Accelerating High-Potential Employees on the Path to Leadership

An i4cp Report

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About i4cp

i4cp focuses on the people practices that make high-performance organizations unique. Years of research make it clear that top companies approach their workforces differently. At i4cp, we work with our network of organizations to:

- Reveal what high-performance organizations are doing differently.

- Identify best and next practices for all levels of management.

- Provide the resources to show how workforce improvements have bottom-line impact.

Through our exclusive, vendor-free network – in which peers collaborate to drive strategic research and share tools and insights – i4cp provides a unique, practical view of how human capital practices drive high-performance.

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The five domains of high-performance organizations
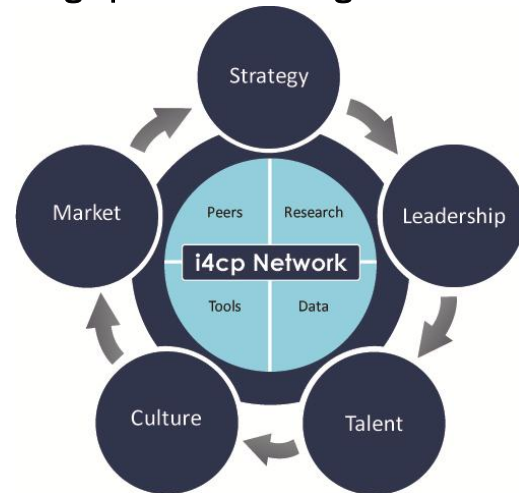
About this report

There was a dual focus in this study: programs for high-potential employees and the acceleration of leadership development overall. This first report addresses the acceleration of high-potential employees to leadership readiness, specifically examining how high-performance organizations (HPOs) approach such development. It reveals the five differentiating practices of HPOs that lead to accelerating high-potential employees on their path to leadership. The findings in this report come from the *Accelerating the Path to Leadership Survey* conducted by i4cp and fielded in October/November 2012. Responses from 337 participants were analyzed in 2012/2013, and the data in this report reflect responses from organizations with 1,000 or more employees.

About the Market Performance Index (MPI)

i4cp's Market Performance Index, or MPI, is based on self-reported ratings of organizational performance in four key areas—market share, revenue growth, profitability and customer satisfaction—as compared to the levels achieved five years previously. The average of the four ratings determines MPI score. In this report, the issues with the strongest links to performance were identified by filtering high MPI scores to isolate activities that show a clear relationship with higher market performance.

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EXECUTIVE SUMMARY
High-potentials' path to leadership readiness

Know what you want, know who you want, and know how to get from here to there. That's one way to sum up the findings of i4cp's recent study, "Accelerating the Path to Leadership."

The challenge of accelerating leadership development in high-potential talent is a common concern among members of i4cp's Executive Leadership Development Exchange—a member-driven research working group that helped to direct this comprehensive study. In a world in which business agility is prized, preparing the next cadre of leadership talent is an ongoing endeavor. Key challenges include identifying the right talent, providing them with the right developmental opportunities and selecting success measures that are relevant to the organization. In addition, insufficient access to three key elements continues to burden high-potential development at both high-performing (HPOs) and low-performing organizations (LPOs): stretch assignments, responsibility and exposure, and coaching.

Following is a five-step framework for creating a competitive edge by accelerating the leadership development of high-potential employees based on the practices of HPOs.

1. Define successful outcomes

HPOs know what they want. They establish a formal measurement tool to determine the effectiveness of their executive leadership development efforts, and that practice has a positive correlation to market performance. Measures may include tracking promotions, retention rates, key results, performance ratings, ROI or other statistics.

2. Attract and select talent purposefully; let branding and assessments work for you

HPOs know who they want. More than two-thirds of HPOs use an assessment to screen individuals for participation in their high-potential development program. What's more, the company and employer brand serve to attract a talent pool that fits its culture.

3. Excel at coaching

HPOS know how to guide their high-potentials toward the goal: leadership readiness. Two-thirds of HPOs use coaching to accelerate that journey, providing their high-potential employees with performance coaching and opportunities to practice new levels of skills. The study also found that a culture of coaching is a success factor significantly correlated to market performance.

4. Provide opportunities to build a broad business foundation

HPOs know how to provide their high-potentials a solid start. Three times as many HPOs as LPOs credit a broad business curriculum as being a success factor in their high-potential development programs. The educational source most frequently mentioned was local universities, with MBA programs often specified. Other study participants named institutions such as INSEAD, Harvard, Wharton and Stanford.

