



Building High-Potential Leaders: An Integrated Road Map

Strong Demand for Ready, Agile Leaders

Worldwide demand is rising for leaders who can succeed in today's volatile, uncertain, complex, and ambiguous (VUCA) business environment. At the same time, the supply of qualified leaders appears to be diminishing. Empirical studies reveal that between 50 and 70 percent of organizations feel they are impacted by a shortage of qualified leaders.¹

CEOs and their Boards have put the spotlight on their leaders. They need confident, effective leaders who can inspire others and drive results aligned with overall business strategy. Unfortunately, upon closer inspection, CEOs are finding something disturbing: the quality of leaders doesn't match the need. Critical roles are not filled because leaders are not ready. Even though they're spending millions on talent management systems, they're not getting the ROI they expect—and demand.

If 67 percent of companies take steps to identify high-potential leaders, why are only 15 percent satisfied with their procedures?

- Current methods for identifying high potentials are fraught with subjectivity and bias.
- Up to 40 percent of internal job moves made by high potentials end in failure.
- Succession management requires leaders who are ready and practices that build a high-potential bench. Unfortunately, the link between the need and the practice is often unclear.
- Without these links, it's very difficult to design and measure the effectiveness of a given strategy.

Unrealized Potential of Strategic Talent Management

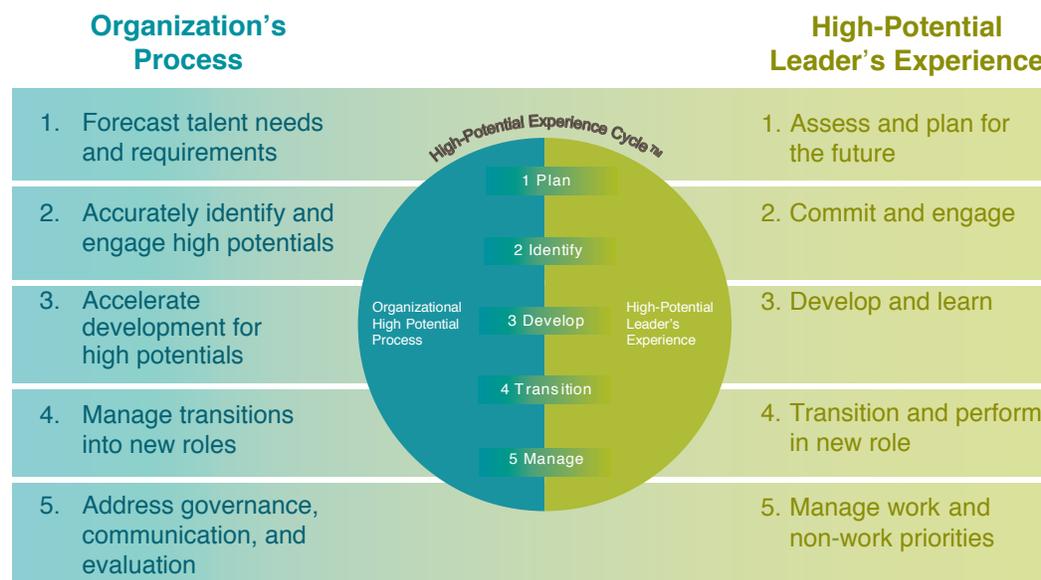
Strategic Talent Management (STM) has evolved during the past 20 years. Organizations rapidly adopted STM and recognized its potential for business impact. Yet, many struggle with realizing the full benefits because they focus on perfecting STM practices rather than meeting business needs.

The issue isn't about perfecting individual practices of STM in an organization. The issue is integrating and aligning each practice to produce the necessary leaders at the right time.

In particular, organizations need a *dramatic reframing* in how they plan and implement their high-potential leadership programs to support their business goals. Their first step is to adopt the High-Potential Experience Cycle™.²

PDI Ninth House High-Potential Experience Cycle™

The High-Potential Experience Cycle is a dynamic system in which each process of an organizational strategic talent management system aligns to increase identification, engagement, and retention of talented leaders.



The High-Potential Experience Cycle includes five key leadership talent practices:

- 1. Plan:** a forecast of leadership talent needs and requirements
- 2. Identify:** accurate identification of high-potential leaders
- 3. Develop:** development of critical skills, knowledge, and abilities
- 4. Transition:** accelerated readiness for transition into specific leadership roles
- 5. Manage:** management of the overall process, including governance, communication, and evaluation of effectiveness

Organizations vary in the degree to which their high-potential talent management process is well coordinated and effective.

