

Building the Right High Potential Pool

How Organizations Define, Assess, and Calibrate Their Critical Talent

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Consulting
Performance, Rewards and Talent
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The Strain on the Talent Pool

“At the end of the day, the company with the best team, the best people will win in the long run.” (GE)

In the whirlwind that is today’s global marketplace, competition for good talent is intense; however, competition for *great* talent is fierce. Over the next two decades, 10,000 baby boomers will turn 65 every day¹, leaving a cavernous hole in the talent market. As the economy continues its slow path to recovery, 34% of companies globally report having trouble filling vacancies due to talent shortages. This statistic is up from 30% in 2009, indicating that as the economy improves, the war for talent will become even more fierce.² With the convergence of an amplified focus on growth and a graying workforce, the strain on the available pool of talent will be immense. This crisis is global in scope and currently affects 81% of employers in Japan, 71% in Brazil, 50% in Australia, 49% in the U.S., and 48% in India.³

The shortage of skilled talent is real, and the disparity between supply and demand will only become greater over time. Employers overwhelmingly cite the mismatch between available candidates and the needed technical expertise and employable skills as a key obstacle in filling vacancies. These in-demand skills vary by region, but globally the need for skilled trade workers is greatest, followed by engineers and then sales representatives.⁴ Progressive leaders understand that a solid talent bench is quite literally the lifeline to their future success. Thus, developing high potentials is a crucial component of a company’s business strategy, as it directly feeds or depletes the collection of talent capable of filling impending senior leadership vacancies.

“The talent pool is the backbone of the organization’s future; it is the top priority and first stop to address all types of projects.” (BBVA)

The Value of High Potentials

All these factors combined have created urgency for companies to focus on identifying, developing, retaining and rewarding their best people. Talent-savvy organizations realize the significant value of their high potentials. They know that getting the right people, with the right capabilities, in the right places, is crucial to the health and growth of the company. Critical talent is a major competitive weapon. One European Top Company for Leaders honoree recognized the importance of the financial investment in high potential development to curb the potential risks to the business if the right talent pipelines are not available. This company maintained its investment during the economic downturn and considers the results to be “something which pays dividends again and again.” Top Companies truly believe that talent is their greatest asset. More important, they act on this belief and have the financial results to show for it. According to Aon Hewitt’s *2011 Top Companies for Leaders* study, Top Companies outperform their industry peers in growth (e.g., CAGR revenue, CAGR EBITA) and return (e.g., ROE, ROA) measures. In

¹ Passel, J. and Cohn, D. (2008). U.S. population projects: 2005-2050. Retrieved from <http://pewresearch.org/pubs/729/united-states-population-projections>.

² ManpowerGroup. (2012). Talent shortage survey research results. Retrieved from <http://www.manpowergroup.com/research/research.cfm>.

³ ManpowerGroup. (2012). Talent shortage survey research results. Retrieved from <http://www.manpowergroup.com/research/research.cfm>.

⁴ ManpowerGroup. (2012). Talent shortage survey research results. Retrieved from <http://www.manpowergroup.com/research/research.cfm>.

addition, publicly traded regional Top Company winners report, on average, nearly 9% higher total shareholder return (TSR) over the last three years.

Over the last decade, there has been no shortage of material written about high potential talent. Several key thought leaders have identified the impact of high potentials on the bottom line, regardless of whether they are born or made, or how exactly “high potential” is defined. Brad Smart, co-author of the book *Topgrading*, writes about the impact “A,” “B,” and “C” players can have on an organization’s bottom line. He concludes that “A” players, those synonymous with high potentials, may be expensive, but they also deliver two to six times the return of average players.⁵

Organizations may refer to high potential employees as “critical talent” or “top talent”; however, more important than the term they use to classify the individuals is that organizations first establish a clear definition of what “high potential” looks like at their organization. At Aon Hewitt, we are often asked, “How do organizations define high potentials? How do they assess them? What processes do they use to calibrate top talent?” In the pages that follow, we introduce several best practice “high potential” definitions, determine the key tools used to identify and calibrate top talent, highlight a number of inherent challenges of which leaders must be cognizant, and finally underline some strategies used by leading organizations to obtain high potential talent. The information in this paper draws from current literature, our extensive *Top Companies for Leaders* research, and our experience with talent and leadership in high-performing organizations.

Defining High Potential

Before we get to just exactly what “high potential” *is* we must define what “high potential” *is not*. While the term “high performer” is often used interchangeably with “high potential,” the two are not synonymous. Research has shown that high potentials are almost always high performers, but the reverse is not always true. Our *Top Companies for Leaders* research confirms that the best firms understand that an individual’s current performance and his or her future potential for advancement are two fundamentally different measures. Performance is typically defined during the talent management process and is often a combination of delivering business results (the “what”) with the exhibition of certain behaviors expected of leaders (the “how”). While performance is evaluated in a historical context, typically over the past six months to a year, potential is a future-directed assessment. Specifically, a person’s potential refers to their ability to take on a position of greater responsibility within a specific time period.

