



## Identifying and Developing High Potentials

### *Pareto Principle*

The well-known 80/20 rule, also known as the Pareto Principle, suggests 80 percent of the organization's results come from 20 percent of the people. This is important in the context of today's workforce, because it means that 80% of your company's profits, revenues, and forecasts are a direct correlation with the company's top 20% of performers. While it may be easy to identify who is performing well in your organization, it may be more difficult to accurately identify "high potential". We are defining high potential as employees who have the capability of being promoted 2 or more roles. High potentials are the people that take an organization from good to exceptional performance and sustainable growth.

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Only 1 in 7 High Performers Are High Potentials



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### *High Potential Development Programs*

Given the significant impact of this high potential/high performer talent pool, businesses are choosing to invest more heavily in the deliberate and aggressive development of high potentials through the design and implementation of high potential development programs. Unfortunately, in a CEB study has indicated the majority of these companies are dissatisfied with the results of their high potential programs. We believe half the battle is selection of the right candidates and the second half lies in the design of an impactful program. It is imperative that these decisions are made wisely to achieve the desired outcomes.





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**“Insanity is doing the same thing over and over again and expecting different results.**

**- Unknown**

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## Identifying High Potentials

### ***High Performer Vs. High Potential***

So how do we differentiate high performers from high potentials? There is no correct or easy answer to this question; in fact, about one in seven people are wrongly identified for placement into a HiPo program according to CEB research, therefore getting the selection decision right is vital to the outcomes of such a program. The decision criteria are essential to make the correct decisions for the organization. Customization of these selection criteria is essential for investing in the right people as well as explaining the decision to the associates who have not been selected. We have found there are five essential steps in ensuring the identification process is done well.

Here are a few questions you may ask to help identify your high potential candidates:

#### **1. To what extent does the candidate demonstrate the core values and leadership competencies of your organization?**

Exceptional results alone are not enough to be identified as “high potential.” It’s “how” the work is completed in addition to “what” is accomplished that can differentiate those with the potential to move up. Example: Is this individual known as a collaborative team player or does he/she have a trail of bruised people as he/she achieves the results? “How” they accomplish results matter as much as “what” they accomplish since their sphere of influence and leadership will increase dramatically as they move up the career ladder.

#### **2. What is the candidate’s track record of proven accomplishment?**

We recommend that the individual has at least two consecutive years of exceptional performance indicative of his/her ability to deliver and sustain high levels of performance.

#### **3. What are the critical skills/experiences your organization believes are “table stakes?” How does this individual display these essential traits or skills?**

There may be capabilities that your organization finds essential to short and long-term success. Example: Willingness to learn, taking initiative or developing people are some of the essential skills that may be a pre-requisite for consideration.





## Identifying High Potentials (Continued)

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**Companies with strong leadership experience 2X revenue and profit growth than peers.**

**- CEB Research**

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**4. What is the minimum threshold of internal experience the candidate must have to be considered for admission into the program?**

**5. Does this nominee have the Endorsement/sponsorship of a senior leader who will vouch for their performance?**

You may or may not want to require this additional step to be considered for admission into your high potential program. We find that this additional step causes leaders to more seriously evaluate the candidacy of the individual because their name is attached to the candidate. It also discourages leaders from submitting a laundry list of candidates in order to tell them they were nominated when these people do not belong on this high potential list

**6. Does this nominee need to participate in a panel interview to assess their skills?**

We have found many nominees appear qualified based on pure credentials – only to find out they have a career derailer that will prevent long-term success. Example: It is through a qualitative interview that you will learn whether the nominee’s ego will get in the way of learning. Some have been known to lack the humility necessary to learn from feedback. This will be gleamed from a panel interview.

What are the other capabilities you will need to assess that cannot be determined by looking solely at their application?

### ***Choose Wisely***

Answering these questions will help distinguish a high potential from a high performer. Once you have identified a high potential candidate, the next step is creating a high HiPo program. One of the most important steps of the process is getting the right people into the program. We have seen circumstances where the nominee was endorsed by their manager simply because they wanted to give them a way to develop themselves so they would not lose them – despite the fact they may lack true potential to assume bigger leadership roles.