5. Focus on visibility and challenge with high-profile stretch assignments

HPOs know how to prime their high-potentials for success. The top differentiator between HPOs and LPOs identified in this study is the provision of high-profile stretch assignments. Giving high-potentials exposure to the board of directors is another top differentiator, although it is not used as often as an acceleration tool.

1. Define successful outcomes

Having an established method of measuring the success or ROI of an organization's high-potential development program is important, yet how few organizations do so—even among HPOs—is notable. Only about one-third of HPOs could boast of having a measure in place to evaluate the success of their high-potential employee development programs, a process that showed a positive—though moderately significant—correlation to market performance (.18*).

Methods used to measure the success of high-potential employee development programs

Movement
Promotions
Lateral transfers
Critical roles filled
Key results

Assessment Tools
360° Assessments

HR Metrics
Retention rates
Productivity
Decreased time to hire
Performance ratings

Business Metrics
Customer retention

Source: i4cp's *Accelerating the Path to Leadership Survey*

Advantages and challenges of success measures

- Measures related to movement, such as promotions or lateral job moves, are quite common and offer the advantage of making it easy to gauge year-over-year progress or perform business unit comparisons, which might expose pockets of potential talent shortages. In i4cp's white paper, *The Metrics of High-Performance Talent Management: Quality of Movement*, quality of movement was shown to be one of the top effectiveness measures among HPOs, exploring who gets career opportunities and what happens after taking on a new role. The quality of movement measure may include such elements as internal placement rates, promotion rates, internal movement rates, retention after movement, and succession plan compliance.

- Assessments such as 360° tools are particularly relevant when they are administered pre- and post-program. These types of assessments are labor intensive and often require expertise for synthesizing and delivering the results, but are useful in verifying the application of learning. Scorecards that track accomplishments in multiple areas of accountability, such as financial and customer satisfaction metrics, are also a useful way to quantify success.

- Business-focused measures, such as customer retention, might be very relevant for some high-potential employees, but this particular metric may be influenced by many issues beyond the scope of a high-potential employee's role. Nevertheless, there is an increasing demand by shareholders for business accountability measures, such as market share and profitability, and this will naturally cascade into employee performance and development measures.

- HR-related metrics, such as retention rates, time-to-hire, and productivity, are also favorites because of their ease of capture and comparison, providing organizations with a baseline for year-over-year comparisons. Some are particularly well-suited for industry or competitor comparisons, too, giving firms a useful external benchmark.

In addition to asking about established methods of measuring success of high-potential development programs, the study made a broader inquiry on the use of formal measurement tools for determining the effectiveness of executive leadership development efforts as a whole. This produced a clear distinction between HPOs and LPOs, with 45% of HPOs having such a tool to a very high/high/moderate extent compared with just 26% of LPOs. Further, the use of such tools was found to have a significant correlation to market performance.

Establishing measures of success for leadership development efforts can provide the kind of data that helps to quantify its value to the organization. Yet, an inability to quantify the value of high-potential development programs was cited among the top three hindrances to the program's success. This inability was nearly as debilitating to HPOs (32%) as it was to LPOs (36%).
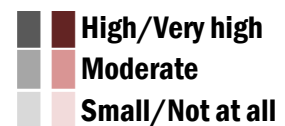
It raises the cautionary question: can we expect corporate investments in time, money, and effort to create and offer ways to accelerate executive leadership development if we haven't clearly decided how we expect to measure its success?

The biggest takeaway here is that organizations, even HPOs, should put forth the time and effort to consider what success means to their organization in terms of their high-potential employee development program. They need to define how they will measure the success of their program and how they will demonstrate progress year over year.

Practices linked to high performance

Having a formal measurement tool to determine the effectiveness of executive leadership development efforts

■ High/Very high
■ Moderate
□ Small/Not at all

A formal measurement tool for ELD effectiveness has a significant correlation (.20**) to MPI

	High/Very high	Moderate	Small/Not at all
HPOs	7%	39%	55%
LPOs	9%	17%	74%

Having the ability to demonstrate ROI of executive leadership development efforts

Two and a half times more LPOs than HPOs indicate an inability to demonstrate ROI as a barrier to leadership acceleration

