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Got High Potentials?

Your leadership pipeline has to start with people who aren't leaders yet. Are you developing the employees who could lead the company someday? **BY HOLLY DOLEZALEK**

All the talk about the retirement of the Baby Boomers suggests that companies around the U.S. are figuring out that they might face a leadership gap if too many experienced leaders leave too many up-and-comers to flounder. Leadership can come from unlikely places, and talented younger workers need to be encouraged and developed so they're willing and able when it's time to step up for new responsibilities or even a new role.

That means succession planning, career development, and leadership development are becoming more important—or at least, more urgent—than they’ve been in years past. But how are companies polishing these “diamonds in the rough,” so that they can step up when they’re needed?

The business is not made any easier by the fact that it is difficult to tell who really is an employee with high potential for bigger and better things, and who is just a high performer who is doing fantastically in his or her current position but who might tank pyrotechnically if moved into a position with more responsibility or leadership requirements.

According to “The Corporate Leadership Council High-Potential Management Survey,” released in 2005, many high performers actually don’t have high potential. Of the total pool of employees who were targeted for development by respondents of the survey (more than 11,000 employees at 59 global organizations), only 29 percent of the high performers turned out to be high potentials.

“There’s a difference between those employees that are strong performers, who can take on more responsibility, and what is traditionally seen as someone with high potential, someone who could theoretically become the CEO with the right development,” says Lynn Sontag, CEO of MENTTIUM, a company that provides structured corporate mentoring solutions to clients. “How each organization figures out which is which is different. Many have figured out a systematic approach to defining high potential, while some organizations (such as smaller or medium-sized organizations, or start-ups) don’t have formal processes in place and haven’t figured that out yet.”

The definition and perception of potential will vary from organization to organization, but the principles to keep in mind for developing an employee’s potential are remarkably consistent across industries. The Corporate Leadership Council (CLC) survey identified three types of drivers that often lead to employee potential being realized: leveraging employee relationships, ensuring credible organizational commitment, and structuring challenges within job experiences.

Organizational Commitment

Julie Nugent is a senior associate in research and the chair of the awards committee for Catalyst, a nonprofit research organization in New York that promotes inclusive environments and expanded opportunities for women in business. Nugent notes that, like all programs, a serious commitment to the process of developing talent is crucial to its success. If the organization isn’t truly behind it, not only will it show to those whose development is supposedly on the line, the desired development just won’t take place.

For that reason, Catalyst’s criteria for a strong development program have to do with the activities of the program and the

structure of that program from a commitment standpoint. Those criteria include strong leadership support for the program, rigorous accountability, strong communication of the program’s features and potential benefits to those who might participate, and measurable results. Safeway, a grocery chain based in Pleasanton, CA, won a Catalyst award in 2006 because its program to develop women of color displayed all of those characteristics.

The initiative, called Championing Change for Women, encourages and requires store managers to mentor women of color in the high potential talent pool. “Retail grocery is a hard industry for women to advance in,” Nugent says. But given its history as a company that values promoting from within—the company says that 80 percent of its current division presidents were recruited from entry-level positions such as deli clerks and cake decorators—a little tweaking of an existing program meant Safeway could buck that trend.

Managers at Safeway have diversity targets they must meet in recruiting and selecting women of color for the company’s Retail Leadership Development program. If they don’t meet those targets, their bonus pay is affected. District managers must present at least yearly on their efforts toward balanced workforce goals (which include how many women and people of color are hired and promoted throughout the year). That means the accountability is there, and the active involvement of CEO Steve Burd means the leadership support comes right from the top. Burd gives stretch assignments to women and people of color who are reporting to him on projects, provides strategic direction to Safeway’s Diversity Advisory Board, and communicates regularly with the company’s rank and file about the importance of diversity in the company’s success.

Utilizing Networking

Most organizations wouldn’t want to admit that the old adage, “It’s not what you know, it’s who you know,” is true. But the fact is that people advance not only through their skills and knowledge, but also through their social connections. On occasion, promotions happen for one candidate and not another simply because one candidate is better known than the other, or because he or she can draw from more resources in other departments through a network of friends and colleagues. That’s why, although top talent needs education and opportunities to put that education into practice, no high potential development is complete without the help of networking.

“Networking is about broadening your base of resources so that you can get things done through others, lead teams, and inspire people,” says MENTTIUM’s Sontag. “Often, people don’t network far enough out into the organization, or outside the organization, because they don’t know how to do it effectively.”