In summary, these are only a few of the questions you will need to be asking in order to increase the probability of choosing the right candidates for admission into your high potential program. Given the importance of these decisions and the investment that will be made in these people – it pays to get it right the first time. Otherwise, you will run the risk of having spent 1-2 years developing these people only to have them passed up for promotions to critical positions, because they were not a high potential to begin with.

# Building a High Potential Program

## *Components of a High Potential Program*

The number of ways organizations can develop their high potential talent are limitless. Structured development activities which are experiential in nature are essential. Each high potential is different in his/her development needs and often needs to finesse and/or improve in 1-2 targeted areas. The development program must allow for this level of targeted development as one common approach does not fit all needs. For example, one leader may need to focus on delegation and strategic thinking while another may need to focus on executive presence and emotional intelligence. The HiPo program needs to allow for some level of customization for each selected leader to drive meaningful development within the program.



There is no “one-size-fits all” in a successful high potential development program.

Building a HiPo program to achieve a stronger and higher quality bench is essential. A successful program should also improve retention rates of the high potential participants; however, the average industry retention rate is only 70% within five years according to CEB research. Fortunately, The Executive Edge® Inc. has a proven track record of 98% retention within 5 years of the program and places the following practices in its Accelerated Leadership Development programs.

### *Action Learning*

Action learning programs enable high potentials to use their strengths, broaden business acumen, solve complex problems and display their critical thinking skills to solve a common problem posed by the executive team. A significant business challenge is posed to a subset of the Hi Potential leaders and require each person to communicate, network, and influence others to find a solution. Action learning teams unite diverse team players with different strengths and weaknesses. After a project, they will receive feedback so each HiPo may improve on areas needed.

## *Executive Coaching*

Every high potential can benefit greatly from an executive coach to guide him/her through a rigorous assessment based on feedback from his/her constituents. In doing so, the leader can discover his/her true strengths and development needs as perceived by others. Without this assessment, the individual may work on areas that have less importance and therefore less impact. The executive coach also partners with the leader to develop a deliberate action plan that pinpoints specific actions to improve their effectiveness in the current role while developing skills for future opportunities. Lastly, the coach will work in partnership with the high potential leader’s manager to drive accountability.

## *Mentoring*

Creating a mentor program in which the high potential can learn from an executive who is exceptionally strong in an area where he/she is developing can accelerate development. A mentor program can hold the HiPo accountable for his/her actions and create a mutually beneficial relationship. It is recommended that the mentor is outside of the high potential leader’s chain of command. In doing so, another leader can speak to the strengths and development opportunities of the individual in addition to their direct line manager.

## *Leadership Symposiums*

Implementing an annual or bi-annual leadership symposium/summit will enable the cohort group to learn from internal speakers, experiential learning and benchmarking. These symposiums are designed to also build trusting relationships and strong internal networks. Some popular symposium topics can include the adaption of AI in the industry; driving employee engagement, a leader’s emotional intelligence; bridging the generational gap; and driving technological innovation to fuel growth. It is essential for leaders to converse and hear opinions and trends in the industry so they can obtain a broader knowledge of the business.

# Building a High Potential Program (Continued)

## Assessments

Every high potential has a variety of strengths as well as weaknesses. The first step to improve these is identifying the strengths as well as weaknesses through assessments. Assessments such as 360-degree feedback, emotional intelligence (EQ) scores, interpersonal/communication skills assessments, conflict and team-based assessments can measure each high potential's ability to succeed as a future leader and executive. Once the high potential leader receives his/her results, it will improve his/her self-awareness.

They must then work to improve in each development area through the above stated plans such as action learning, executive coaching, mentoring, executive study tours, self-study, leadership symposiums and many more.

The Executive Edge® specializes in creating HiPo programs to ensure development of leaders and delivering high retention rates. Call for a free consultation to assess your organization's readiness and the development components right for you.

For more information, visit  
<http://www.theexecutiveedge.net/>

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**July 2019**  
*Giving & Receiving Feedback*

**June 2019**  
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### Future Newsletter

**October 2019**  
*Building Trust on Teams*



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### Summary

- Only one in seven high performers are high potentials.
- Create a set of consistent criteria to evaluate high potentials.
- High potentials see the bigger picture and have a strong understanding of the business while delivering exceptional and sustainable results.
- Create an experience for a high potential that makes them feel important and valued. Developing and investing in your high potential leaders is one of the best ways to increase his/her success, engagement and ultimately retention.

## References

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