HPOs	14%
LPOs	35%

2.5x

Source: i4cp's *Accelerating the Path to Leadership Survey*

Recommendations for defining successful outcomes

Recommendation	Actions	Benefits
Define expectations upfront.	• Specify the criteria for being considered a "high-potential employee." • Select a small number of meaningful success measures for your high-potential employee development program that align with organizational goals. • Build data collection into your processes and systems.	• Clarifies what employees should aim for, what managers should seek as they identify candidates, and what the business should look to recruit. • Simple, accessible, relevant data will ensure that you can provide timely insight into program effectiveness. • Alignment with company goals creates a positive case for investment in the high-potential employee development program.
Use both an internal and an external source for data benchmarking.	• Select company measures that allow benchmarking of progress year-over-year (such as promotions). • Select external measures that allow you to compare your organization to the competition (such as industry retention rates).	• Having both company data and competitive or environmental data provides a more complete understanding of where your organization stands.
Review and revise as the program matures.	• Start with a current statistical snapshot, then determine the most appropriate ways to benchmark progress. • As objectives change from year-to-year, create new measures of success that reflect the organization's broadened goals.	• Knowing your pre-launch metrics (e.g. retention rates and internal placement rates) provides a starting benchmark for demonstration of improvements. • Introducing new measures over time allows metrics to stay relevant.

2. Choose talent purposefully; let branding and assessment work for you

Two responses produced the highest correlations to market performance in this study's grouping of factors that contribute to the success of organizations' high-potential development programs:

- **A company brand that tends to retain top talent (.22**)**
- **Screening participants through an assessment process (.21**)**

Brand

The company's "brand" can be viewed through three lenses.

- First, the *consumer* brand and its visibility, longevity, success and reputation with customers can have a significant impact on the size of the applicant pool. With larger pools of candidates, companies can afford to select the very best.

- Second, the *employer* brand and its reputation for excellence in leadership and culture allows firms to attract and select external and internal candidates that will be a good cultural fit for the company.

- Third, the *talent* brand and its ability to resonate with defined segments of workers (internally and externally) who can fill critical roles and will view your organization as a place where they can achieve their individual goals.

Assessments

Once top talent has been acquired, the use of an assessment process to screen individuals for participation in high-potential development programs is also an approach that has shown a high correlation to market performance.

Transparency in identifying high-potential employees and informing them of their status helps organizations to clarify the kind of business skills and behaviors that are valued. When employees understand the criteria for the high-potential designation, they can channel their efforts toward achieving it. Informing high-potential employees that they have been designated as such can influence retention, motivation and engagement. Around three-quarters (73%) of study participants from HPOs do identify high-potential employees. Yet, of this group, just 29% inform their high-potential employees of that status, while 71% do not.

In addition to using assessments to initially identify candidates, assessments may also be used to determine when candidates are ready for promotion. This "readiness" factor may include such elements as completing specific development courses with a minimum score, participating in required job rotations, acquiring recommendations from peers, supervisors and/or customers, earning a degree, accomplishing a set of developmental goals or other criteria specific to the organization or the position. About four in 10 respondents from HPOs (44%) say their organizations use a "ready in 2-3 years" pool, while 37% create a "ready in 1 year" pool and 35% a "ready in 4-5 years" pool. Such pools can play a key role in strategic workforce planning and succession pipelines.

Practices linked to high performance

Using an employee assessment process in the high-potential development program

More than two-thirds of HPOs use an assessment process for their high-potential employee development program

HPOs	67%
LPOs	50%

Specifying when an employee is ready for promotion within the high-potential development program

Specifying a "ready pool" is a key differentiator between HPOs and LPOs

HPOs	49%
LPOs	31%

Source: i4cp's *Accelerating the Path to Leadership Survey*

Recommendations for choosing talent purposefully

Recommendation	Actions	Benefits
Select an assessment approach that reflects your organization's critical talent needs.	• Recognize that one size does not fit all. What skills and behaviors are must-haves in your organization? Which are make-or-break attributes? What organizational values must high-potential employees emulate? • Balance the relevance and validity of an assessment tool with the credibility of the vendor in your industry.	• Assessments can help identify those characteristics that drive long-term success. • The right assessment approach can also enable a more systematic and effective method of determining readiness for promotion, pinpointing areas that require further development and spotlighting strengths that can be put to use in special assignments.
Develop your high-potential talent pool with an eye toward building a succession pipeline that reflects diversity and a global mindset.	• Audit the diversity of your customer base and workforce and compare it to the demographic make-up of your high-potential program. • Create opportunities at home and abroad for high-potential employees to network with leaders from other regions, business units and cultural backgrounds.	• Identifies potential gaps in terms of diversity that exist within your succession pipeline. • Builds a global mindset by strengthening cultural knowledge. • Gives high-potential employees world-wide visibility with global leaders. • Provides visible role-models and/or a sense of opportunity for hi-pos with diverse backgrounds

Reflect key corporate values in every component of human resources and talent management.	• Define the high-potential talent that uniquely fits your organization, then design:
	  o employer/talent brand communications and recruitment programs that target it;
	  o compensation and benefits to attract, reward and retain it;
	  o learning programs to build and further develop those that exude it, etc.
		• Attracting the right talent boosts diversity, innovation, retention, performance, productivity, company reputation and other aspects of talent management.
		• Improved retention of the right talent boosts workforce planning, a ready leadership pipeline and succession management.