In 2004, General Electric (GE) won an award from Catalyst for its approach to helping women in the organization to advance. GE's program offers leadership education and, more importantly, the opportunities to network with each other and other leaders at the company.

When top female talent at GE is selected to participate in the GE Women's Network (GEWN), women are assigned leadership roles within the network's local and regional hubs so that they get hands-on leadership experience. But the real opportunities come with the networking events and leadership activities that allow candidates to meet and talk and connect with members of GE's senior executive team. These include speaker seminars, workshops, and networking dinners.

Opportunities to network mean more than just meet-and-greets. They enable high potential employees to form an ongoing relationship with a senior leader, which can evolve into regular mentoring or a resource for tough problems or both. And they're a way to get all management, not just a high potential's direct manager, involved with the development of talent in the organization.

"To really develop high potentials, the larger management group needs to have broader responsibility to help out," Sontag says. "That's because high potentials have to get guidance and perspective from those who are leading the

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organization. One reason is the frankness of the exchange; it's easier for any employee to speak more frankly with someone they don't report to."

Structuring Challenges

The most obvious way to help high potential become high performance down the road is hands-on experience. Sontag suggests that that experience should be varied and cross-functional, although the CLC's executive summary of findings suggests that candidates should not be rotated so

often that they never get their bearings. The key, though, is real experience with real decisions, including interactions and teamwork with direct reports, colleagues, and higher-level management.

For several years, Bose Corporation (a maker of audio equipment headquartered in Framingham, MA) has had a program to develop its high-potential employees in its manufacturing environment. Participants in the Managing Leadership Essentials (MLE) program are targeted and sent through a series of assessments, mentoring and coaching, instructor-led curriculum, and other developmental exercises.

But that's only the beginning. Each participant also has to identify a project that he or she will complete as part of the development. The project must be in an area that the participant is not already working, and must be accomplished within the duration of the MLE program. The goal of all the projects is twofold: Participants are to apply what they've learned in the MLE program in context of the project, and each project must involve an improvement of a process or a cost savings (sometimes both).

So far, 59 projects have resulted in \$1.1 million in savings, or an average of \$80,000 per project. But Michael McGinnis says that on top of those benefits to the company, program candidates have learned to apply the concepts of teamwork, team management, and other skills and concepts covered in

the MLE curriculum. "Prior to this program, the development of high potentials involved work in the classroom only," says McGinnis, a training manager in Bose's learning services organization. "Classroom learning is important, of course, but it has to be combined with the use of that learning in practical situations with a coach who helps to connect the dots." Obviously, the presence of a coach or mentor who helps the high potential to understand his or her experiences, learn from them, and put them in context, is essential to make that direct experience translate to more wisdom

and better performance down the road.

Potential to Actual

The importance of leadership support and management buy-in cannot be overstated when it comes to the success of these high potential programs. Sontag warns that a huge part of the burden and responsibility of these programs falls on managers, and says they can be both the most essential factor and the biggest stumbling block.

"One of the foibles of these programs is that managers, who may not be in the high potential program, end up with

the responsibility for developing employees who are,” Sontag says. “This could result in jealousy because the manager feels passed over, and it could also result in the manager writing that employee’s development off because he or she decides the employee is just going to move on to some other assignment soon anyway.”

Sontag suggests it helps to broaden the pool of people who are responsible for that development. By making several levels of leadership responsible for the development of high potentials, she says, those leaders become familiar with the challenges faced by the candidates. It also helps with varying the types of experiences high potentials get, and with facilitating the essential networking they must do. For example, Sontag suggests matching a high potential with a mentor from a different line of business so that the candidate is

forced to network outside his or her comfort zone and learns more about the functions of the business.

Many of the programs highlighted above focus on the development of women and people of color. That’s because many organizations have realized that conscious discrimination, unconscious preferences, and cultural habits have held back people whose talent was solid but whose color or gender obscured that talent. But Catalyst’s Nugent points out that it’s not just women and people of color who need someone to recognize their value. Sometimes even a focus on high-potential employees can blind senior management to the presence of gifted employees with something to contribute.

Bose’s McGinnis says that’s why the focus of the MLE is changing this year. “We don’t want to focus only on high

TALENT POOL TIPS

Most companies are in the know: A healthy organization requires a good pipeline of talent working its way up to higher positions. But that doesn’t mean everybody understands what not to do when developing new talent. Lynn Sontag, president and CEO of Minneapolis-based HR consulting firm MENTTIUM suggests there are many avoidable mistakes that hold back companies’ plans for developing new talent.

