

# How to Put Your Finger On the High Potentials

David Berke

In any organization there are individuals who are considered to be the likely future leaders of the organization—in other words, to have high potential for leadership. Developing and retaining these high-potential individuals is crucial to an organization's long-term success. But before high potentials can be developed and retained they must be identified.

The process of identifying high potentials might appear to be obvious and simple—you merely determine which individuals are most intelligent and perform best, right? But identifying high potentials—and just as important, the people who should no longer be considered high potentials—involves looking at more than just performance and IQ. And an organization's ability to conduct this identification process successfully has an enormous impact on the effectiveness of its succession planning.

Typically, people identified as high potentials are viewed as being capable of advancing two or more levels up from their current positions. In some cases the definition is even narrower, focusing only on those believed to have the potential to make it to the very top level of the organization.

Such definitions are both too general and too limiting—too general because they provide little specific guidance for

selecting high potentials, and too limiting because they contain an implicit or sometimes explicit assumption that being high potential means being capable of filling a position at the highest rungs of the organization.

In fact, for a variety of reasons, few people will ever have an opportunity to lead a company or even a large seg-

Identifying high potentials involves looking at more than just performance and IQ.

ment of a company. Many people simply don't want to, and of those who do, few can do the job effectively. There are many examples of people who performed well in a specialty area or function but were unable to make a successful transition to top management.

But people who don't have the desire or ability to make it to the top can still contribute significant value to the organization. To survive and thrive, organizations need a seasoned cadre of professionals and high performers. At earlier points in their careers, many of these people probably were considered high potentials, but they reached the limits of their upward movement. However, the fact that these people will not move into senior corporate

management does not necessarily mean that their status as high potentials should end—they still could be considered for important positions in specialty areas or functions. In other words, there can be—and should be—different types of high potentials.

## NO GUARANTEES

As noted earlier, intelligence and performance may seem the most obvious and dependable indicators of high potential. However, the evidence is that although high IQ and performance usually get people noticed, they do not guarantee success.

In a 2002 article in *The New Yorker*, staff writer Malcolm Gladwell states that research has found almost no link between IQ and job performance. The correlation between IQ and occupational success, he writes, is between 0.2 and 0.3—a negligible connection at best. (He suggests that a strong correlation would be 0.7 or higher.) Gladwell quotes Richard Wagner, a psychologist at Florida State University: "What IQ doesn't pick up is effectiveness at common-sense sorts of things, especially in working with people. In terms of how we evaluate schooling, everything is about working by yourself. If you work with someone else, it's called cheating. Once you get out in the real world, everything you do involves working with people."

Building and expanding on this idea, Michael M. Lombardo and Robert W. Eichinger, in their book *The Leadership Machine*, point out that if

---

*Editor's note: Issues & Observations is a venue for CCL staff members and associates to express their personal views about leadership.*

identifying high potentials were merely a matter of assessing intelligence, organizations that hire only college graduates with grade point averages of 3.5 or higher and with IQs of 120 or above would never experience a talent shortage or a lack of bench strength for key management and leadership roles. And yet most companies with such hiring policies do have these problems. Lombardo and Eichinger write that although IQ is valuable as an indicator of analytical skill and the ability to acquire new technical knowledge, it is not connected with the ability to acquire new behavior—to be *learning agile*.

Lombardo and Eichinger suggest that it is these learning agile people, who can continually learn from experience to do something new or different, who are most likely to be an organization's true high potentials. But because intelligence is far easier to assess than is learning agility, those in an organization who are responsible for identifying high potentials tend to depend too much on judgments of intelligence.

Just as intelligence provides no guarantee of success in top leadership positions, neither do high performance and extensive experience in meeting job requirements that are different—usually less complex—from the requirements at the top of an organization. People who have performed well over time in a specific function probably have a great deal of potential for taking a position one or two levels up in their specialty area, where they will mostly be doing more of the same. But this does not mean they are able to learn new functions and effectively perform a variety of assignments. Again, a key element among high potentials is the ability to learn continuously and adapt to new challenges and unfamiliar circumstances.

## ROADBLOCKS

No selection process is ever free of bias, and the identification of high

potentials is no exception, even if the process is rigorous. There will always be people who should be considered for high-potential status but will be excluded for reasons that have little to do with their abilities or their learning agility.

If an individual's personality doesn't "fit" with that of his or her peers or boss—in other words, if the person consistently views and responds to events differently from the way other members of the group do—it can mark the individual as an outsider and substantially reduce his or her chances of leading the group effectively and therefore of being perceived as a high potential.

**No selection process is ever free of bias, and the identification of high potentials is no exception.**

A company's industry type and the organizational culture that emerges from it can also have an effect on who will or will not be identified as high potentials and continue on to top leadership positions. Research shows that in companies in highly concentrated industries with predictable, well-defined competition, a premium is placed on using a fairly bounded set of analytical and problem-solving routines; in companies in highly distinct, high-growth industries, the opposite appears to be the case. So a person's chances of being identified as a high potential and avoiding derailment can largely depend on whether his or her analytical and problem-solving styles match up with those that prevail in the industry.