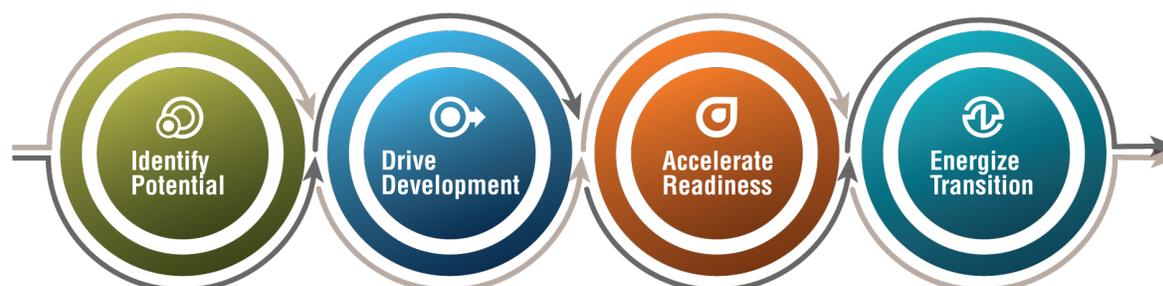
Optimal high-potential strategies begin with the organization's current and future business needs and objectives, encompass the whole person, and address the full experience cycle of high potentials as they move through the leadership pipeline. In 2011, PDI Ninth House and Bersin by Deloitte conducted research³ across multiple industries on how the High-Potential Experience Cycle played out in organizations that varied in strategic talent management maturity.

We found that organizations who actively implemented a systems approach to high-potential talent were more satisfied that they were taking the necessary steps to have talented leaders ready when needed.

High-potential programs often fail because they focus too much on optimizing the technical process and too little on the leader's personal experience. If you want to engage and retain leaders, improve performance, and accelerate readiness, design your overall program to meet their needs as well as accomplish organizational objectives.

High-Potential Integrated Road Map

After organizations adopt the High-Potential Experience Cycle framework, they need to identify specific practices that, taken together, will ensure the impact of their high-potential talent strategy. The High-Potential Integrated Road Map describes the systems that comprise an effective, dynamic approach to high-potential talent.



The High-Potential Integrated Road Map is a blueprint for seamlessly integrating the High-Potential Experience Cycle with the business cycle. Four elements—identification, development, readiness, and transition—ensure the organization has a ready supply of leadership talent when and where it is needed.

Accurately Identify High-Potential Leaders

Accurate identification of high potentials is the first step, which can be very challenging. Neglecting to define and accurately measure potential is one of the key reasons why as many as 40 percent of all high-potential job moves end in failure.⁴

Because potential is a dynamic and multifaceted issue, organizations need to have a common understanding of what the word potential means and multiple sources of input to provide accurate assessment. We define leadership potential as employees who have the ability, experience, intellectual agility, motivation, and self-regulation to rise to and succeed in senior positions in the organization.

We recommend the following steps for identifying high-potential leaders:

- Conduct a high-potential nomination process to narrow the pool of leaders prepared to take on the next level.
- Review performance data, including a boss evaluation of the “what” as well as inputs on the “how.” Integrate performance data to compare individuals and segment the talent pool into A, B, and C players.
- Engage managers in a high-potential nomination process to build managers’ understanding of how potential is different from performance, and improve their understanding of the potential of their employees.
- Assess for leadership potential for a future role based on interest, experience, psychological and cognitive foundations, and possible derailers.
- Conduct a talent review followed by a strategy session to summarize talent analytic results, define next steps for the high-potential talent pool, and select the final pools of leaders.



Drive Development of High-Potential Leaders

Once high-potential talent is identified, the next challenge is to provide effective development.

Studies consistently show that high-performing companies invest significantly more in leadership development for their high-potential leaders. In fact, the top 20 best companies for leadership are twice as likely to provide their high potentials with internal leadership training, developmental assignments, special team projects, and external coaching.

High potentials thrive on challenge. Putting them into stretch assignments or providing special projects is ideal for keeping them engaged and helping them learn quickly.

PDI Ninth House recommends the following steps for developing high-potential leaders:

- Hold a high-potential development design and planning session.
- Implement an objective multi-rater assessment that provides developmental feedback at the competency and behavioral level as well as reliable, accurate, legally defensible measures of performance.
- Conduct a development planning meeting to discuss goals and outcomes that are aligned with organizational objectives.
- Provide challenge-based development to activate the drive for achievement and stretch them to think and act in new ways.
- Review development progress to establish and maintain accountability in the development process.

Effective development improves the overall competence and engagement of a talent pool. As these leaders become candidates for specific roles, readiness strategies allow the individual and the organization to focus on the specific skills, knowledge, and abilities of a targeted role.

Additional factors are important for high-potential development.