In a recent *Harvard Business Review* article, “How to hang on to your high potentials,” the authors define potential as a person’s ability to succeed in roles with responsibilities of greater scale and scope. The authors define “greater scale” as “a job in the same area but with, say, a larger budget or staff.” “Greater scope” is “a job involving activities of substantially more breadth and complexity.”⁶

In a *Business Strategy Review* article, “The anatomy of a high potential,” authors Ready, Conger, Hill, and Stecker identify the basic characteristics of a high potential employee as “delivering strong results, credibly and not at others’ expense,” “mastering expertise beyond the technical,” and “behaving in ways

⁵Gandossy, R. and Efron, M. (2003) *Leading the Way: Three Truths from the Top Companies for Leaders*. John Wiley & Sons, Inc., Hoboken, New Jersey.

⁶Fernández-Aráoz, C., Groysberg, B., and Nitin, N. (2011). How to hang on to your high potentials. *Harvard Business Review*, 89(10), 75-83. Retrieved from Business Source Complete database.

consistent with the company’s values.” The authors then go on to identify additional “x-factors” that separate high potentials from a pack of otherwise strong performers. These “x-factors” include a drive to excel, a catalytic learning capability, an enterprising spirit, and dynamic sensors.⁷

Recent literature identifies core competencies that are central to the term “high potential.” In their 2009 article, “The pearls and perils of identifying potential,”⁸ Rob Silzer and Allan Church synthesize the expansive literature and assessment practices regarding high potentials and propose an integrated model that allows organizations to ask the question: Potential for what? Silzer and Church’s model illustrates the key indicators of potential, while still allowing room for the tremendous diversity in an organization’s talent pool. According to the model, potential falls along three dimensions and is indicated by the following attributes.

<p>Foundational Dimensions</p> <p>(Consistent and stable, unlikely to develop or change)</p>	<p>Cognitive: Conceptual strategic thinking, Cognitive abilities, Dealing with complexity</p> <p>Personality: Interpersonal skills, Sociability, Dominance, Emotional stability, Resilience</p>
<p>Growth Dimensions</p> <p>(Facilitate or hinder growth and development in other areas)</p>	<p>Learning: Adaptability, Learning orientation, Open to feedback</p> <p>Motivation: Drive, Energy, Achievement orientation, Career ambition, Risk taking, Results orientation</p>
<p>Career Dimensions</p> <p>(Early indicators of later career skills)</p>	<p>Leadership: Leadership capabilities, Managing people, Developing others, Influencing, Challenging status quo, Change management</p> <p>Performance: Performance record (career-relevant), Career experiences</p> <p>Knowledge: Technical/functional skills and knowledge</p> <p>Cultural fit: Career-relevant values and norms</p>

⁷ Ready, D., Conger, J., Hill, L., and Stecker, E. (2010). The anatomy of a high potential. *Business Strategy Review*, 21(3), 52-55. Retrieved from Business Source Complete database.

⁸ Silzer, R. and Church, A. (2009). The pearls and perils of identifying potential. *Industrial and Organizational Psychology*, 2(4), 377-412.

Drawing from our extensive *Top Companies for Leaders* research, as well as our experience, we uncovered how some of the best companies around the globe define top talent. Granted, the approach to defining high potentials varies from organization to organization with some more focused on skills and others more focused on pure potential for a particular role.

The definition used in Aon Hewitt's *Top Companies for Leaders* study defines a high potential as an employee who is identified as "having significant opportunity (e.g., through their capability, drive, investment, development) to advance quickly in the organization."

Samples of actual organizational definitions of high potentials:

- **High Potentials** are categorized into two groups based on their readiness to take on the next-level roles. Category A: Those identified as proven talent and among the best in the industry. High potentials in this category display readiness to take on the next level of job year on year. Category B: This category includes employees who display high potential but need to be tracked for some time. They may be ready to take on the next level of job over a longer time horizon (3–5 years). — Global Top Company
- **Great Performer with Significant Upside:** A great performer with more significant upward potential. He/she has the capability and desire to be promoted at least one level and/or take on a significantly expanded role in the next two to three years. — North America Top Company
- **Great Performer:** Associate is best in class in their field. If the role were open we would clearly hire this person without doing an external search. This person hires/develops great talent and is a good example of living our values. Some people in this category could have one-level promotion potential. — North America Top Company
- **High Potential:** This individual demonstrates the intellectual aptitude and leadership capacity to progress through multiple roles of increased responsibility, complexity, and scope and is likely to do so at an accelerated pace (at least 2 new roles in 5 years). — North America Top Company
- **Promotable:** This individual demonstrates the intellectual aptitude and leadership capacity to take on expanded roles at the next organizational level or a role of significantly increased scope in a larger organization (1 new role in 5 years). — North America Top Company

The critical component organizations must consider when developing a consistent and relevant definition of high potential is to ensure the definition is simple and consistent across the organization and is explicitly linked to the current and future strategy of the organization.

