
Early Identification of Future Executives: A Functional Approach

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Silzer and Church suggest: “The future use of potential to meet business needs is promising.” They discuss at length the upside promise but fail to discuss the downside risks of using such an ambiguous hypothetical construct. This paper will cite the often harmful career situations because of the downside of potential and offer a less ambiguous construct called “readiness assessment.” Apparently, the “potential” of an experienced manager for successfully filling senior roles in the mid-term future is defined as any combination of trait and other variables that are assumed to predict this future event. This definition is made more complex by allowing the equation to include education, development, other experiences, and their interactions. To state that the construct of “potential competence” has surplus meaning seems to be appropriate. Until relevant critical competence is empirically demonstrated, it must be only a supposition.

As an alternative, the functional approach focuses first on the criterion problem by empirically measuring the critical functions specific to the organization’s senior positions and finding ways to allow candidates to demonstrate their capacity on the most ecologically valid (natural) and standardized management problem scenarios. The functional perspective seeks the

answer to the question: What functions can be measured early that a senior level manager must perform to be effective? This question is answered by research directed at measuring demonstrated competence on the empirically identified critical functions and relating these measures to later promotions. This approach represents a pragmatic way to implement Platt’s strong inference (Platt, 1964). By starting with developing the criteria, unnecessary assumptions are carefully avoided, such as the performance on off-the-shelf trait instruments claiming to measure an individual’s “true” potential. Use of this assumption about predicted potential using such measures has led to career harming situations. For example, the use of the terms “overachiever” (performing above potential) and “underachiever” (performing below potential) showed the folly of these labels when researchers realized that errors in prediction are due to many different factors and cannot be explained away by accusing their prediction errors on candidates: “trying too hard” or “not trying hard enough.” Those managers who failed to achieve their potential for filling senior roles in the midterm future often were falsely blamed for their lack of drive. They seldom were given a second chance. These were costly errors.

The functional approach we used at the University of Illinois treated the responses on predictive measures as readiness and not potential. Potential is viewed as a hypothetical construct that requires an empirical demonstration of its predictive power

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in the future. Intelligence measures such as the Stanford–Binet were designed to demonstrate what subjects did at a point in development relative to their cohorts and not their intellectual growth potential. Similarly, performance sampling by way of standardized simulations can be used as straightforward predictors of on-the-job performance on similar tasks. The functional approach tests competence on various tasks as functionally related to performance on a more senior job. Generally, the more isomorphic the two task situations the better the prediction. In sum, what the functional approach employs is the concept of readiness assessment rather than potential assessment. Readiness assessment is far beyond the common practice of “stretch” assignments, which are unstandardized stress tests. Being unstandardized weakens comparisons among candidates and allows for many errors of assessment. Stress tests should be standardized to permit valid comparisons among candidates for senior roles. Stress tests of financial organizations are examples that rely on readiness assessments, not potential assessments. When the consequences are grave, governments require more hard measures, and companies also need to choose their top executives based on hard data.

The question that arises from the functional approach is this: How can one design an ecologically valid test or simulation to measure important skills needed for growing into a senior role? The idea is that behavior on any job is a function of capability, motivation, and opportunity. Some claim these three components are multiplicative, but it’s safer to postulate that weighted combinations of these three constructs and their interactions are necessary but not sufficient conditions for future behavior. The process of assessing performance based on behavior is also a part of the equation. Following this functional approach, this author suggests that we consider other ecologically valid behavioral settings as sources of predictions of future performance in higher level positions. Logically, the place to look for ecologically valid behavior would be

on the senior-level job. In fact, we find that a decent ecologically valid predictor of overall career progress in an organization is the time to the first promotion relative to cohorts. For example, the so-called tournament model that predicts time to second and so on promotions is simply the relative time to the first promotion for manager candidates. In our longitudinal study of all college graduates who joined a multinational corporation from the first day to the last with the company, we found that the “tournament model” was indeed predictive of later promotions (Graen, Dharwadkar, Grewal, & Wakabayashi, 2006). In addition, the functional approach was employed in this study of management progress in a multinational corporation headquartered in Osaka and with subsidiaries in Australia, China, France, and Malaysia that we shall call “GreenMart.” The executive development section of this multinational corporation was charged with the function of selecting and developing new college graduates to eventually fill positions in their leadership succession matrix.

