

# Breathe New Life into Your High-Potential Development Program

## Eight Stumbling Blocks You Can Remove

At a time of intense digital transformation and disruption, most business are failing to develop a new generation of leaders that can blaze a path through massive change.

In the Conference Board's *Global Leadership Forecast 2018* report, only 14% of surveyed CEOs believed they were talented enough to execute their business strategies. Their top concerns were developing NextGen leaders and attracting and retaining top talent.<sup>i</sup> In the Board's *C-Suite Challenge™ 2020* survey, those two concerns continued to rank first and third on a list of internal challenges.<sup>ii</sup>

*What's going on?*

### How Leadership Development Is Failing

Despite massive spending on leadership,<sup>iii</sup> most organizations see their development programs as inadequate.

- About 60% of organizations believe their talent pipelines are not large enough or deep enough.<sup>iv</sup>
- Less than half believe those pipelines reflect the diversity of their organizations, markets, and customers.<sup>v</sup>
- Sixty-four percent say their program does not focus on foundational leadership, including the development of emotional intelligence.<sup>vi</sup>

Brandon Hall Group's research cites "inadequate succession management" and "ineffective identification of high potential" as the biggest concerns,<sup>vii</sup> but the real problem in creating inadequate leadership is poor program design and execution. Consider the examples below.

- Businesses spend over \$300 billion a year<sup>viii</sup> financing their employees' high-priced reeducation, only to have them return to the same batch of issues they left. Soon enough, they forget what they learned, and there is no follow-through.
- Businesses send people to boring mandatory classroom training on leadership principles<sup>ix</sup> instead of educating them the way they learn best—through experiential and social learning.
- They wait until supervisors and managers have developed years of bad habits before beginning their development.<sup>x</sup>
- HR pressures managers to spend more time coaching while offering no relief for their already overwhelming baskets of deliverables.<sup>xi</sup>

We could go on. The problem is not a lack of development programs; rather, it is an issue of strategy and execution. Here is our take on the issues and what leaders can do about them.

### Eight Ways You Can Energize Your Development Program

#### 1. *Strategy*

Leadership development must be in the strategic plan, and the organization must execute that plan. A successful high-potential (HI-PO) program has processes and a competency structure aligned with the business.

As a business's overall strategy changes, so must its development strategy. Preparing leaders for yesterday will not help them lead tomorrow. Jean Martin of CEB (now part of Gartner) says an agile HI-PO strategy makes a company 70% more likely to have a strong leadership bench.<sup>xii</sup>

Selection criteria and guidance must come from beyond HR. According to Martin, 72% of HR leaders report that stakeholders do not believe their current HI-PO criteria are accurate or relevant.

### 2. Use Valid and Reliable Selection Criteria

A few years ago, one of our consultants helping companies deploy succession planning tools would begin a project by asking, "How do you identify your high-potential employees?"

Almost 100% of the time, the answer was performance reviews and a manager's recommendation. When asked if the business would prefer a more scientific approach, the most common response was, "Yes, but not now." For most, "not now" meant "never."

Performance reviews are often based on the myth that scores should approximate a normal distribution, with a few low performers at the bottom, a few at the top, and most in the middle. The truth is that a few top performers produce many times the results of most of their peers. The proper tool is not a normal distribution but a Pareto diagram (see Figure 1).<sup>xiii</sup> Forcing ratings into a normal curve will not reflect actual performance, and furthermore, performance is not potential.

Inaccurate measures and biased recommendations will not help you identify leadership potential. You can waste a lot of resources if your people drop out of your program because they lack potential. Even worse, your best HI-PO employee might be hidden under a talent-hoarding manager.

Many successful assessment tools have helped companies produce robust leadership pipelines. When you consider the benefits of developing the right people against the cost of developing those who will not make it, a well-tuned program reveals itself as incredibly cost-effective.

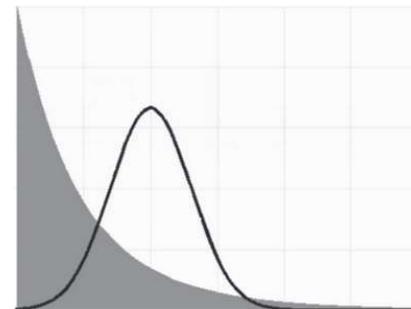


Figure 1: A Normal Distribution (Black) Overlaying a Paretian Distribution (Grey).

Source: Ernest O'Boyle, Jr and Herman Aguinis. *Personnel Psychology*, 2012. 80.

### 3. Know the Difference between Promotability and Potential

Climbing the corporate ladder and exhibiting leadership potential are not the same thing. If an employee has great political and self-promotional skills, they still may not have the potential to lead a high-performing organization.<sup>xiv</sup>

Your 9-box grid may be holding you back. It separates performance and potential, but potential is often vague or defined as "promotability." Consider, too, that there are many kinds of potential. No one definition captures them all.<sup>xv</sup> Use your people analytics to discover both the behaviors that matter to your organization and their impacts.