STRATEGY IN ACTION

AIG's People to Watch program invites diversity into its high-potential talent pool

The selection process for choosing participants in AIG's People to Watch initiative includes an eclectic combination of grade levels, performance ratings and other criteria, but the results work for the global firm. The 2012 initiative had 132 participants, representing all regions in which AIG operates.

People to Watch launched in 2012, fueled by a desire to populate the leadership pipeline with a diverse talent pool that reflects its customer base. Courtney Williams, Program Manager in the Office of Diversity and Inclusion, said participants were culled from the ranks of mid-level managers. "We have so many diverse high-potentials around the globe," said Williams, "and People to Watch was created to identify them and prepare them for a future with our company."

Criteria now and going forward

The 2012 target group was based on grade level to pinpoint mid-managers not being groomed within higher-level programs. To ensure a successful cadre of entrants, the final participants were selected by the local HR and business leaders based on specific criteria including performance ratings. Future programs will broaden the selection criteria to focus on program content and skills.

> "We have executives thanking us for the opportunity and asking how they can participate again in the future."
>
> **Courtney Williams,**
> **Program Manager, AIG**

The "Passport to Success"

People to Watch includes an invitation to attend the signature professional development forum "Passport to Success." The forum is based on AIG's Core Competency Framework and includes opportunities for network building with peers and leaders across functions and businesses. Participants also take a self-assessment to explore key factors in developing a global mindset and leveraging diverse communication styles. The two-day forum provides participants with visibility and exposure to regional and global company leaders via featured speaker sessions and group mentoring exercises with executives. Williams says senior leaders speak candidly about their successes and challenges and that it's eye-opening for participants to hear about those experiences first-hand. "They help the participants make the connection to our company's core competencies."

Measures of success

The success of the initiative is measured via post-surveys and through open dialogue with both participants and the world-wide mentors. "We have executives thanking us for the opportunity and asking how they can participate again in the future," said Williams. With that kind of enthusiasm and support from AIG's global leaders, the People to Watch initiative is gaining recognition as a great tool for creating a diverse pipeline of high-potential employees.

3. Excel at coaching

According to 80% of HPOs cited in i4cp's *Building a Change-Ready Organization: Critical Human Capital Issues 2013* report, coaching remains highly important to their organizations. And, according to findings about accelerating high-potential development from this study, the importance of coaching is inescapable: it is a popular feature of high-potential employee development programs, a coaching culture was found to be highly correlated to market performance, and it was cited as an effective tool for accelerating employees on their path to leadership.

However, respondents from both aforementioned studies revealed a dark side to their respect for coaching: an admission that their leaders may not be all that effective at it. Only 24% of respondents from HPOs surveyed for the Critical Issues study indicated they perceive that their organization is effective at coaching. And 51% of HPOs in this study on accelerating high-potential development indicated that the success of their organization's high-potential development program was significantly hindered by leaders of high-potential employees that are just not effective at coaching and managing them. This was also true with 71% of respondents from LPOs, making it the top obstacle to high-potential program success and one that deserves further examination.

> **Over half of HPOs indicated that success was hindered by leaders that are not effective at coaching and managing high-potential employees— a top obstacle to program success.**

To differentiate as a high-performing organization, firms will need to address the topic of coaching excellence. It is not sufficient to jump on the coaching bandwagon and announce an initiative for managers to begin coaching their high-potential employees to groom them for future leadership positions. Those doing the coaching must be fully versed in the intricacies of coaching; therefore, it should be an integral part of any leadership development curriculum.

An i4cp study conducted in conjunction with the American Management Association, *Coaching: What Really Works*, offers a number of coaching strategies. These include:

- Expand the pool of coaches through professional external coaches, trained internal coaches and even peer coaches.

- When training internal coaches, include practice in coaching within a virtual environment.

- In selecting coaches, review business experience, recommendations from trusted sources, interviews, validated results and other criteria.

- Match the right coach and coachee. While field of expertise is critical, so is a personality fit.