As shown in Table 1, GreenMart’s protocol consisted of five successive stages. Using Silzer and Church’s scheme, the predictors of success from our study were: (a) cognitive ability as measured by entry selection measures, (b) authentic interpersonal skills measured by tests, (c) adaptability in learning, (d) leadership demonstrated by successful negotiation with different supervisors, (e) motivation indicated by augmented performance, (f) performance on engagement experience, and (g) mentoring by a fellow alumnus. In addition, each newcomer was carefully monitored by the HRM section and given required developmental experiences according to their assessed growth into senior managers.

The two main measures were assessed every 6 months over the first 3 years of employment (training period). During this period, each newcomer had the intense experience of working under three different unusually demanding supervisors and reported the excellence of the developed work relationship with their supervisor, and

Table 1. *GreenMart's Early Executive Development Protocol*

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- Stage One: Recruit and select the top graduates from the most prestigious universities using a validated battery of tests of competences and personality.
 - Stage Two: Begin employment with a period of full-time in-house programs of instruction in company engagement, company values, and the company way of doing business.
 - Stage Three: Place each newcomer under the supervision of a "drill instructor" whose mission is to make these college graduates into professional manager candidates via a standard series of stress tests. During Stage three, which lasted for 3 years, newcomers worked under about three different such training supervisors.
 - Stage Four: Newcomers become candidates for managerial positions and are assigned appropriately under managers whose mission is to mentor, monitor, motivate, and stress test for more senior roles.
 - Stage Five: After the college graduates become experienced middle managers, the survivors of the stress tests are given a series of senior role strategy development assignments to assess readiness to advance to the executive level. These assignments are judged by a group of executives.
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the supervisor reported on the newcomer's progress. The supervisors who were not college graduates but had long tenures performed their mission well. The proactive measures were (a) the average excellence of working relationships with their drill instructor supervisors over the first 3 years, (b) the average performance in giving each supervisor what they expected of the best recruit over the first 3 years, and (c) the prestige of the recruits' college.

All 85 of our original newcomers were very bright as shown by their entry test scores taken in 1970. They graduated from the top universities, came from similar socioeconomic backgrounds, and all were selected by their preferred corporation. They were all expected to be successful in their careers in terms of speed of promotion. They understood that the first 3 years would be a probationary period. They were told by others from their university that they would go through an indoctrination course and then be assigned to a line company as a trainee. They would report directly to a tough boss whose job was to make engaged managers out of them. For the first 3 years, they struggled to please a series of such "training" managers.

One part of the problem situation was to solve a complex problem and the goal was to become a junior partner with their tough boss—their training manager. Some

tried to be especially nice to the boss, by bringing gifts and paying compliments. This ingratiation usually backfired by making their boss angry at the thought of being held in such low esteem that childish bribes were expected to turn his/her head and win favors. Others tried to do exactly what their boss told them. They would ask for step-by-step instructions for even the most mundane tasks. This was also a failure tactic. Sooner or later, this false helplessness was angrily rejected by their boss.

The talented ones figured out that the boss did not know exactly what he/she wanted in terms of performance until he/she saw the final result. They reasoned that they must discover what the boss wanted before he/she can tell them and deliver more than what he/she expected. To accomplish this, they would need to get to know their bosses much better in terms of their performance expectations. Those newcomers who could solve these puzzles were rewarded by their bosses with high performance ratings and praise upstairs. This was a valuable skill—the ability to cut through the ambiguity of assignment instructions and specify clearly the desired outcomes. The second part of the test required the newcomers to establish dyadic partnership with their bosses. They needed to get to know their bosses and to pry an offer or counteroffer from them. Some observed their

bosses' weaknesses and proposed in very non threatening ways that they would like to learn how to do these things. These were the things that bosses did not enjoy doing and were willing to let their newcomer learn by doing. Gradually, these newcomers became accepted followers, and dyadic partnerships developed. Our measures documented the growth of partnerships over six regular measurements over the first 3 years (every 6 months). Over the first 3 years, newcomers averaged about three different training managers. This provided three different tests of dyadic-partnership making performances. Averaging these ratings over three drill instructors may be thought of as a good measure of partnership skills. Although some bosses were impossible to make into partners, they kept trying with others.