- **Long-term focus.** High potentials need to look beyond the skills that are useful today and think about what they'll need to be effective in two, three, even five years.
- **Visibility.** High potentials thrive on exposure to top executives which gives them opportunities to show what they can do and gain recognition.
- **Relationships and networking.** High potentials learn to deal with new people, quickly build effective working relationships, and establish connections that they can leverage later in their careers.
- **Learning to learn.** It is essential that high potentials become adept, disciplined, self-managed learners.
- **Versatile.** To become versatile and adaptable leaders, high potentials need to experience business cycles, handle financial and people problems, communicate with diverse audiences, and address tactical as well as strategic needs.
- **Feedback rich.** High potentials need a wide range of feedback from formal and informal assessment, including personality inventories and peer feedback.
- **Development on demand.** Activities could include online workshops, coaching, or classroom activities.
- **Challenge-based Action Learning.** In these programs, high potentials address challenging, relevant problems that incorporate individual risk and bottom-line results.

Accelerate Readiness of High-Potential Leaders

The primary organizational goal for most high-potential programs is to ensure qualified candidates for pivotal roles and key positions. Making effective decisions about when talent is ready for those roles is critical. Few organizations have a well-defined process or objective decision criteria for putting high potentials into roles when they are ready.

The following are key steps on the High-Potential Integrated Road Map:

- **Hold a planning session** on readiness. Couple the list of pivotal roles with a narrowed talent pool to target investments on a smaller, more focused group of high-potential leaders.
- **Develop a success profile** that describes the key requirements for leaders, creates a common language and framework, and aligns readiness criteria with current business challenges and future strategy.
- **Assess for readiness** with a rigorous process that includes a realistic business simulation, an in-depth behavioral interview, and several standardized tests and work style inventories.
- **Conduct a talent analytics summit.** Hold calibration discussions, and improve existing processes by ensuring that decision makers look at the same information, allowing for a richer dialogue about each leader.
- **Conduct a development planning meeting** to finalize plans, discuss next steps, and ensure alignment with key stakeholders.
- **Provide targeted mentoring** for individuals. Mentors should equip leaders to develop themselves, and serve as a catalyst for development and effectiveness within the organization.
- **Provide targeted development** to close development gaps as part of an accelerated readiness strategy.
- **Conduct a periodic development progress review** using a verbal 360 to create accountability for the leader and provide visibility into development activities for managers and the organization.

Transition

High-potential leaders selected for a key role move into the transition phase of the experience cycle. Transitions are notorious danger zones for many, most particularly for high-potential talent.

Leaders who move into higher leadership roles often are surprised that their standard approach and skills are no longer enough to be successful. They feel like they were rewarded for success with an opportunity to fail. Of course, failure is not inevitable. The right preparation can make or break a transition. Organizations that understand what is necessary for success at each leadership level can support individuals before, during, and after the transition.

PDI Ninth House has helped leaders make successful transitions for more than four decades. We know that leaders not only have to identify what is most critical for the early days, they have to lay the foundation for long-term success. Leaders also need to let go of approaches that were critical in the past, but are irrelevant to success in the new role.

The following practices can ensure optimal transition success:

- Hold a transition support design and planning session to define a consistent and actionable onboarding and performance program, and create an aligned road map for transition support.
- Provide onboarding development coaching to help leaders quickly ramp up in their first few months in a new role. Enlist coaches to identify priorities and ensure leaders have a comprehensive plan to address key areas of performance.
- Provide additional targeted development after the first 90 days. For example, extended coaching will help leaders take responsibility and accountability for what is under their control, and continue self-development long after coaching has ended.
- Collect feedback on new leaders' performance in their new roles. This will create accountability for the leaders, and provide visibility on development activities to managers and the organization.

Capitalize on the Power of the High-Potential Integrated Road Map

Despite advancements in high-potential processes and succession management systems, too many organizations still suffer from leadership gaps, causing missed goals and unrealized opportunities. The parts are in place, but they need a catalyst to realize the synergy.

The High-Potential Integrated Road Map is that catalyst. Organizations who implement the comprehensive road map gain a practical method for diagnosing problems, improving linkages, and overcoming implementation barriers. Built on the market-proven High-Potential Experience Cycle, the road map guarantees ready leaders and engages high-potential leaders in meaningful career advancement work.

REFERENCES

¹ “Leadership Shortage: Dealing with the Reality,” Human Capital Advisor. September 2011

² “High-Potential Experience Cycle: Reframe Your Organization’s High-Potential Program for Optimal Impact,” Personnel Decisions International Corporation. 2010

³ Loew, Laci. “The Art and Science of Building a High-Potential Strategy: Key Practices to Maximize the Performance of Top Talent,” Bersin & Associates LLC. December 2011

⁴ Martin, J., & Schmidt, C. “How to Keep Your Top Talent,” *Harvard Business Review*. May 2010

For more information, call your local PDI Ninth House office or visit www.pdinh.com.