is rich feedback that is tailored to each leader's unique strengths and development needs. Leadership 360 assessments can help identify gaps that can be trained, developed or coached for better performance. Additionally, an aggregate view across first-time leaders, high-potentials, directors, VP-level and above provides a unique view into assessing the leaders of today and preparing the leaders of tomorrow. Leadership assessments are not just about identifying who can lead, but also about nurturing leaders who can grow and evolve with the organization.

At HSD Metrics, we've studied why employees leave companies for over 30 years. After compensation, the single most important reason leavers identify as the cause for their

turnover is their immediate supervisor. The adage that “people don’t quit their job, they quit their boss” is painfully accurate. In fact, 65% of people say the most stressful part of life is their immediate manager [2]. Thus, reducing or eliminating errors in leadership performance should be top-of-mind for every organization [3]. Right now, in 2024, research by LinkedIn and Microsoft suggests that over 50% of current employees are considering other job opportunities. That is inclusive of your leaders.

Some questions to ponder:

- Are my current leaders getting the job done?
- Are my current leaders building teams that outperform our competition?
- Are my current leaders continuously developed?
- What gaps do we have across all our leaders that is inhibiting success?
- Are we preparing the next generation of leaders and high-potentials to grow?
- What happens if half my leaders leave the organization in 2025?
- Are we prepared for succession planning?

If you cannot answer all of these questions, then it is very likely you have a leadership gap. Organizations that are prepared for this will be set up for far more success in 2025 and beyond. Developing strong leaders will ensure that companies are set up in a winning position against their competition. Is your company leadership prepared?

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