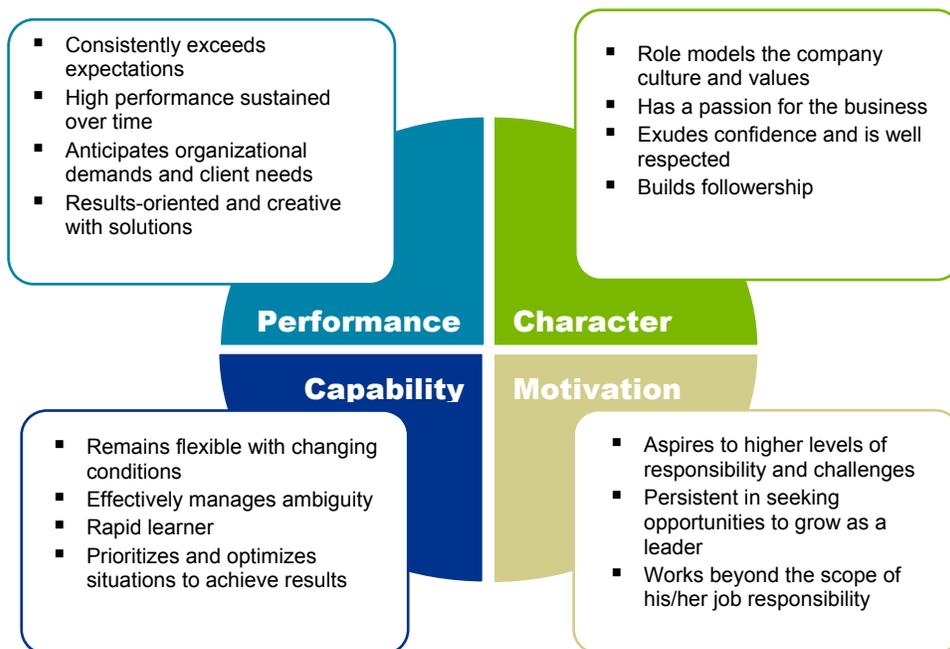
Aon Hewitt's Approach to Defining High Potential Talent

Aon Hewitt's approach to defining high potential talent builds and expands on the multi-faceted approach reflected in the definitions described above. It also reflects key facets of potential that our extensive research and consulting experience, with best-in-class organizations, has uncovered. Organizations typically identify high potentials as those employees, or leaders, who possess the business acumen, vision, and leadership capabilities to become leaders (or more senior leaders) within the company. They look for the skills and attributes that allow top talent to propel into more challenging roles within a

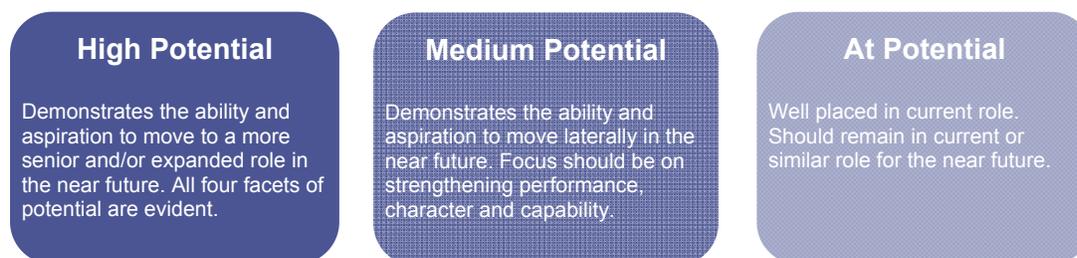
relatively short time frame. However, this definition of high potential fits only one piece of the puzzle. Organizations must focus their efforts on employees who demonstrate *potential* combined with *readiness*.

Potential

Aon Hewitt defines potential as the assessment of an employee’s ability to rise to and succeed in a more senior or expanded role. Potential considers individuals’ performance, character, capability and motivation.

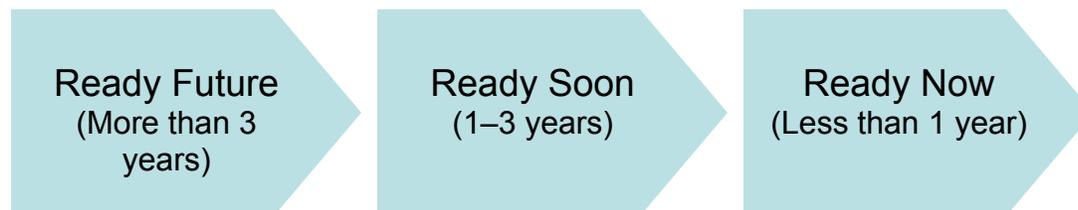


Furthermore, organizations can benefit by placing individuals who demonstrate these attributes into categories best suited for their current level of potential: “high potential,” “medium potential” and “at potential.” Doing so allows organizations to calibrate talent more effectively and identify where specific investments and accelerated development opportunities will have the greatest impact.



