



**THE  
SHOE**

**FITS**



**BY KANUPRIYA VASHISHT,**  
*Associate editor of Advisor's Edge*  
[kanupriya.vashisht@advisor.rogers.com](mailto:kanupriya.vashisht@advisor.rogers.com)

their star CEO hadn't made one. What went wrong?

Stumped, the firm sought expert help from Caliper, a company that offers recruitment and team-building solutions to many financial corporations in Canada. Managing director Andrew Case diagnosed the firm had based its judgment solely on tangibles provided in a résumé, and failed to test for the intangibles—innate competencies such as resilience, ability to negotiate, and big-picture thinking. Had the firm used a personality assessment before recruiting its CEO, it would have discovered that even though their top pick was a diligent perfectionist, he was no salesperson.

Like Caliper's client, Mark Halpern, founder of illnessPROTECTION.com, also started out as an assessment agnostic. He agreed to give it a shot only because he was at loggerheads with his assistant, and actually considering letting him go. Both Halpern and his assistant took a 30-minute online test. To Halpern's surprise, or perhaps disappointment, the assistant was an 86% match for the position—a pretty decent score.

Results revealed the maladjustment was the boss's problem. Oops.

Turns out Halpern, who is generally prone to looking at the big picture, hated dabbling with the grunt work. His assistant, by contrast, was detail-oriented and extremely organized. Problem was, Halpern wanted him to be faster, more creative and proactive. "For me everything has to be immediate," he says. "All good salespeople and entrepreneurs tend to suffer from a bit of **continued on page 18**

**PERSONALITY TESTS HELP FINANCIAL FIRMS RECRUIT THE RIGHT TYPES.**

## A SMALL

**TORONTO BROKERAGE FIRM** hired a CEO with eons of industry experience, tons of technology skills, and ample expertise with managing people—a sure-shot lottery pick.

With a business model based on growth by acquisitions, the company needed to make an average six to eight buyouts per year. But, 365 days later,

continued from page 15 [attention-deficit hyperactivity disorder] ADHD. They always want to go for the next kill,” he admits.

The two have now developed a more streamlined process for working together. They have daily meetings where the assistant presents an agenda for the day, and in turn receives specific timelines to work with. “We’re seeing progress now. Things get done in a timelier manner, and I trust him more. It’s like a marriage. We complement each other. I have sped him up and he has slowed me down.”

**❑ “I believe that almost everything can be analyzed”**

Like this resurrected duo, Investment Planning Counsel (IPC), a company with 180 staff members and 700 advisors, boarded the assessment bandwagon during a recent staff overhaul. Faced with rapid growth during the past few years, IPC promoted a lot of people who may not all have been quite right for the new roles they undertook. That’s when the company’s executive coach recommended personality testing.

When the results came in, IPC president Chris Reynolds says it turned out the company had a lot of people with the same strengths; the same Type-A personalities. But, there were very few analytical thinkers. “It was a team of all salespeople.” After using psychometric testing, the firm did some staff juggling to ensure it got all personality types onto the team. The difference has been telling. “We’ve been able to ease out a lot of territorial issues and competing agendas,” Reynolds says.

And ever since IPC started using personality assessment four years ago, they’ve had zero executive turnovers. Each pre-recruitment assessment costs the company about \$500. But compared to the cost of an average turnover—three



**CHRIS REYNOLDS**  
*president, Investment Planning Counsel*

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months executive salary—it’s a pittance.

The exercise has helped IPC employees as well. Reynolds relates the story of an analytical employee who worked in a marketing capacity and invariably gravitated from sales to analysis. “We’ve now moved him to a more analytical position and he’s fantastic.

“Personality testing is a very handy tool, it allows us to take the blinders off and make objective decisions about people. The ‘I really like him but he doesn’t do a very good job’ approach doesn’t work. What I like in people is not necessarily what they need to get the job done,” Reynolds adds.

In fact, the assessments have been so well received that IPC is now introducing an annual peer review for executives, testing for whether they can inspire their teams; share stories; are quick with praise; and of course, can lead. Further, the firm is testing some personality assessment tools for the advisors it works with to use on their staffs.

Caliper keeps data that demonstrate what makes a star performer, researched and collected over 45 years. In all, it reveals what you might expect: Top executives tend to be better aligned with their

jobs. When the fit isn’t there, Case says, the execs can still manage, “but the cost of getting the job done, for such people, is a lot higher in terms of the psychological energy spent. They burn out quickly.”

Personality assessments help companies avoid mistakes by recruiting employees who are intrinsically comfortable with their job requirements. While relatively new to the corporate world, psychometric testing has grown in popularity over the past five years—moving from the realm of experiment to standard practice at many of the world’s largest financial firms.

**❑ “Most of the time I expect to succeed”**

Dr. Robert Hogan, an international authority on personality assessment, leadership, and organizational effectiveness, and founder of Hogan Assessment Systems, reiterates employment selection involves finding the best person for the job.