As to peer coaching, another previous i4cp study, *Peer Coaching Pulse Survey Results*, found that half of HPOs said they used peer coaching to improve development opportunities in a cost-conscious environment, most notably for senior and front-line leaders. Training provided for peer coaching is about evenly split between those HPOs that provide only an overview to get people started and those that provide a more extensive and detailed training, usually through a combination of training media and methods.

Whatever path is used, it's clear from this study's findings that placing unprepared managers in the role of coach will not propel high-potential employees to the levels they might otherwise obtain.

Practices linked to high performance

Including a coaching component in high-potential development programs

Two-thirds of HPOs include coaching as a key feature of high-potential development, the second most popular feature

HPOs **67%**
LPOs **56%**

Demonstrating a culture of coaching that contributes to the success of high-potential development programs

A culture of coaching within the organization is highly correlated to market performance (.19**)

HPOs **55%**
LPOs **40%**

Using coaching (from superiors, peers, external coaching professionals) as a tool to accelerate employees on their path to leadership

The use of coaching as a leadership acceleration tool is highly correlated to market performance (.19**)

HPOs **43%**
LPOs **35%**

Source: i4cp's *Accelerating the Path to Leadership Survey*

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Recommendations for coaching

Recommendation	Actions	Benefits
Make coaching skills an explicit leadership competency.	• Place "creating high-performance teams through coaching" on the list of accountabilities for managers. • Use 360°-assessments to gather feedback on the effectiveness of managers' coaching skills.	• Elevates coaching as a critical skill for managers. • Creates a focus on expectations for the timely and effective delivery of coaching for high-potentials from their managers.
Provide leaders and managers with training from coaching professionals.	• Build coaching skills into your leadership development programs. • Assess whether or not your organization has the ability to "coach the coaches" internally, then allow managers to first experience the program as learners. • Research sources of certified professional coaches to find someone who brings the style and substance that fits your organization.	• Ensures that the ability to guide and develop skills and performance is pervasive in the leadership ranks • Teaches managers how to have authentic conversations with their direct reports—a critical nuance that reinforces alignment and builds trust—outlined in i4cp's *Purpose-Driven Performance Management* report. • High-potential employees benefit from expert coaching in how to negotiate, how to deal with difficult people, how to present a business case and other skills.
Identify opportunities for managers to practice coaching skills.	• Create a coaching bank of managers with specific expertise that can be called upon when needed, such as negotiation coaches, performance improvement coaches or global acumen coaches. • Utilize role-play to practice listening, probing and feedback skills as well as gaining trust.	• Ensures that those needing coaching get it from someone with coaching talent and subject matter expertise. • Builds coaches' confidence which helps build high-potential employees' trust in the coaches.

STRATEGY IN ACTION
Grainger builds coaching skills in its leaders

As W.W. Grainger, Inc. evolved from a U.S.-centric firm to a global distributor of industrial supplies, the concept of leader-led development emerged, and its Leaders as Coaches initiative was launched in 2009. Three years later, John Lawson, Director of Learning and Development, said the investment in the Leader as Coach program has been well worth it.

Here's how the process rolled out: leaders experienced the program first as learners, then participated in a train-the-trainer certification and finally delivered the modules to their managers. Leaders then shift to a coaching role, reinforcing the concepts and skills with their managers on an on-going basis.

The five modules in the Leader as Coach program are as follows:

- **Role of the leader as coach**

  Leaders guide managers through discovery learning to link coaching to the company's strategy. They define good coaching, identify the leader's role in coaching, and develop action plans to eliminate any barriers to coaching.

- **Effective interpersonal communications**

  Leaders guide managers in understanding how to construct clear and concise messages. It also includes active listening, effective questioning techniques, and giving and receiving feedback effectively.

- **Coaching for performance**

  This instructor-led module focuses on understanding the customized, Grainger-specific coaching model. Key elements include keeping team members focused on the right things to profitably drive Grainger's business, identifying and closing performance gaps, and partnering with team members to conduct coaching conversations.

- **Partnering for results**

  This module emphasizes ways leaders can create an open, trusting environment for their teams, how to overcome challenges to that trust, and role-play of coaching scenarios in gaining trust before team members are receptive to coaching.

- **Effective teamwork**

  The final module pulls everything together to optimize the coaching process and extend the coaching conversation to enable leading high-performing teams. By the end of the program, leaders are able to adjust their coaching approach based on the individual team member and situation, set standards for performance, clearly communicate responsibilities and expectations, monitor progress with candid and constructive feedback, and demonstrate their strong commitment to developing people.