Readiness

A secondary component to determining where an individual is placed on the high potential spectrum is to evaluate the employee's readiness to take on expanded responsibilities or experience a change in role. Readiness is typically categorized into three stages: Ready Now (less than one year), Ready Soon (one to three years) and Ready Future (more than three years). Placement in these categories aids organizations in determining the timeline they have to identify critical gaps in their capabilities and identify pipeline risks within their succession planning processes. Determining readiness can be influenced by many factors outside an employee's capability, including location (local market versus regional or global high potential), position/level (executive or VP level versus below VP level), career stage (early versus late, work-life balance needs), and diversity measures (gender, ethnicity, age). These influences should also be individually assessed on an annual basis through coaching and developmental conversations between the employee and his or her leaders.



Influential Factors: Career Stage, Location, Diversity

Assessing High Potential Talent

For many companies, the process of identifying precisely who their high potentials are becomes what *Employment Relations Today* has called a “know it when I see it adventure,” as opposed to a systematic process that objectively evaluates and identifies the company's rising stars. In a recent survey conducted by AMA Enterprises, only 8% of participating organizations reported using truly systematic methods to identify their high potentials. In looking at the popularity of different methods used, the survey showed that only 35% of companies used talent assessments while other less objective assessments such as performance appraisals (74%), manager recommendations (69%), innovative/unique business contributions (42%), and input from peers (35%) were equally or more popular criteria.⁹ The risk in this type of talent management is that the process feels much like a popularity contest, allowing the pipeline to potentially be filled with the wrong talent, while top talent gets pushed or walks out the door.

Top Companies recognize the intense investment in the creation of “high potential” employees. It takes dollars and time to develop and retain leaders in the hopes that these investments can be reversed and become the best resources in the organization. The philosophy at Aditya Birla Group is to invest in the best, but to focus on the rest. In other words, Aditya Birla believes everybody has the capability to lead, but there is need to differentiate between them and invest accordingly. As a result, Top Companies on

⁹ Edwards, S. (2012). Maintaining the delicate balance when developing high-potential programs. *T+D*, 66(4), 60-65. Retrieved from Business Source Complete database.

average designate the “high potential” status to less than one quarter of their leadership population. This allows the companies access to enough forerunners to cultivate a strong pipeline of leaders for the future, but a small enough population to focus their efforts appropriately.

Median percentage of the total employee population at each level designated as high potential	Global Top Companies	All Others
Senior management	25%	18%
Middle management	20%	15%
Front line management	15%	12%
Entry level/early career	15%	10%

Companies that do not track “high potentials” at each level	Global Top Companies	All Others
Senior management	16%	31%
Middle management	12%	33%
Front line management	17%	34%
Entry level/early career	21%	40%

While some companies allow employees who meet certain requirements to apply for high potential status, a number of leading companies use the talent review process to select high potentials. Best-in-class organizations not only use a variety of inputs to evaluate high potential status, but also use channels customized by level to assess potential. Many companies use 360-degree feedback for this group of top talent, while leadership competencies, peer reviews (not 360), and talent inventories are also frequently utilized to evaluate high potential talent. Psychometric assessments (e.g., mechanisms to evaluate specific individuals’ cognitive, behavioral or innate attributes) are another popular choice to evaluate an individual’s strength or developmental areas.

High potentials are formally identified by 100% of North America Top Companies (and 96% of Global Top Companies) through a balance of assessments such as 360-degree feedback and leadership style inventories as well as performance ratings and nominations. These comprehensive methods provide leading organizations with a robust view of the individual’s capabilities, cultural fit, drive, and relationships within the organization. General Electric conducts approximately 20 executive assessments each year to evaluate the up-and-coming senior-level talent. Two senior-level HR professionals then conduct a 3–5 hour behavioral-based interview. Interviews are followed up by 20–30 internal and external reference checks. The process concludes with a report of the person’s career, key experiences, and assessment of leadership skills, which is shared with the individual. The individual then takes this information and crafts a development plan. The Chairman and CEO read each assessment and development plan and respond with a personal note to each candidate.

A formal assessment process provides a means of evaluating potential for performing in future roles by allowing organizations to evaluate competencies and aptitudes that cannot be observed in a current role. It provides a common metric for comparing candidates and offers opportunities to uncover “hidden” talent.