Here, being learning agile can take on specific requirements and limitations.

Bias according to race and gender still exists, of course, although the playing field has been leveled considerably in those areas in the past twenty years. At a more subtle level, executives responsible for identifying high potentials sometimes are simply unwilling to change their minds about or to consider data that contradict their previously formed opinions of an individual. Sometimes a person just doesn't have the right educational background—scientists, for example, often want to be managed only by other scientists. Or perhaps a person's alma mater is not considered elite enough.

## GOING DEEP

What do companies do after tentatively identifying those who might be high potentials? Typically, a competency model specifically designed for the company is used as the basis for assessments that go beyond the annual performance review and anecdotal data gathered by the human resource department. Such assessments may include a multi-rater feedback instrument derived from the competency model as well as other types of instruments and measures of personality. Some companies also use outside assessment centers, where candidates participate in exercises that simulate actual leadership situations in the organization. Assessment centers are usually very effective but can be expensive.

In-depth assessments can provide data that are highly useful in identifying high potentials. These data also may justify expenditures on the development of high potentials, costs that often constitute a large percentage of a company's development budget. But such assessments are not a silver bullet; applying a current competency model to future challenges, for instance, can be problematic.

The pencil-and-paper assessments are more suited for identifying high

potentials at the lower levels of an organization than at the higher levels. Positions at higher levels often involve an exponential increase in scope and complexity—the higher one goes, the more complex are the elements to be learned. So the ability to continually learn and adapt, although necessary, is not sufficient. This is where IQ becomes an important factor, as do emotional intelligence and a range of skills including negotiation, dealing with ambiguity, developing others, and managing conflict.

For this reason the assessments should be augmented by the observations of several raters. (This applies especially to the higher levels but also to the lower levels.) The raters might include the person's immediate supervisor, the manager at the next level up, and a human resource representative. It's not a good idea to depend solely on the evaluation of the person's immediate supervisor, whose perspective may be too limited. It's also unrealistic to expect a high-potential employee to perform a specific function better than a seasoned professional in that specialty does.

At the higher levels the CEO and executive management team can act as the assessors. This works best when the succession planning process has been centralized, the talent in question is perceived as "belonging" to the organization rather than to a specific department, the top executives have made the effort and taken the time to work out criteria for assessment, and the CEO does not play favorites or allow others to.

## EXPANDING THE POOL

As mentioned earlier, organizations are well advised to not confine their lists of high potentials to those people capable of ascending to CEO or another top-rung position. In fact, it can be argued that talent pools and pipelines should be developed at many organizational levels and that they should feed both laterally and

upward. There are a number of reasons for this.

- There are no guarantees about who can or will make it to the top.
- When there is a promotion from one level to another, the position vacated at the lower level needs to be filled.
- Critical positions—not just in management but also technical jobs—exist throughout an organization. A sudden departure in one of these less visible positions can be damaging unless there is a pool of qualified candidates ready to be considered for the job.
- When business conditions change, business strategy often

**People on a public list of high potentials may develop incorrect assumptions.**

changes along with them. Someone who appeared to be the right candidate under a previous strategy may no longer be the right candidate under the new strategy.

- Finally, it's important to be able to consider more than one person to fill a position. It's advisable to develop at least three people for each position. This not only allows for turnover and changes in job requirements but also provides diversity in the candidate pool.

## FULL DISCLOSURE?

Once an organization compiles a list of high potentials, the question arises whether the list should be made public. Arguments can be made on both sides.

One of the dangers of making the list public is that people may remain

on the list even after it becomes apparent that they are no longer learning or growing more quickly than their peers. But those who put an individual on the list are often hesitant to remove that person from the list, not only because they are unwilling to admit they were wrong but also because of the significant negative ramifications that withdrawal from the list can have on the individual's career and relationships with others in the organization.

In addition, when high potentials are on a public list, they may begin to believe they are exempt from many of the rules of behavior that apply to others, and will act accordingly. To protect themselves and their high-potential status, they may avoid necessary risks or act in a conservative way that hinders their ability to learn and grow. Also, unless the organization is very careful about explaining what it means to be a high potential, people on a public list may develop incorrect assumptions.

There are also some good reasons for making the list public. For instance, it can facilitate discussions with the high potentials about development and encourage them to take on developmental assignments. Also, when the process of identifying and developing high potentials is open, it gains credibility among employees.

Perhaps the most important point for those responsible for identifying and developing high potentials to keep in mind is that there are high potentials in all parts of an organization. Not all of them are capable of rising to CEO, but many can perform well in their specific functions and specialties if the development pipeline is opened to them as well. ✍

---

*David Berke is a senior custom solutions program associate at CCL's campus in San Diego. He holds an M.B.A. degree from the University of Southern California and an M.A. degree from the State University of New York at Stony Brook.*