Some of our newcomers succeeded admirably with all three tough bosses, some succeeded with one or two, and some succeeded with none. Clearly, some newcomers were more skilled than others. Those with higher partnership scores also indicated more job satisfaction with work and leadership, and greater organizational commitment than their lower cohorts. In addition, the higher the partnership scores the higher their bosses evaluated their performance and their promotability. Clearly, those newcomers who succeeded in demonstrating their helpfulness to their boss and achieving partnership with him/her were more talented compared to those who failed. Both groups of newcomers worked very hard and long on their jobs. Without a doubt the old cliché that "it's not working hard that counts, its working smart" describes this situation. After the first 3 years of probation, our newcomers were assigned to regular departments with more supportive leaders. From these positions they began their climb up the corporation's ladders. We assessed them again at 13 years in terms of partnership, satisfaction, and power of their jobs.

On a methodological note, this research used the parametric duration modeling technique in studying career mobility. In

addition, parametric duration modeling can be used in a predictive manner, which is not possible with non parametric duration models. Also, we had a fairly controlled setting in that firm: time, gender, and context were the same for all.

What measures predicted speed of promotion over careers? Early leader-member relationship building skills (a) set patterns for a young manager's later exchange relationships, (b) require effort by both parties to be successful, (c) contribute to career-long success, and (d) contribute to career satisfaction and opportunities. In addition, early leader analysis skills by members (a) set patterns for a manager's later leader analysis, (b) require effort by members, (c) contribute to career-long success, and (d) contribute to career satisfaction and opportunities. Finally, old school ties contribute to later career success. In addition, combinations of the above three contributed in different patterns.

How did these predict so well? A number of conditions contributed: (a) They were developed based on managers and professionals constructing new professional teams and organizations over long period (Graen, 1976); (b) they were critiqued by experts intimately familiar with the corporation and its career development systems; (c) it produced key management skills to show outcropping in actual workplace interactions between leaders and followers; (d) the subject corporation had a strong organizational culture and a Toyota-inspired management structure; (e) it was derived from a strong data-based theory of leader-manager development (Graen, in press); and (f) the real-life stories of this cohort suggested new ideas for research and practice.

Conclusion

The model that fits the findings from our career progress investigation was different than the PepsiCo career growth model (Church & Waclawski, in press) that focuses on instructing functional competence early and leadership skills later. The model we

derived for Americans focused on shaping newcomers into “fully engaged” manager candidates who start at the bottom to learn the basics functional competency and acquire the interpersonal skills required for high-stress operations when work partners are needed (leadership’s functional competence). Our model also differs in requiring the “tough love” of supervisors who push the newcomers to operate successfully under extreme stress in successive approximations to the managerial crises. We are not recommending such extreme basic training for new American college graduates but at least some “tough love” basic training to signal college playtime is over and professional life demands engagement and cooperating with team members and putting service to the team above self-interest. They need to learn how to deal with stress and keep their head. Although Americans prefer to start as managers and not as candidates, I recommend that they start at the bottom and learn the ropes and then, be assigned the “critical tests” throughout their careers to determine their fitness to fill senior positions in the midterm.

Based on our 35-year examination of career progress in a foreign multinational, I propose the use of more on-the-job stress tests to assess the coping strength of American managerial candidates and experienced managers in critical problem situations. These stress tests can be designed to be ecologically real assignments that test critical managerial skills under beyond business as usual conditions and tap reasonably proposed critical managerial ability and motivation. These stress tests are based on an in-depth study of the candidates’ assigned positions and a research-based understanding of the critical incidents that separate the expected performance of lower level positions from higher level positions (Grace, 2009). Stress tests for managerial leadership

competence go far beyond the usual package of devices, such as in-basket, leaderless group discussion, creative thinking, and management games, in terms of ecological validity. Stress tests require the candidate to accept a legitimate problem-solving assignment on-the-job and perform effectively under stress. Those who opt out of the stress test place themselves on the non development track. Let’s give our American candidates the opportunity to show what they can do on relevant task assignments and not prejudice potential based on assumptions.

Finally, as one of my reviewers suggested: “This area is extremely ripe for pragmatic research (e.g., What are the parameters of a stress test? When should they be conducted? What type of support or lack of support should be provided? What about rebounding from a failed ‘stress test?’)”

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