Participants in the Leader as Coach curriculum reported that that their coaching behaviors had improved: 78% of respondents said that the training helped them better understand expectations around coaching and teaching; 89% of respondents noted they were able to apply what they learned in the training within one month.

Lawson said, "I think we have better leaders. When it comes to this core competency—coaching, providing feedback, being reflective—this is table stakes."

4. Expose high-potential employees to a broad business foundation

While significant experience as a specialist can help employees earn promotions within their chosen field, high-potential employees need a strong foundation of broad business knowledge to prepare them for leadership roles. They'll need to understand the language of marketing, the fundamentals of finance, the strategies of sales, the challenges of operations, the orchestration of talent management and other core components of business.

HPOs in this study indicated support of this broad business foundation, with three times as many respondents than those from LPOs crediting such a curriculum as a factor in the success of their high-potential development program. Further, the use of academic or external leadership development programs proved to be one of the top three tools HPOs used to accelerate employees along the path to leadership, with more than a quarter of respondents from HPOs (27.3%) saying they used such approaches to a high or very high extent. Study participants favored universities as sources of this broad business foundation—MBA programs in particular—citing a number of Ivy-leagues schools and other sources by name, including INSEAD, Wharton, Stanford and Harvard, as well as KornFerry and the Center for Creative Leadership.

Practices linked to high performance

Crediting a broad business curriculum (marketing, sales, finance, etc.) as a success factor for high-potential development

HPOs are three times as likely as LPOs to credit a broad business curriculum with high-potential success

HPOs	42%
LPOs	13%

3x

Using external academic or leadership development training programs as tools to accelerate employees on the path to leadership

Academic/external leadership development programs are one of the top three tools used by HPOs to accelerate employees on the path to leadership

Conventional in-house leadership development training program — 46%

Coaching (from superiors, peers, external coaching professionals) — 43%

External academic or leadership development training program — 27%

46% 43% 27%
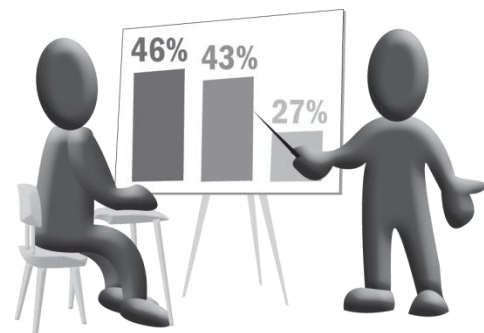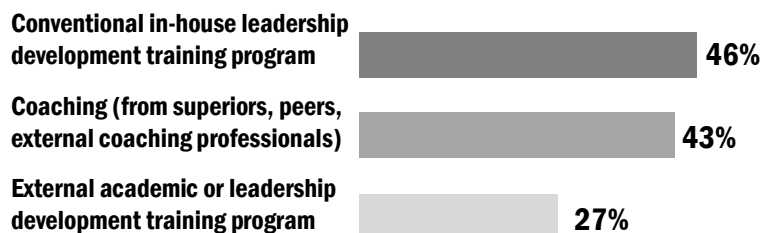
Source: i4cp's *Accelerating the Path to Leadership Survey*

Recommendations for building a broad business foundation

Recommendation	Actions	Benefits
Involve respected senior leaders in designing foundational business programs.	• Involve C-levels from marketing, sales, operations, finance or other key functions in the creation of learning tools to use internally. • Ask leaders to advise on learning curriculum for high-potential employees.	• Senior executives are vested in the development of a robust pipeline of leadership talent so their involvement in creating a learning curriculum can ensure appropriate coverage of key topics. • High-potential employees can feel comfortable that their development efforts will provide meaningful and relevant learning.
Partner with a local university to create a custom program for your organization.	• Determine the right mix of knowledge for your leadership positions (Heavy on analysis? Asian markets? Virtual sales?). • Develop a curriculum that meets your organization's unique needs.	• Delivers a consistent program of executive leadership development that aligns with organizational values. • Can create a competitive edge by ensuring that your organization's talent pipeline is uniquely schooled in the skills most compelling for your business environment.

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5. Focus on visibility and challenge to develop high-potential employees

More than six in 10 HPOs say the use of high-profile stretch assignments for high-potential employees is a significant factor in the success of their high-potential development programs.

However, there's a cautionary tale in the findings, too. Insufficient access to challenges, such as job rotations or cross-functional assignments, is the second highest hindrance to the success of high-potential development programs, according to study participants. What's more, this hindrance was nearly as big a factor for HPOs (38%) as it was for LPOs (43%).

