

IDENTIFYING high-potential employees

OVERVIEW

The talent “pipeline” for applicants to fill key leadership positions may be drying up due to imminent retirements and increased productivity demands.ⁱ Many organizations report that they aren’t fully confident that they can staff key leadership positions in the next five years.ⁱⁱ Internal organizational programs that focus on leadership development of high potential employees can provide a more reliable source of qualified supervisors, managers and executives to meet the forecasted needs.

WHO are these people?

It is important to differentiate between high performing and high potential employees when selecting applicants for participation in leadership development programs.

- High-performers give immediate return on investment, with estimates averaging from more than 50% additional value, to as much as a 100% increase in productivity over average performers.ⁱⁱⁱ
- High-potentials are typically defined as those demonstrating high-level contributions, organizational values, potential to move up to an identified position within a given timeframe, and potential to assume greater responsibility.^{iv} For example, some organizations operationally define high-potential employees as those who are able to assume greater responsibilities within the next two years and who exhibit a history of high-performance and leadership potentials; also may be defined as employees who are able to advance two leadership levels within 4-8 years and who score well on various assessment criteria.^v
- Most high-performers are not high-potentials BUT all high-potentials are high-performers.^{vi}

Three general types of high-performers typically fail to become high-potentials:^{vii}

- “Engaged Dreamers” have high motivation, but only average ability.
- “Unengaged Stars” have aspiration and ability, but do not fully believe in their work or organization.
- “Misaligned Stars” have ability and organizational commitment, but lack the drive and ambition for success at the next level.

Additionally, the Center for Creative Leadership identified, in ground-breaking research, ten “fatal flaws” that can derail managers from a high-potential path:^{viii}

1. Specific performance problems with the business
2. Insensitivity to others
3. Coldness, aloofness, arrogance
4. Betrayal of trust
5. Over-managing: failing to delegate or build a team
6. Excessive ambition
7. Failing to staff effectively
8. Inability to think strategically
9. Inability to adapt to a boss with a different style
10. Overdependence on a mentor or advocate.

More recently, the Center for Creative Leadership researchers have honed in on the key roles that inadequate emotional competencies and insufficient interaction skills may play in leader derailment.^{ix}

HOW should we best identify high-potential employees?

The Corporate Leadership Council’s Nine Box Matrix measures each employee’s performance against his or her potential to lead in order to assess an employee’s matrix position.^x Performance criteria can include progress against goals, results delivery, performance level and direct report development levels. Leadership potential may be comprised of learning agility, potential next moves (vertically and horizontally within the organization) and willingness/ability to address weaknesses.

Additionally, the Corporate Leadership Council recommends the use of a competency-based tool within an assessment center context, augmented by human resource assistance, to identify high potentials.^{xi}

BEST practices in developing high-potential employees

In a more recent review of more than 300 “drivers of potential,” the Corporate Leadership Council found that the 80 factors that were most meaningful in improving employee potential clustered into three themes:^{xii}

- Leveraging employee relationships
- Ensuring credible organizational commitment
- Structuring challenges within job experiences

The Center for Creative Leadership documented a plethora of ways in which leaders learn critical “lessons of experience.”^{xiii} Among the methods they cited as critical learning experiences for the leaders in their extensive research studies were:

- Early work experience
- First supervisory experience
- Project and task force assignments
- Line-to-staff switches
- Starting from scratch
- Fix-it projects
- Scope of assignments
- Dealing with difficult relationships (especially bosses)
- Hardships (personal trauma, career setbacks, changing jobs)

Particular organizational strategies that can significantly enhance the development of high potentials include:

- Structured challenges
- Provision of executive coaching and follow through
- Action learning programs
- Tracking of high-potential promotions through a high potential technology platform
- Deepening 360° feedback
- Interruption of premature ascent
- Institutionalizing personal development
- Cultivation of informal networks

ⁱ Corporate Leadership Council, *2003 Fact Brief*, Washington: Corporate Executive Board.

ⁱⁱ Corporate Leadership Council, *Executive Summary*, Washington: Corporate Executive Board, February 2005.

ⁱⁱⁱ Corporate Leadership Council, *Executive Summary*, February 2005. William D. Koch, *Directions: Closing the Gap Between the Best and the Rest*, Development Dimensions International, 2007.

^{iv} Corporate Leadership Council, *Guidelines for Using a Nine-Box Matrix*, Washington: Corporate Executive Board, July 2005.

^v Corporate Leadership Council, *Literature Key Findings*, Washington: Corporate Executive Board, 2003.

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- ^{vi} Corporate Leadership Council, *Guidelines for Using a Nine-Box Matrix*, Washington: Corporate Executive Board, July 2005.
- ^{vii} Corporate Leadership Council, *Guidelines for Using a Nine-Box Matrix*, Washington: Corporate Executive Board, July 2005.
- ^{viii} Morgan McCall et al., *Lessons of Experience*, New York: Simon & Schuster, 1998.
- ^{ix} Kerry Bunker et al., "The Young and the Clueless," *Harvard Business Review*, December 2002.
- ^x Corporate Leadership Council, *Guidelines for Using a Nine-Box Matrix*, Washington: Corporate Executive Board, July 2005.
- ^{xi} Corporate Leadership Council, *Fact Brief: Identifying and Developing High-Potential Executives*, Washington: Corporate Executive Board, February 2003.
- ^{xii} Corporate Leadership Council, *Guidelines for Using a Nine-Box Matrix*, Washington: Corporate Executive Board, July 2005.
- ^{xiii} Morgan McCall et al., *Lessons of Experience*, New York: Simon & Schuster, 1998.