DON’T MISS OUT ON THE QUIET ONES. A broader approach to the development of talented employees can help managers and administrators to pick up on talent where they’re not expecting to see it. “In identifying high potentials, people tend to identify the ones who are the most visible and aggressive, like the extroverted employees,” Sontag says. “That, and the fact that we tend to see talent in the people who are most like us, is why people of color often get missed. One way to avoid this is to ask people who report to you to help identify high potentials.”

DON’T FAIL TO COMMUNICATE. Tell your participants that they’re being targeted for development, and tell them what you expect from them and what they can expect from the program. That protects you from confused employees who don’t even know they’re valued, and from cranky employees who might be inclined to sue because they feel they didn’t get a promotion they were promised.

LET YOUR CANDIDATES MAKE MISTAKES. There’s nothing like a mistake to teach real wisdom and broaden experience, and for that matter, they’re inevitable. “Mistakes are one of the risks of pushing someone to take on responsibilities they’re not fully prepared for,” Sontag says. But high potentials will only benefit from mistakes they make—as long as you handle it the right way. Let them know that mistakes won’t get them fired.

MAKE SURE THEY LEARN FROM THOSE MISTAKES. “Often, the first thing mentees want to learn from their mentors is, ‘How have you failed in the past and how can I learn from it?’” Sontag says. From talking to mentors in MENTTIUM’s mentoring program, Sontag says she’s learned that the experience is valuable to them because they get to reflect on the mistakes they’ve made in their careers—which they didn’t get to do at the time they made them.

“If you don’t take time to let candidates talk over their mistakes and get some perspective on them, they’ll miss out on some big opportunities for learning,” Sontag says.

PREPARE MANAGEMENT APPROPRIATELY. Without management, high potential development just won’t happen. But jealousy, overwork, and lack of commitment to the process can conspire to make managers less helpful to the process than they could be.

KNOW WHEN TO PULL THE PLUG. It doesn’t happen all the time, but on occasion someone clearly doesn’t have the potential they appeared to have and needs to be pulled out of the process. Most organizations have trouble with that, Sontag says, partially because there is often no one person who is responsible for the program. But the other difficulty is

political, in that if someone is in the program, it’s because a manager or even more senior person has identified him or her as having potential. “If someone’s not cutting it in the program, but someone higher up has blessed that person and found them worthy, it gets awkward,” Sontag says. “Often nobody really wants to disagree and say, ‘but they’re just not cutting it.’”



potentials anymore, and we've broadened our focus to find those diamonds in the rough," he says. "So we still have programs specific to high performers, but we're trying to have some leadership development that's open to everyone." McGinnis believes that gives managers and executives an opportunity to observe employees who might not fit the traditional profile of a high potential in a situation that might


is losing the employee that they supposedly value, that the employee never knew that the company saw them as having high potential," Sontag says. "They never even knew the organization valued their contributions, and so they move on."

To avoid problems like these, Bose's McGinnis says that candidates selected as high potentials are told up front that they're being targeted. However, they also are warned that

selection for the program does not automatically mean a promotion. They are told their status as high potentials does not mean they can slack off or coast. While the program represents an opportunity for them, they must continue to earn their high potential status. "They're told that they still have to conduct themselves professionally, and that there are no guarantees," McGinnis says.

Development of any employee, whether high potential or potentially potential, is an ongoing conversation that, when done right, leads to more highly skilled employees and leaders who can carry the company forward when the

current leaders move on or retire.

"You have to ask the employee to participate in the [development] process up front," Sontag says. "Get people involved early in the discussion about what they want to learn and where they want to go, because that helps you to know where the obvious potential and the subtle potential is. Many organizations are too narrowly focused and their talent pool isn't wide or deep enough. You don't want to make the mistake of a company that identifies its stars but then waits too long to develop them and misses out on other talent that isn't as obvious." 

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—Michael McGinnis, training manager, Bose Corporation

reveal potential they would have missed otherwise.

Some organizations, for fear of lawsuits or of other jealousy-driven problems, don't even inform high potential employees that they are being targeted for development and potential advancement. Sontag says that's understandable. The concepts of talent and potential are so vague that they're inherently subjective, which means different outcomes can be hard to explain. Without communicating and setting clear expectations, an employee who begins the program but is never promoted could become convinced discrimination is the reason. But MENTTIUM's Sontag and Catalyst's Nugent agree the best programs are transparent and clear, and that those programs always inform candidates of their status.

"You sometimes hear in exit interviews, when the company

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