The payoff for doing this correctly is huge. “If you rank employees in any organization from least productive to most productive, the top 25% of the employees will contribute four to five times as much to profitability as the bottom 25%. The goal is to hire more top performers.”

In a world where leadership is increasingly about managing meaningful relationships, Eileen Chadnick, principal of Big Cheese Coaching in Toronto, is a passionate proponent of EQ (emotional quotient) assessments, which evaluate people on a variety of skills and abilities related to how they cope and succeed in work and life. She believes success in the corporate world is no longer about who has the highest IQ: “Technical skills and financial savvy are not enough for an advisor to succeed.”

Avyd Leadership Performance, which administers the Hogan Assessment to many financial firms in Canada, also measures EQ when recruiting financial advisors to see how their personalities might play out in the marketplace. Are they mischievous; risk-taking; too restrained; too cynical? Assessments help advisors understand their own personality makeup and consequently their potential interactions with clients.

Dr. Louis Stokes, a psychologist and consultant with Avyd, says personality testing has three facets: general personality, motivation, and challenge report (or behaviour under stress, which could lead to counterproductive actions). “Ideally, depending on the situation, a good team should incorporate people who fall on both ends of the continuum.”

For example, advisors who measure high on “adjustment” could be both good and bad. They’re positive during market upturns and downturns, always seeing the glass as half full. Problem is, while these advisors buy easily, they just can’t sell because they never notice the

warning signs. They’re also a bit numb to client sentiment and, as a result, perceived as insensitive to the client’s fears. That’s especially a problem if the client is stress-prone.

People high on “sociability” are always networking—talkers who lack the art of listening. “A life insurance agent would

be successful if he or she were high on sociability, but a financial advisor, who needs to maintain long-term relationships, can’t afford to woo new clients at the expense of old ones.”

Similarly, advisors low in “prudence” deal well with ambiguities, but find it difficult to stay on **continued on page 21**

continued from page 19 plan. Those high on prudence, by contrast, need structure. Stokes, who was VP of Metlife Insurance in the '90s, used to watch salespeople who were high on prudence give boardroom pitches. "They would continue making the presentation even if the client was sold on the product. They never understood how to change their response to the change in situation."

✘ "I get pleasure from solitary walks"

Personality testing may have received general acceptance from the financial sector, but industry reactions to its efficacy remain mixed. Despite a success rate of 80%, Caliper's Case doesn't condone it as a lone decision-maker. Rather, he suggests using the tests in conjunction with traditional interviews and reference checks.

Bernie Rose, branch manager and associate director of ScotiaMcLeod's Scarborough branch, agrees. "Personality tests are just a tool, not the be-all and end-all of our hiring decision. They can't guarantee success or failure. Despite assessments, we still end up making wrong choices," he says.

Every candidate at ScotiaMcLeod has to go through a minimum of three rounds of interviews and a reference check, and Rose uses personnel orientation profiles, or POPs, only when hiring rookie advisors. Veteran advisors, by contrast, go through a more



"You're Hired," page 22

standard interview process. And because there's a cost involved, he administers a POP only after the candidate has faced at least one interview. If some scores stand out in the POP, such as "low on adjustment," Rose likes to probe further during the next interview. If he's on the fence about a candidate and the scores confirm his gut feeling, they then tend to reinforce his decision.

Pepe Bakshi, a consultant with the Investors

Group, who both administered personality assessment tests as a manager and took one recently when interviewing for a job, doesn't trust using them as the sole tool either. A former philosophy student, he refers to the Hermeneutic Circle, which in layman's terms means that the individual responses to assessment questions depend on the experiences of the test-taker. For example, the question: "Are all bears from the north white?" might elicit very different responses from a Canadian and an African. The question mightn't even make sense to the African because it'd be outside his context.

Bakshi says only the experienced managers can figure out these contextual subtleties. "Most aren't even trained to read the results," he says. "As an experienced manager who has hired at least a hundred people, I would not use personality assessment as my first tool. And it definitely would not be my deciding tool in making a recruitment decision."

He does, however, agree these tests allow big firms to screen applicants and sift through the chaff. But their real strength, Bakshi says, lies in pegging people's individual **continued on page 22**

RELYING JUST ON INTERVIEWS—YOU MIGHT AS WELL FLIP A COIN.

continued from page 21 learning styles, and allowing managers to use the best coaching strategies with new hires.

Hogan, by contrast, has an almost fanatic belief in the validity of personal-

ity assessments, claiming they're a more reliable indicator of a future employee's behaviour than a mammogram is for detecting breast cancer. "Relying just on interviews—you might as well flip a

coin," he scoffs. "People put their best foot forward in interviews, and they lie on their résumés."