Aon Hewitt’s Approach to Assessing High Potential Talent

Based on research and years of expertise, Aon Hewitt has observed that the best practices associated with assessing potential focus on five central components. The fundamental starting point for a best-in-class assessment practice is alignment with the **organizational strategy**. To accomplish success, the assessment must focus on the organization’s mission, values and challenges; support long-term growth and desired change; and perpetuate the enterprise by ensuring a leadership pipeline.

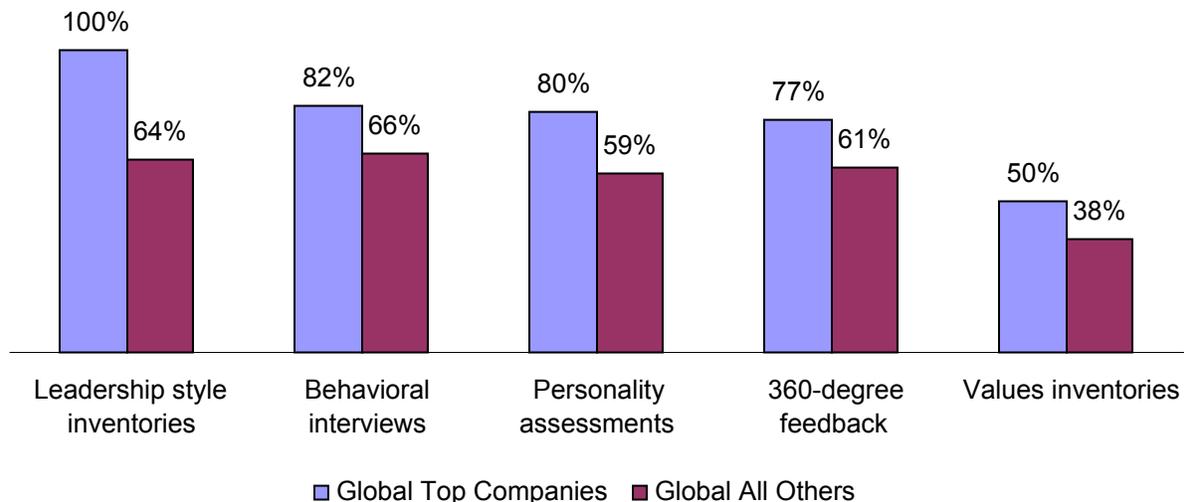
1. **Legal and Professional Guidelines**—The skills and capabilities being assessed must map to required competencies and be consistent with the organization’s culture, address competencies necessary to “make the curve” at key career transition points, and be consistent with **legal and professional guidelines**.
2. **Multiple methods**—The input methods must include those assessment approaches with the strongest validity for measuring relevant competencies and should assess the most critical competencies with **multiple methods** (using hurdles as appropriate, based on volume).
3. **Flexible**—The process should be **flexible**, balancing the need for remote versus face-to-face administration, and should be appropriately customized to the organization’s competencies, language, and business context.
4. **Cost-effective**—To ensure the process is **cost-effective**, administration processes for candidates and administrators should be efficiently designed and minimize travel expenses that do not add value to the assessment process.
5. **Promotes Ongoing Development**—An exemplary assessment tool **promotes ongoing development** by providing information that can be used for feedback and development, is perceived as positive and useful by participants, and links to development resources.

World-class companies focus on both the requirements of the role and the personal attributes of the individuals in that role. Moreover, those organizations that are future-focused and able to predict their talent needs will be the ones that ultimately grow and succeed.

PepsiCo identifies leaders for a 10-year program using a robust talent pool methodology derived from a performance and potential assessment. The methodology is further augmented with a measurement of potential that includes blending potential and ultimate career runway together. The process allows PepsiCo to see, for example, that if an individual is predicted to need 15 years of development to get to a role—but only has 10 years left in their career—then this is not the person to put in the program.

Global Top Companies are more likely than other companies to use a variety of assessments unique to various leadership levels in order to ensure they are gaining a complete picture of their high potential candidates. Below is a graph comparing the different types of assessment with unique criteria for leader levels used by Global Top Companies versus their peers.

Assessments Used Vary by Leader Level



Calibrating High Potential Talent

While best practice assessment is critical for identifying an organization’s high potential talent, best practice calibration is critical for building and maintaining the talent pipeline in a consistent and defensible manner. This calibration process results in determination of high potential status, succession plans, and development decisions. Generally speaking, it occurs during the annual review process; however, talent-savvy companies evaluate their talent several times throughout the year.

How Do Top Companies Calibrate Top Talent?