Exposing rising stars to the board of directors via invitations to meetings or the scheduling of one-on-one face time also returned a notable difference between HPOs and LPOs, but these opportunities, too, seem to be in short supply. Just one in five HPOs used such visibility as a tool to accelerate employees on the path to leadership.
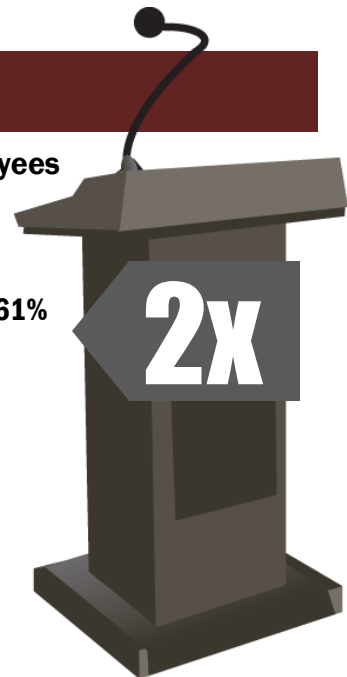
Practices linked to high performance

Creating high-profile stretch assignments for high-potential employees

Twice as many HPOs as LPOs credit high-profile stretch assignments as a success factor in their high-potential development program—it's the top differentiator in this study

HPOs 61%
LPOs 27%

2x
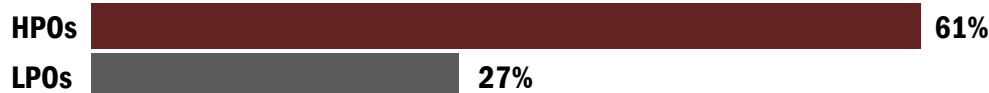
### Providing exposure to board of directors to accelerate employees on the path to leadership

Board exposure is one of the top three acceleration tools that differentiate HPOs and LPOs, but is not often used

HPOs 21%
LPOs 13%

Source: i4cp's *Accelerating the Path to Leadership Survey*

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Accelerating High-Potential Employees on the Path to Leadership

Recommendations for increasing visibility and challenge

Recommendation	Actions	Benefits
Engage managers in identifying challenging projects for their high-potential employees .	• Encourage managers to team up and share ideas for new projects and facilitate the matching of those projects with high-potential talent. • Promote the process of viewing each completed project through the lens of how it can produce additional value to the company and experience to the high-potential employee.	• Delivers a triple win: 　○ prevents siloed thinking, 　○ the firm achieves results on projects that may have been postponed due to lack of time or staff, 　○ the high-potential employee receives relevant development in an area of challenge that otherwise may have been unaddressed.
Link high-potential employees with senior mentors.	• Expose high-potential employees to leaders outside of their normal chain of command. • Invite high-potentials to present project results to the board of directors.	• Helps high-potentials build important relationships across the enterprise, learn about the business more broadly, and learn from those who have "been there, done that." Also, allows mentors to tap into other creative minds, free from the constraints of legacy thinking.
Create an "open market" for high-potential development opportunities	• Create a process for managers to identify and promote short-term development projects and the criteria for applying for consideration, then market it via a promotional campaign • Set up a pilot project to post information on these projects and invite high-potentials to apply, then tweak as needed and roll-out system-wide.	• Promotes cross-organizational learning opportunities. • Promotes transparency of opportunities and criteria. • Provides means to report and track high-potential development activity and progress. • Provides a means for high-potentials to actively seek out other engagements.

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STRATEGY IN ACTION

Intel's Developmental Opportunity Tool has permeated the culture
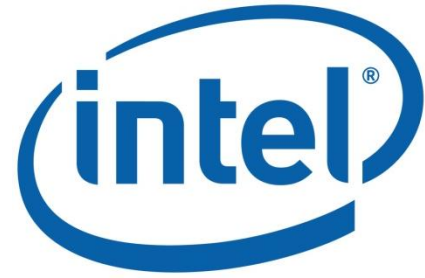
Amreen Madhani, an HR manager at Intel, knew her company's Developmental Opportunity Tool (DOT) was a success when she overheard an employee talking about "doing a DOT" and realized the program had taken on a life of its own. DOT is an online "talent marketplace" for short-term developmental assignments. The popular program was piloted in 2010, then rolled out corporate wide in 2011 to fulfill Intel's desire to help employees develop.

"We were so siloed. Everyone had their own tools, but there was limited visibility to employees across the organization. We wanted an enterprise-wide solution," said Madhani.

