



## **HOW DO YOU QUANTIFY AND CALCULATE THE RISK FACTORS IN CONSIDERING AN OFFER?**

**Answer: While we talk about cultural fit as being essential for success (whatever that means), there are structural reasons why a fully qualified executive may not be able to meet the challenges of the job s/he was asked to assume. Here are descriptions about the organizations and the level of risk involved ranging from low to extreme.**

For as long as I have been recruiting communications executives for senior positions, there is always a discussion about cultural fit. At the most senior levels, when the keys to success have to do with leadership and ability to work collaboratively with the executive team, cultural fit is the hardest to quantify. In the end, it is left simply to a visceral response and in some instances confirmed by (imprecise) personality exercises. While a problem with "fit" can lead to failure, success is about achieving results and overcoming the inherent risks in tackling a new job.

I have never seen an attempt to quantify those risk factors leading to the potential for success or failure of a newly hired VP, Chief Communications Officer. The key to the scale from low to extreme risk relates to how many unknowns there are about the role, the competitive environment, the organization and the sophistication of the hiring team.

The communications function seems to be somehow a "black box" to many operationally trained leaders. They find it difficult to define the bottom line benefits of a communications strategy in plain English to the organization. They may have a high-level understanding of a specific problem communications can solve, but like an iceberg, they see the top 10% — an ultimate result but have no idea about the 90% that lies beneath the surface.

**As a baseline, these are the components in the lowest risk situation. What would you add?**

- Mature, stable management with a history of supporting the communications function at the CCO level and with a sophisticated understanding of what steps are needed to create and implement a strategic program.
- As a regulated (public) company, the leadership is sensitive to its obligations to shareholders and to achieving operational efficiencies, as well as meeting disclosure requirements. Reputation and brand awareness also are highly important.
- Deep experience on the part of the most senior officers working with professional communications staff
- Orderly transition for a new CCO hire due, for example, to an incumbent retiring or taking a new role either inside or outside the company, or a relocation for personal reasons
- Current job description is closely aligned with objectives of the position of prior incumbent (no disruptive change envisioned.) Description is accurate and external market factors remain stable so there is no need for radical change in the company's business strategy. There is no expectation that the organization will undertake a reorganization in the near future.
- The new hire has industry or related industry-specific knowledge and has an excellent track record. (Hiring from within the industry is not always the best approach if there is a compromise in the excellence of the candidate.)

Relocation is not needed since the position is within commuting distance.



**As you consider a new opportunity, carefully evaluate risk levels based on the type of organizations described here.**

#### Low Risk Public Company

In this situation all the factors that lead to stability are in place (as described in the prior post) with one critical exception.

The position has become available due to dissatisfaction (leading to a resignation) with the performance of the prior incumbent (and it may take some sleuthing to confirm this is the case.) The leadership position is redefined with the objective to reorganize the function and possibly the team to meet new goals/metrics. Hiring a replacement may focus on the qualities and capabilities (that the prior incumbent lacked.) That can be a problem rather than looking objectively at the current business issues that the communications team should be addressing. Also, be aware that there can be an issue if the hiring team lacks a clear picture of what they can realistically expect to accomplish by hiring a new leader. (How much was the mistake in hiring the fault of the organization? What have they learned since?)

#### Moderate Risk, Public Company

In this situation, the company is attempting to compete more effectively and looking for new approaches. This is an organization under stress. The communications position is newly created and defined through a process led by a communications professional in conjunction with Human Resources and approved by the leadership team. The concerns in this situation are:

- Are the expectations realistic?
- Has the timetable for the new hire to succeed been established?
- Has the job been defined and are the priorities agreed to and understood by the leadership team?
- Are the level of the position and the salary range in line with market conditions so that the hire is appropriate for the work? How strategic is the role? Is there a clear understanding of the scope?
- How will the organization determine if the new hire is performing successfully?

#### High Risk, Public Company

The highest levels of the company's leadership team have determined there is a need to upgrade the communications function due to substantive issues affecting the organization (beyond market share to overall reputation, for example.) They do not have a history of thinking about communications as a strategic function and their efforts to date have been entirely tactical.

The new hire they seek will lead efforts to establish a vision, values and plan of action to meet the obvious challenges. The leadership team does not know how much of a commitment is involved on their part and what resources and help they will be tasked with to meet their goals. The organization is in a change mode due to outside pressures. While the company can describe their challenges, there is no one in-house with an understanding of the effort involved to refocus/redirect the organization.



### High Risk, Public Company

A major company with a well-established brand that is undergoing severe challenges as consumer habits shift, has decided to restructure the communications department that has been ineffective. The head of the communications group has plans to retire and a successor is hired to refocus the function. Rumors of change at the President/CEO level have been circulating in the industry but nothing has been announced. A new leader does take over as head of the company. As the newly hired communications officer waits to assume the #1 role, s/he receives no support from the legacy incumbent. The agreement to assume the #1 role fades (the former head retires) just as there is a restructuring. The #1 job is eliminated. The circumstances under which the new communications leader was hired are completely changed.

### Extreme Risk, Private Company

A privately held highly successful company where the founder is running the company, decides to hire her/his first communications leader at the officer level. This role is at the same level as a long-tenured leadership team. The founder/CEO has some understanding at a high level about hiring a strategist/business savvy communications professional but her/his team has a very limited knowledge of what the leader is hoping to accomplish. With the help of an outside consultant, the new job description is written and the CEO is pleased with how the role is defined.

As is appropriate for a CEO with major business initiatives to pursue, the hiring process is delegated to the leadership team. A hire is made who fits the culture and style that is compatible with the CEO, which is a major achievement. After several months of outlining the challenges and receiving limited support from the leadership team, it is determined that the building blocks of a communications program have stalled and that the commitment required to accomplish the goals of the CEO cannot be met. No one had an understanding of what their obligation would be to develop a communications program. The job is eliminated. A decision is made to create a tactical role to implement specific internal and external projects.