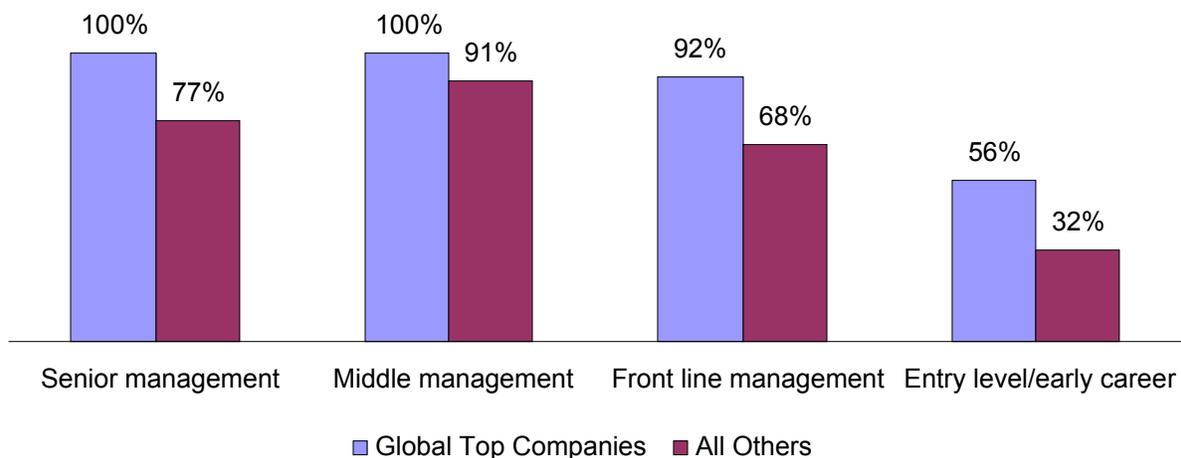
The most common technique is the practice of plotting candidates on a grid (e.g., 9-box or 12-box) along two dimensions: performance and potential. Typically, levels and descriptions of performance (i.e., low, medium and high) appear along a vertical axis while dimensions and descriptions of potential appear along the horizontal axis. Managers use these descriptions to plot an individual in a particular quadrant to determine a variety of outcomes such as succession placement, readiness for promotion, and attrition risk. A strong grid system has specific action steps and requirements defined for each coordinate. During the talent review, an individual’s placement is compared to the placement of others at the same level. Organizations that excel at calibration take these conversations seriously and they often result in robust and vehement debates among peers to ensure agreement throughout the team. They recognize what is at stake for the recipients, the differentiated investments in the development of critical talent, and the organization’s reputation and long-term success.

According to our research, the high potential calibration process should take place in two structured conversations.

1. The first meeting should take place between HR, the manager, and his or her leader. Prior to this meeting, the manager should have assessed each of his or her team members' performance and potential based on the established criteria.
2. The second conversation should be with a group of the manager's peers (preferably those at similar levels and functions within the organization) to discuss their opinions of the manager's team based on specific personal experiences. Other managers should also be held accountable to put their people "on the table" for discussion, as this process yields a comprehensive map of the quality and depth of talent within an organization.¹⁰

The process then repeats upward, culminating in a thorough review with the CEO, providing insights on talent within and across business units, geographies, and functions. Most organizations conduct this process for top management. Top Companies, however, embrace a robust process covering all levels of their organizations.

Levels Formally Identified in High Potential Process



These calibration conversations should not only focus on who is being added to the high potential list, but also on who needs to be taken *off* the list. Only 44% of non-Top Companies remove high potentials from the pool as appropriate, compared to 80% of Global Top Companies.

Above all else, talent calibration must be grounded in reality. Potential and readiness are most accurately measured when the ratings are evaluated by formal, objective assessments, as well as by other managers and leaders who know the individual. By sharing their knowledge of a high potential's capabilities, they can ensure calibration is conducted as accurately as possible and that individual biases do not overly influence the rating. Executing with this level of rigor also helps guide development

¹⁰Gandossy, R. and Efron, M. (2003) *Leading the Way: Three Truths from the Top Companies for Leaders*. John Wiley and Sons, Inc., Hoboken, New Jersey.

conversations and identifies talent gaps that may not have surfaced were it not for multiple inputs. This helps build credibility in the process, allowing for greater transparency and confidence when informing employees of their high potential status. The *Top Companies for Leaders* are exemplars in the calibration process—their sessions are held several times throughout the year, they include active involvement from senior management, and they have action items and clear accountability built into the talent review process. The best processes focus on building a pipeline 7–10 years out.