Consider using an organizational network analysis to understand how employees interact with each other. It will give you valid information on how they influence and guide each other, and you will gain a new understanding of who makes things happen.

#### 4. *Start Early*

Jack Zenger, CEO of Zenger/Folkman, studied his database of 17,000 trainees around the world and discovered that the average age of participants in his leadership program was 42, while the average age at which they became supervisors was 30. That means they had 12 years of bad habits to overcome when they started leadership training.<sup>xvi</sup>

Because even preschoolers can learn leadership skills, the right time to develop them in your people is the moment they become employees. With modern learning tools and methods, you do not have to break your budget to do it. A good audiobook can cost less than \$12.00, and LinkedIn Learning has an introductory course, as do other content providers.

You can start by making emotional intelligence a company value and expectation. As your people come to understand the behaviors that matter, their feedback will become a better barometer of how their leaders perform.

#### 5. *Focus on Experiential Learning*

Management training is not leadership development. Even years of MBA training will not prepare people to energize a team. Most companies spend their resources on classroom-taught, rationally based, and individually focused methods, but learning about the best practices does not develop strong leaders. To develop emotional intelligence, we need to live through the experience and notice what goes on inside ourselves and others.<sup>xvii</sup>

The learning industry has enough research behind it to know how people learn best, and new things are discovered every day. Learning delivered on demand, in the moment of discovery, is now both available and affordable.

You can develop simulations, enhance them with gamification, and use everything from simple scenarios to virtual and augmented reality to put people in the moment. This is much more scalable than classroom or seminar training.

#### 6. *Coach for Connection*

In its 2019-2020 *Top Insights for the C-Suite*, Gartner reported that 70% of HR executives believe that managers should spend more time developing employees. However, the study also found that continuous coaching and feedback degrades performance.

In a multiyear study involving thousands of employees, Gartner identified four types of manager:

- teacher managers, who rely on their own experience and expertise to direct employee development;
- cheerleader managers, who give positive feedback and empower their people to take development into their own hands;
- always-on managers, who provide frequent feedback and coaching to drive employee development; and

- connector managers, who provide targeted feedback and connect employees to others for development.<sup>xviii</sup>

The study found that connector managers are the best at developing people, but the most startling finding was that the other types can do more harm than good. Moreover, HR leaders are asking managers to do *more* coaching, but the evidence shows that less is better if it is done well.

Learning experience platforms and modernized learning management systems make it easy for people to connect with learning resources. Doing so has never been easier than it is today. With a well-trained connector manager and on-demand learning opportunities, budding leaders can become *connected learners* who synthesize their on-the-job experience and grow from it.

### 7. Opportunities for Growth

The best reward for learning new skills is a chance to put them to work. You can make it easier by creating an internal gig economy in which cross-functional teams can access talent. It both increases the capability of your workforce and generates more data on leadership potential. Your talent management platform should enable people to manage their skill profiles, which will make internal talent searches easier.

### 8. Stay in Touch

A well-trained potential leader will not sit in your pipeline for long. Even if you have a great program, many of your HI-PO employees will leave if the right opportunity pops up. Even if that happens, do not let the relationship end there.

James Sinclair, CEO of EnterpriseAlumni, is an advocate of maintaining strong relationships with company alumni. In a recent LinkedIn article, he explained why hiring strangers can be problematic.

- Fifty percent of stranger recruits end up being mistakes.
- Seventy-two percent of past employees would return if given the opportunity.
- Twenty-four percent of people who leave regret doing so.
- Alumni rehiring is the number-one source of quality hires.

Relationships with former employees pay off even if they do not come back, as they can be a top source of referrals. Companies who engage their alumni see new business increases of up to 44%, and alumni are worth five times more as brand advocates than average customers.<sup>xix</sup>

## Breathe New Life into Your HI-PO Leadership Programs

A strong bench separates industry leaders from their competition. In a competitive business sector, such a bench is a requirement for survival. It may be time for you to reflect on the quality of yours and how you can rebuild it. Give some thought to the points below.

1. Start with a sound, flexible strategy.
2. Use valid, reliable selection methods and invest in people analytics.
3. Create a valid definition of “potential” that is aligned with your business.
4. Start developing your people early and foster lifelong learning.
5. Invest in experiential learning.
6. Make learning resources available on demand.
7. Develop connector managers and use social learning tools to create a learning culture.

8. Maintain relationships with your alumni to recapture talent and build a referral machine.

The good news is that undertaking efforts to encourage future leaders will engage the rest of your workforce, too. Let every employee reach their full potential, whatever that may be.

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