A "free market" for talent

DOT has no formal nomination process for participation. It's based on the "free market" system, using an internal portal. An assignment owner posts a project detailing the talent resources needed. For example, a project might require someone half-time for three months. Assignments range from 10% to 100% of time and from one week to nine months in duration.

> "I knew the program was a success when I overheard someone talking about 'doing a DOT' and realized the program had taken on a life of its own."
>
> **Amreen Madhani,**
> **HR Manager, Intel**

Anyone can post or search for assignments. Employees can sign up for alerts and discuss with their manager their desire to develop skills by applying for a DOT posting. The assignment owner can review, interview and select candidates, then reach out to the employee's manager to confirm the employee's interest and availability, and the assignment commences.

Sales, Marketing, IT and HR are all active users of DOT. "Our listings include all levels of assignments, from administrative and technical to mid-management and even director-level senior management opportunities, which surprised us," said Madhani.

Program success

The DOT program has successfully filled 2,000 assignments and continues to grow. Madhani said, "At our one-year anniversary, we did a big splash to celebrate the success of DOT, sharing success stories on the internal portal. We sent out a birthday card for DOT with 'Did you know?' information on how to access DOT, and we presented road shows at cafeterias to promote the program."

Program success measures include the number of hits on the tool, which has topped 100,000. "At least 50% of the company has gone online to visit the tool," says Madhani. The need has grown for additional data, such as how assignments were being used and feedback from assignment owners and participants. When asked about other plans for DOT, Madhani offered, "We're considering how to use DOT for crowd-sourcing." DOT, indeed, is taking on a life of its own.

Audit. Act. Accelerate.

This study provides insight into the practices that HPOs favor in their quest to prepare the next group of leadership talent. But it also brought to light a few areas where organizations are missing opportunities.

The hallmarks of developing high-potential employees in high-performing organizations include these approaches:

- Defining successful outcomes for your high-potential development program

- Choosing talent purposefully; let branding and assessments work for you

- Excelling at coaching; it is a key element

- Exposing high-potential employees to a broad business foundation

- Focusing on visibility and challenge to develop high-potential employees.

The study, however, also revealed shortcomings that organizations need to be aware of and prepared to address:

- Lack of opportunities for high-potential employees to grow their leadership capabilities via challenging assignments

- Failure to give high-potentials responsibility for high-profile projects and exposure to top level executives such as the board of directors

- Insufficiently training managers of high-potential employees in effective coaching techniques.

These are some of the red flags raised by this study that present organizations with a slate for improving the success potential of their high-potential development program. To address these challenges, i4cp offers the following actionable strategies:

Audit.

Take the time to deliberately examine how your organization identifies high-potential talent.

Ask yourself these questions:

- Are you using a formal assessment tool?

- Does that tool represent criteria that are meaningful to your industry, your company, your mission?

- Do you have the right coaches and leaders grooming this talent pool?

- Are you providing your high-potential employees with a solid foundation from which to grow?

- Are the competencies you're building aligned with the skills your organization will need in the future?

Act.

Put the people and programs in place that will produce the cadre of future leadership talent your organization needs.

- Develop a customized screening process focusing on the skills and attributes that make your company unique.

- Draw upon the observations of trusted colleagues in HR and other business units for insight into individuals who exhibit leadership potential.

- When that high-potential talent is identified, provide them with the business foundation they need to build upon.

Accelerate.

Build a system of leadership talent acceleration that will provide your organization with a competitive edge.

- Ensure that high-potential employees have access to the stretch assignments that will strengthen their capabilities.

- Provide them with high-visibility opportunities so they can begin forming relationships and making impressions on top-level leaders.

- Give them access to effective leadership coaching that will propel them to the next level.

With leadership development's consistent appearance on i4cp's annual list of critical issues year after year, strategies for building leadership capabilities better and faster than the competition are in demand. Organizations can implement this *audit-act-accelerate* model to develop their high-potential talent into a competitive asset.

Authors and contributors

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Tony DiRomualdo, VP of research, oversaw development of the findings discussed in this report. **Lorrie Lykins**, managing editor and director of research services, provided additional editorial guidance and proofing. **Eric Davis,** i4cp's senior editor, provided editing and graphic design.

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i4cp's Executive Leadership Development Exchange

This survey is a product of i4cp's Executive Leadership Development Exchange group. This group is comprised of representatives from the following organizations:

AT&T	**Federal Reserve Board**	**SGS**
Banner Health	**Pitney Bowes**	**SunTrust**
ConAgra Foods	**PNC Financial Services Group**	**Toyota**
Deloitte Services		**Zebra Technologies**

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