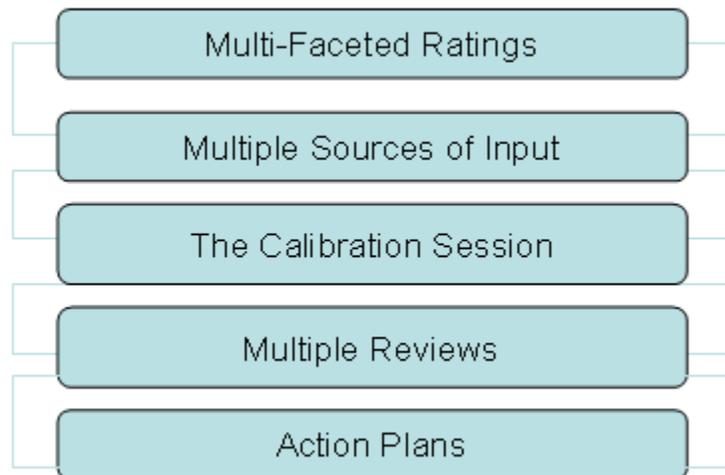
In our work with leading companies, we have learned how Top Companies calibrate their high potential talent. Specifically, they look at both potential and readiness, utilizing a variety of methods to get to the final determination. At IBM, it's a full bottoms-up review, where individual reviews roll up to teams of ready successors referred to as “benches” within the business units, and then to senior-level executive review. The review covers calibration, including a lively discussion about talent moves, alternate scenarios, and pipeline strength. Immediate successor charts and longer-term charts are developed. The calibration process is based on data and reported upon extensively. IBM reviews all types of benches so it can focus on those that are in need of the most help, and can determine where it needs to hire, accelerate development, and borrow talent.

More Samples of Organizations' Calibration Processes

- **Target Corporation's** talent review process starts with each team member completing an annual self-review of their performance against their goals and other expectations. This is followed by their leaders assessing their performance and accomplishments—both what they accomplished and how they accomplished it—as well as assessing the employee's personal strengths and opportunities. Additionally, leaders across the company routinely discuss talent at all levels, intentionally plan for team member development, and consider diverse talent (among other things). This helps them evaluate whether they have the right leaders in the right place and calibrate talent consistently. This also demonstrates a deep commitment to leadership development at all levels within the company.
- The **NZ Refining Leadership Team** calibrates all reviews to ensure that leadership behaviors are being displayed consistently. If a manager has not been developing his or her staff, his or her final performance rating is negatively impacted.
- Through use of new global dashboards, **Whirlpool Corporation** operates a fully integrated talent management system, disciplined talent review and calibration meetings, and a robust succession planning process. This results in its leaders and managers having insight into the top leaders and performers across the globe.
- **American Express** uses a nine-box grid to assess talent via performance and potential, with a definition of potential that reflects elements of learning agility and growth mindset. Talent reviews are conducted within and then across businesses to raise talent awareness and facilitate strategic job moves. High potential employees are targeted for growth opportunities, leadership development, and placement on succession plans.

Best Practices in High Potential Calibration

Several key elements yield a best-in-class process for calibrating top talent:



Multi-Faceted Ratings. Calibration should look at the multiple factors that define “high potential,” and individuals should be rated on each of the following dimensions: potential (performance, character, capability, and motivation) and readiness level (Ready Now, Ready Soon, Ready Future).

Multiple Sources of Input. The company should require multiple assessments and inputs to calibrate talent with various managers.

The Calibration Session. The calibration discussion should focus on the extremes of the talent spectrum to allow more time to discuss specific employees in detail. To ensure individual biases do not occur in the talent review process, managers are taught to set the stage for an open dialogue, but to not dominate the discussion. During the process, conversations must be rooted in objective metrics and observations of behavior. To avoid the “I won’t challenge you if you don’t challenge me” issue, facilitators should encourage constructive conflict between participants. Reviewing past performance at the outset of the meeting gives participants a gauge from which to measure an individual’s progress. Compensation should not be up for discussion during the calibration and assessment phase; rather, compensation decisions are best tabled until a later time.

Multiple Reviews. Talent-savvy organizations conduct talent reviews and calibration sessions at least twice a year.

Action Plans. Lastly, the calibration and review process should yield an active, individual development plan, with follow-up items established throughout the year. These plans should be simple in design but powerful and purposeful in execution.

Transparency and High Potentials

Many organizations shy away from communicating the results of these conversations to identified high potentials. According to *Harvard Business Review*, transparency is on the rise. In 2010, 85% of companies reported informing their high potentials of their status, as compared to only 70% a decade earlier.¹¹ The *2011 Top Companies for Leaders* research shows that 80% of North America Top Companies make high potentials aware of their status, compared to only 53% of all other North America participants. In addition, North America Top Companies are more likely to communicate to individuals when they are no longer considered high potential (71% versus 33%).

Once informed of their position, high potentials are given key opportunities to further develop their skills. Aditya Birla Group creates career charts to track performance paths. Aditya Birla is not only transparent about its plans, but also gives an enormous amount of flexibility to ensure there are opportunities available for high potentials.

L'Oréal's objective for its high potentials is to expose the critical talents to the organization and be transparent. Beyond operational performance, L'Oréal strives to provide critical talent with ample opportunities to show their competencies through various events and networking opportunities. This allows them to reach the next step, create a global network, and share L'Oréal's culture and vision.

