



HVS Executive Search and 20|20 Skills™: A Successful Model for Due Diligence

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The Goal...

HVS Executive Search's forward-thinking approaches have established it as a premiere executive search and compensation consulting firm specializing in the Hotel, Chain Restaurant/Retail and Gaming industries. The company's impressive placement rate of 96% stems from its business tenet of "Knowledge + Talent = Power." The firm assesses knowledge and talent through a pioneering *Matrix Method* for comparing, contrasting and weighing a short list of candidates. In particular, the *Matrix Method* summarizes and puts in context a myriad of critical information derived from a candidate's structured behavioral interview, resume, professional references and industry reputation.

HVS Executive Search sought an assessment that would support its methods by furnishing objective data on a candidate's competencies and approach to professional situations – thereby providing a crucial cross-check of information from more subjective sources. In this way the effectiveness of the *Matrix Method* would be bolstered, and the firm's competitive edge would be sharpened. Several years have passed since HVS Executive Search adopted the 20|20 Skills™ assessment for this purpose. **The firm selected 20|20 over outdated, personality-oriented approaches like DiSC, Myers-Briggs or Predictive Index because its content is industry-specific and the analytics are grounded in the statistical gold standard of Item Response Theory (IRT) so as to extract more detailed and accurate information about candidates and to ensure that those results meet legal requirements¹.** In addition, the 20|20 measures actual skills, rather than personality traits – which a recent study³ by members of the Society for Industrial and Organizational Psychology demonstrated have little to no power for predicting workplace performance.

Findings and Benefits...

HVS Executive Search participated in a 10-item, anonymous survey that gauged the impact of the 20|20 Skills™ assessment on their search work. Based on rigorous IRT scaling analytics, **the overall "positive-impact" rating of the 20|20 Skills™ assessment on the firm's search work was 8.22 (0-10 scale).** This strong rating indicates that the assessment is performing as originally expected, namely that it is a significant contributor to the *Matrix Method*.

A review of the IRT hierarchies below reveals in what specific ways the assessment is having the greatest impact. The green items denote those issues on which the HVS Executive Search team indicated high ratings. That is, everyone tended to agree the 20|20 made a positive impact in these areas. The blue items denote issues of moderately-high agreement. Thus, **the Search group felt that the 20|20 was superior to other tools, improved the quality of candidate interviews and enhanced presentations to clients.**

The red items denote issues that received relatively poorer endorsement. That is, HVS Executive Search judged that the 20|20 Skills™ assessment neither helped identify promising candidates *faster* nor improved the firm's reference checking methods or its ability to evaluate fit between candidates and corporate cultures. This naturally sparks the question, "why?" Differences in levels of expertise among the search professionals in applying the 20|20 might explain some of this. For example, even after training with any assessment it takes time to learn and master the interpretation and application of corresponding reports. In this context, this research identified for the team in what ways they might better leverage the potential of 20|20 Skills™ in the future. On the other hand, it is important to note that HVS Executive Search's worldwide offices, close working relationships among its professionals and its shared databases and industry resources give the firm clear advantages in quickly sourcing and initially vetting candidates.

Survey Statements Ordered by Degree of Agreement (most to least) by Respondents

MOST AGREEMENT

The 20|20 improved my structured behavioral interviews with candidates

The 20|20 helped make candidate presentations to my search client more credible

The 20|20 helped strengthen candidate presentations to my search client

The 20|20 is superior to the other selection instruments I have previously used

The 20|20 helped me make finer distinctions among candidates on a short list

The 20|20 helped me identify promising search candidates better

The 20|20 provides me a competitive edge over other search firms

The 20|20 helped me identify promising search candidates faster

The 20|20 improved my evaluation of the fit between candidates and the corporate culture of the search client

The 20|20 improved my reference checking on candidates

LEAST AGREEMENT

Selecting an Executive Search Firm: Important Points...

Anecdotal evidence for the positive partnership between 20|20 Skills™ and HVS Executive Search also comes from the fact that search companies worldwide (contingency and retained) frequently contact 20|20 to explore the role of assessment in the recruitment process. **Of course, assessment alone does not account for the success of any executive search firm. Success**

results instead from the confluence of experience, strong knowledge of the market from client and candidate perspectives, cutting edge resources and a strong due diligence process.

To that end, here are some helpful guidelines in choosing an executive search firm:

- Ask questions to understand well the process the firm uses to identify and cull candidates. Effective due diligence ideally involves Standardized Assessment, Structured Behavioral Interviewing and proper Reference Checking. For more information, see our article “Strategies for Assessing Exaggeration and Deception by Job Candidates:” <http://www.2020skills.com/asts/Candidate%20due%20diligence.pdf>.
- Ensure that any assessment(s) used by the firm benchmark candidates on *skills*, not personality traits. Remember that recent research³ shows that personality measures are generally poor predictors of work performance.
- Ensure the firm is a member of the Association of Executive Search Consultants (AESC) and abides by the AESC Code of Ethics and Professional Guidelines and the Client’s Bill of Rights. For further information on the AESC and a copy of the Client’s Bill of Rights visit their website at www.aesc.org.
- Ensure the firm has professionals strategically located worldwide to ensure knowledge of the market and the corresponding culture.
- Ensure the firm stands behind its services. For example, HVS Executive Search guarantees candidates for a period of twelve months from the date of hire. If candidates leave the position within this period for any reason the firm will replace candidates at no additional fee, except for out-of-pocket expenses.

HVS Executive Search substantially improved its already proven *Matrix Method* by adding a tool that reinforced its winning formula for due diligence. Any organization can similarly make the strategic decision to invest in best practices for recruitment. HVS Executive Search’s principle of “Knowledge + Talent = Power” is useful to keep in mind when sourcing and evaluating candidates. It is well known that organizations suffer huge costs when hiring the wrong people, as well as when maintaining mediocre performers and the less-than-optimal “fits” with a company’s culture. Studies have shown that even for low-level positions a failed hire costs a company double the person’s salary. At higher levels, the cost can be six times the salary.

Nothing a company does is more important for its lasting success than managing talent. In *The War for Talent*, for example, McKinsey and Company² noted that “talent driven companies of the Fortune 500 experienced nearly 82% greater profit than their competitor.” Talent management is not a business luxury; it is a business lifeline. **Fortunately – as HVS Executive Search has demonstrated – the combination of leading-edge skills assessment and computerized testing helps manage talent more accurately and efficiently than ever before possible.**

References

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- ²Michaels, E., Handfield-Jones, H., & Axelrod, B. (2001). *The war for talent*. Boston, MA: Harvard Business School Press.
- ³Morgeson, F. P., Campion, M. A., Dipboye, R. L., Hollenbeck, J. R., Murphy, K., & Schmitt, N. (2007). Reconsidering the use of personality tests in personnel selection contexts. *Personnel Psychology*, 60, 683-729.

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