Developing & Retaining High Potential Employees

Who are Your High Potential Employees & Why do They Matter?

The term “high potential employees” generally refers to the top 3-5% of your organization’s performers (Recruitment Training Corner, RTC). These employees are often looked to as the future leaders of the business and will undoubtedly play a pivotal role in the sustainability of your organization. In recent years high potential employees have been targeted for their development potential and rightfully so. According to one global study only 15% of North American companies’ feel they have enough qualified successors to fill key roles (Aráoz). Regardless of whether your high potential employees are developed, established or hired they must be brought up in an environment that fosters success. In this month’s newsletter we will not only explore how to best utilize your high potential employees but also how to keep them engaged.

Identifying Your High Potentials

Because high potential employees contribute so significantly to the continued success of your business, it is a good idea to have programs in place that encourage their professional development. The first step involves the careful and deliberate selection of candidates who can appropriately be deemed “high potential”. Care should be taken during the selection process to appropriately communicate the selection criteria to all who are responsible for identifying and selecting these high potentials. Some of the qualities generally attributed to high potential individuals include an ability to learn quickly, readiness when it comes to picking up extra work and enthusiasm for expanding their knowledge of the company or business (De Feo). Additionally, it may benefit your company to identify employee personalities, values, life plans and work expectations (De Feo). By striving to better understand your employees and how they perform you can more easily arrive at their development potential. In addition, by thoroughly explaining the criteria used for candidate selection, you can reduce the risk of the having leaders use different factors when considering who should be given the high potential designation. It also helps you explain the selection criteria to the associates who were not selected so that they may make adjustments in their own performance to be considered in the future.

Following the selection process, it is strongly recommended that you aggressively develop and challenge both high potential and high performing associates through on-the-job experiences which stretch their capabilities.

What Can You Do to Develop Your High Potentials?

The development of high potential employees is not something that should be taken lightly. The development of these employees requires a serious commitment from senior executives. You can start by ensuring that these people understand how they contribute to the strategic agenda. High potentials/performers typically want to know how their efforts link to the greater organizational goals.

Secondly, some of the most common development methods involve specialized certifications/training programs, however it is on-the-job stretch assignments that grow their skills to the greatest extent. For instance, there may be opportunities to send an employee on an international assignment to better understand the regulatory challenges associated with doing business in China or launching a product in Mexico. You can also assign a high potential to lead a significant change initiative or a startup/fix it opportunity. Many companies have also started implementing tracks that allow employees to touch on many aspects of the business from Marketing, to Sales, to Customer Service. Given that high potential employees generally prefer dynamic tasks to repetitive ones it may be a good idea to offer these employees a chance to experience several facets of the business. (RTC).

"Only 15% of North American companies’ feel they have enough qualified successors to fill key roles."
Another key to developing your high potential/high performing employees is having regular performance reviews. Given that companies are evaluated on a quarterly basis it would make sense to measure high potential employees in a similar fashion. Should you choose to actively develop your high potential employees through the above-mentioned methods you will undoubtedly need some way to measure their progress. Employees being developed for larger leadership roles will often find themselves in new and challenging circumstances. In order to adequately measure how employees are adjusting to their new responsibilities multiple reviews should be performed throughout the year. Frequent, balanced feedback can provide exactly what they need for continued growth.

What You Can Do to Retain Your High Potentials

Developing your high potentials requires a great deal of time and energy, which is why it can be so difficult when one of these employees leaves the company. Your company must do everything it can not only to groom the best and the brightest for leadership but also to keep them engaged and committed. Fortunately, there are several ways to go about retaining employees who have been targeted for high potential leadership development.

Seek to Understand their Values, Career Aspirations and Work Preferences. The first way to retain your high potentials over the long term is to understand their work style and their personality. It may sound simple enough but making an effort to understand employee values, work goals, managerial style and work preferences can be very useful when it comes to employee retention. Knowing your high potential employees on several levels will empower you to place them in roles they will both enjoy and thrive in. As Joseph De Feo explains in his article Three Keys to Retaining High Potential Employees, "successful leaders know their rising stars". In addition, leaders must take the time to learn their direct reports career aspirations and provide clear and specific coaching.

Serve as a Mentor. Mentoring is a great way to promote employee retention. By pairing your high potential employees with effective mentors you can give them greater visibility to the strategic agenda and to senior players across the organization. Additionally a good mentor should encourage the high potential, giving them an additional sounding board to share problems and ideas (RTC). Lastly, a good mentor will get to know the employees he/she is working with on several levels. The last consideration is the matching process. The mentee will need to be matched with someone who has uncontested strengths in the target skill/capability that the mentee hopes to develop further.

Give High Visibility. Another way to retain high potential employees is to give them high visibility assignments. By giving your high potential employees more visibility throughout the development process, you are letting them know that they matter. Additionally, high visibility assignments will keep your high potentials engaged, which is another key to creating loyal employees. Keep in mind, those employees tackling high visibility projects for the first time may make mistakes but that is part of the development process. Coaching will be instrumental in learning from both successes and mishaps.

Practice Transparent Communication. Openly communicating with your high potential employees may also help you in retaining them. By maintaining an open line of communication with your high potentials you are giving them a way to voice their concerns and ideas (RTC). You should also give these employees frequent one-on-one attention and communicate openly with them about their potential. By informing high potential employees of their potential for leadership you may instill in them the desire to fully reach that potential.

"Your company is driven by quarterly performance; why not your top talent?"

Give Frequent Performance Feedback. It has been suggested that a quarterly performance review may be beneficial in developing high potential employees into future leaders. The same holds true when considering employee retention. Regular evaluations allow developing leaders the feedback they need to realize their full potential. Additionally, regular performance feedback will keep your employees engaged. These coaching sessions show employees that they matter and in most cases will encourage them to work harder; two key elements conducive of increased retention.
Competitive Reward Systems. Finally, having reward systems in place may help your company retain its high performers and high potential employees. To some employees a “high potential” classification will itself be viewed as a reward, while others may desire job security. It is important to reward employees appropriate compensation and in doing so, you will attract new talent and satisfy your future leaders (Aráoz).

Potential Issues & Concerns

Each company is different which means that what works for one organization might not necessarily work for another. Developing a program that works for your company will depend heavily upon your strategic goals as well as your company culture. It is crucial for your company to understand where and how these newly developed leaders will fit into the organization and what role they will play.

It is also important to dedicate enough time to mentoring high potentials. Many leading edge organizations have leaders who mentor 1-4 people simultaneously. At the end of the day your high potentials expect feedback; without this feedback, their development can be severely slowed or otherwise diminished.

Takeaways

- Assess your need for leadership development. Do you have enough committed individuals in the pipeline?
- Consistently define what “high potential” means within the context of your company. Communicate this with employees so as not to leave anyone confused or mystified when it comes to the selection process.
- Select high potential employees with care. These people should one day run the organization.
- You do not need to wait for a program. They can begin implementing these suggestions right away.
- Pay close attention to employee needs, work habits and career aspirations.
- Place as much emphasis on retaining high potential employees as you do on developing them.

References