Responding to the possibility that people could also fake psychometric assessments, Hogan cites a research study conducted on job applicants who were administered personality tests, and got rejected. Six months later they re-applied for the same job and took the same personality exam. Only 5.2% or fewer posted measurable improvements to their scores the second time.

While personality assessment has staunch supporters, it also has its critics. Dr. Brian Little, a Distinguished Research Professor Emeritus of Psychology at Carleton University, says he'd give more stock to a superb interviewer over a winning personality test-taker and suggests having a psychologist on the interview panel. "I think the daily life of an individual is far more complex, nuanced. There are many more insidious costs than the blunt edges of personality testing can pick up."

Little says personality testing pigeonholes people and is too orthodox. "The team needs to have diverse personalities, even neurotics who are sensitive to dangers—like a possible recession. If the whole team is comprised of goalkeepers, you'll never have a good offence."

With the changing nature of organizations and job requirements, Little suggests employers look for people who can juggle, turn up the heat, and take on different roles. "We are no longer in hierarchical structures. It is more a project-management structure, where a set of attributes doesn't last as long as the tenure, but changes with every new project," he says. "We need to increasingly shift our styles and personalities for new markets."

## TRACING THE TIMELINE

You might be surprised to learn that personality testing, as an employment tool, was born within the life insurance industry.

It all started in the 1880s, with the Life Insurance Marketing and Research Association (LIMRA) pioneering its use in the form of sales tests.

Fredrick Taylor's 1911 book, *Principles of Scientific Management* then popularized the notion that employee skills are quantifiable and the First World War expanded the use of personality testing in America to evaluate draftees' fitness for duty. Wartime assessments, however, were primarily concerned with detecting symptoms of psychopathology (anxiety, depression, and delusional behaviour). Personality measurement tools proliferated rapidly after World War II, where they were mostly used to identify "executive material."

Psychometric assessments veritably exploded in the 1960s, when employers were giving versions of the popular Myers-Briggs or other tests to everyone from accountants to policemen. The revolution hit a stumbling block with a 1971 Supreme Court decision, *Griggs v. Duke Power*, which ruled the 1964 Civil Rights Act made certain forms of employee testing unconstitutional, particularly when the tests "limit, segregate, or classify" to deprive employment opportunities on the basis of race, colour, religion, sex, or national origin. Canadian privacy statutes also were seen as impediments to the test and, as a result, personality assessment suffered a major crisis of credibility. They virtually disappeared from the intellectual radar by the end of the '80s.

Dr. Robert Hogan, an international authority on personality assessment, recalls facing stiff resistance from academics and lawyers when he and his wife pioneered personality testing in the United States in the early '70s. "The furor was like Galileo saying the earth revolves around the sun. It was a big career risk." Hogan's first 13 research papers were returned by outraged journal editors, one of whom wrote, "How dare you waste my time."

Personality testing's resurgence was largely stimulated by the business sector, taking off again in a big way in the mid-1990s. "From zero in the '70s, to 10 out of the top 15 companies using it in America, it has gone from being outrageous to being commonplace," Hogan says. "Now all the smart companies are doing it. They even have in-house experts."

☑ “Sometimes I want to run away from home”

In addition to dissenters, personality assessment also has its true cynics. Morton Mitchnick, an employment lawyer with Borden Ladner Gervais, says ten years ago questions on personality assessment checklists might not have raised eyebrows, but today there are a lot of privacy issues. He feels questions such as, “Sometimes I want to run away from home,” or “There were times when I resented my parents”—could raise red flags. “It’s only a matter of time before a lot of these invasive questions will be challenged,” he says.

In defence of questions relating to child-parent relationships, Hogan says the data are pretty clear. “Kids who want to run away have problems with authority figures in adulthood,” he says, adding all the questions on his assessment checklist have been thoroughly reviewed by lawyers.

The Canadian Human Rights Commission is also becoming increasingly concerned that certain questions could seem discriminatory, and be used as screening mechanisms against race, age or disability. In a precedent that went before the Commission, temporary employees filed a complaint against Canada Post Corporation, which required all applicants to pass a dexterity test for regular appointment as postal clerks. They alleged age discrimination. The Commission dismissed those complaints because the employer established a bona fide occupational requirement. But the volume of these types of actions has been gradually increasing.

Mitchnick also worries if refusal to take personality tests or answer certain questions might restrict a prospective employee’s chances of getting a job.

Chris Reynolds says because such a situation has never arisen at IPC, he’s

unsure how he’d handle it. “Full accountability and full transparency are part of the company culture. If employees are uncomfortable with that, they are uncomfortable with the company.”

Refusing to take a test is not an option for Halpern’s prospective employees. “A person offended by the assessment is not

somebody who is growth-oriented.”

Mitchnick, meanwhile, predicts personality tests will continue to evolve. “Whether these tests have a life will depend on what is being asked in the questionnaires,” he says. “Employers will have to justify the relevance of certain questions to the firm.” **AE** **VASHISHT**