A significant part of an organization's effort to be transparent is the extent to which it *formally* identifies its high potentials. The Center for Creative Leadership explored the impact this had on high potential talent by interviewing 199 high potential business leaders.¹² The goal of the study was to get a look from "inside the pipe," and the results provided powerful insights. The study found that formally recognized high potentials were more likely to actually consider themselves high potential than those who were not recognized. This, in turn, impacted retention as only 14% of formally recognized high potentials reported looking for other employment, compared to 33% of those who were never formally recognized. The study suggests that not being acknowledged makes it difficult for high potentials to envision their path of advancement in the company, often leading to frustration, a lack of role clarity, and turnover as these under-recognized individuals become prey to competing offers.

Cultivating High Potential Talent

The leadership pipeline starts to pollinate immediately with whom you let in the door. Once the right talent is on board, the onus is on senior leaders to begin cultivating the talent bench. Securing a deep and talented bench requires a relentless focus on grooming high potentials, one that is driven directly from the top. Organizations that are most successful at securing strong bench strength are those that demonstratively value talent. Their commitment starts at the top of the house and permeates throughout all levels of the organization. Leaders are on the front lines, involved in the identification, assessment, and development of their high potential talent. They know who the rising stars are, what their needs are, and how they are performing at any given time. Meaningful accountability is requisite for both senior

¹¹ Ready, D. A., Conger, J. A., and Hill, L. A. (2010). Are you a high potential? *Harvard Business Review*, 88(6), 78-84. Retrieved from Business Source Complete database.

¹² Campbell, M. and Smith, Roland. (2010). High-potential talent: A view from inside the leadership pipeline. Retrieved from <http://www.ccl.org/leadership/pdf/research/highPotentialTalent.pdf>.

leaders and direct managers. Without it, organizational efforts to attract, inspire, and retain top performers will fall short.

Beyond active and present senior leadership involvement, it is important to have a common framework of talent management across the organization. Divergent notions within the same organization can result in a “talent inventory,” instead of focusing on the active development and management of key talent for key roles. Moreover, if people aren’t developed appropriately there’s a risk of moving people into positions they don’t actually have the ability to succeed in. Talent-savvy organizations know their performance assessment processes, such as nine-box grids, are only the starting point—and certainly not the ending point—in calibrating high potential talent. Organizations must also take into account the development and deployment of their top talent, and they must hold leaders accountable for this critical facet of planning for the company’s future success.

Executing with Excellence—What It Takes to Sustain Success

Clearly, the first step involves defining exactly what “high potential” means for the organization. This can best be accomplished by examining the dimensions of potential and readiness—which recognize and assess the skills and attributes that are most essential to identifying high potential talent. Once “high potential” has been clearly defined, the calibration process will run more smoothly, as managers will be working from the same baseline. At that point, the organization can take the following steps to ensure that it is armed with adequate information for effectively pollinating its high potential talent pools:

- Identify high potential talent in an objective, future-focused manner;
- Calibrate this talent on a regular basis, using multiple inputs;
- Create action plans and career maps for these top performers;
- Recalibrate talent and move individuals on/off the high potential list accordingly; and
- Hold leadership meaningfully accountable for each of these steps.

What is perhaps most important for companies to realize is that developing top talent is more than just the next step in a well-managed high potential program; it represents a tremendous opportunity for competitive advantage. While defining, identifying, and calibrating talent are all important and necessary steps in the high potential process, the development of an organization’s high potentials is the key to success. It is when these individuals enhance and apply their knowledge, skills, and abilities that companies truly get their return on investment. In the next series, we will uncover key elements that differentiate development for high potentials and what organizations can do to accelerate their critical talent development to ensure their high potentials are well suited to take the future reins of the organization.



About the Research

Initiated in 2001 by Hewitt Associates (now Aon Hewitt), *Top Companies for Leaders* is the world's most comprehensive longitudinal study of leadership and leadership practices. The study, recognized for its global scope and research rigor, attracts hundreds of companies around the globe that seek outside-in insights on leader building and how the best develop and sustain their leadership pipelines. Aon Hewitt was pleased to work once again with *FORTUNE*, the leading global business publication, and The RBL Group, the esteemed HR strategy and leadership consultancy founded by thought leaders Dave Ulrich and Norm Smallwood. Through its 10-year history, more than 2,000 organizations have participated in the study, many participating year after year.

For more information on the *Top Companies for Leaders* research, methodology, and insights, visit: www.aon.com/topcompanies.

Contact Information

Lorraine Stomski, Ph.D.

Partner

Leadership Service Line Leader

Performance, Rewards & Talent

+1.518.636.5664

lorraine.stomski@aonhewitt.com

Jill Attkisson

Associate Partner

Global Insights & Innovations Research Team Leader

Performance, Rewards & Talent

+1.770.690.7472

jill.attkisson@aonhewitt.com



About Aon Hewitt

Aon Hewitt is the global leader in human resource solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees. For more information on Aon Hewitt, please visit www.aonhewitt.com.

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