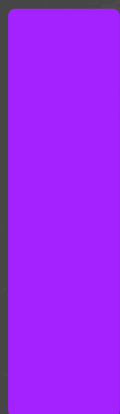




BUSINESS
CASE FOR
IDENTIFYING
HIGH
POTENTIALS



Introduction

All industries are realizing the need to identify and develop potential leaders. There is a clear skill gap in most organizations between the current pipeline of internal leaders and the demand for leaders who need to be able to successfully navigate the changes taking place to stay competitive. Over the past several years we have seen organizations ramp up their investment on training new leaders. We are having more conversations about leadership hiring and development than ever before.

There are many indicators suggesting that this is an important and timely topic. We know that a high percentage of new leaders struggle. Some estimates are as high as 40% of new leaders fail in the first 18 months on the job. Additionally we know that a huge amount of money is being spent annually on training (upwards of \$14 billion annually).

In order to accurately identify leaders who have the potential to succeed and subsequently maximize the investment it is important to have a structured and objective process in place. Typically organizations use the following methods to select individuals for development within leadership programs.

- Tenure
- Job title / level
- Self-nomination
- Supervisor nomination
- Past job performance

91% of alumni evaluated using the new process continued to have top/superior performance ratings year over year

While some of these things are good data points, none of them consider the future potential of the individual. Many times people get nominated for leadership development because “they have been here for a long time” or because the individual has lobbied to get access to development. Again, not necessarily bad reasons but organizations who succeed at high potential identification have a much more structured and objective process to identify potential. Consider the following real-life example of one organization that put a structured process in place.





Study

A large 20+ facility organization implemented a 12-month long leadership program. Originally, participants were chosen by a simple nomination process, whereby each business unit leader recommended a member of his or her team. It became clear that some of the nominees were not ideally suited for the program, and each year several participants either failed to complete the program or did not progress in their career after the training. Upon further data analysis the current selection process was about 50% accurate. This means that 50% of the participants were successful (e.g., developed their skills, were promoted, advanced their careers, received high leadership ratings) and 50% were not successful (i.e., the organization spent money on development that did not occur).

Due to these findings, we worked with them to develop a more comprehensive, objective, and data driven approach. The primary objective was to identify individuals who will be able to successfully complete the training program and become a future leader for the organization.

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Results

A year later, we re-evaluated this new process. The key question on the table was whether the standardized application and assessment helped them improve the success rate of the training program. Essentially answering the question – did we select the individuals with high potential? We examined the application survey results against the outcome of the training program, including peer evaluation, self-rating from a graduate survey, and whether the individuals have been promoted, expanded their responsibilities, or had positive changes in their positions.

New objective process

- Job title / level
- Self-nomination
- Supervisor nomination
- Past job performance
- Biodata inventory
- Leadership Potential Assessment
- Data aggregation & selection decision



The results were very positive. The new selection process was accurately identifying individuals ready to succeed:

Past selection criteria – Individuals selected are 50% successful. It was basically a coin flip on each individual if they were going to see successful outcomes.

New selection criteria – 91% of alumni evaluated using the new process continued to have top/superior performance ratings year over year.



Conclusion

By using a new, objective data-driven process, this organization zeroes in on their ability to identify employees who have the potential to be future leaders. This is a case study on the importance of identifying high potentials and using a data driven approach looking at potential. Putting processes like this in place may seem daunting at first but it is a very straight forward process and the payoff is huge. Consider how much more effective an organization could be if they were 80-90% accurate in their leadership decisions, as opposed to the current state, which is closer to a coin flip, or worse.

