

Management Tools

High Potential, High Risk

Traits that indicate high leadership potential can also derail a career.

By David B. Peterson¹⁶⁵

Most managers have heard from their company leaders that leadership talent is—or will shortly be—a scarce resource. They also have heard that it is the responsibility of every manager to help the organization prepare for the future and groom tomorrow's leaders.

To prepare, most companies invest in identifying and cultivating high-potential employees—talented, bright individuals who exhibit the right blend of skills and behaviors indicating their potential to move up in the organization and perform effectively as leaders. This practice is essential but not always

well-executed. So, what is the best way to develop “high potentials” into leaders? What should managers do to ensure that high potentials stay on track?

High Potentials' Value

First, managers need to understand the true value of high potentials and know why it is so important to invest time and energy in developing this group.

Demand for top talent is soaring. Most companies are differentiated by the talent and leaders they have. With the retirement of the baby boomer generation and noticeable skills gaps in many areas, companies are losing leaders faster than they can replace them.

If senior leaders are unable to compete in recruiting and retaining top talent, they often are unable to execute initiatives and strategies. A company that lacks sufficient leadership may, for example, be unable to expand into valuable markets when opportunities arise.

The benefits of developing high potentials are great for both the employees and the organizations. Employees learn how much the organization is invested in their continued successes and career development, increasing loyalty and making the individuals feel valued and motivated to stay engaged and productive. The organizations benefit by having the right talent available to achieve long-term strategies and goals.

Every tactic needs talent to make it possible. Often, the pools of high potentials contain the candidates most likely to be capable of filling new roles—given the proper training, experiences and preparation.

Identifying High Potentials

Many managers struggle to identify their high potentials. Do they base their assessments on current performance? Intelligence? Drive and determination?

The most common misidentification of high potentials results from confusing high performance with high potential.



ILLUSTRATION BY ADAM NIKLEWICZ

Not all top performers have the potential to succeed at higher levels. A manager of a small team may produce great results, largely through being technically gifted and intimately involved in the team's tasks. If asked to manage a division with multiple teams working in diverse areas, however, that same manager may have neither the skills nor the desire to successfully manage the team leaders.

Clearly, current performance is an important consideration; it's rare that marginal performers will be classified as high potentials. But managers must also sort through external factors that impact success, such as market conditions and competitive challenges. Better yet, it's important to find people with track records of success in a variety of situations and business climates. In fact, the greater the number of challenging situations a person has encountered successfully, the greater the chance that he or she has learned valuable lessons that can fuel future performance.

High potentials also need the right motivations and drive, such as wanting to work with and through others, having an interest in financial data, and being comfortable with power. Being smart is important: The higher a person goes in an organization, the more likely he or she will encounter complexity and overwhelming amounts of data that must be assimilated quickly.

Ironically, some of the qualities most indicative of high potentials also can signal potential performance problems.

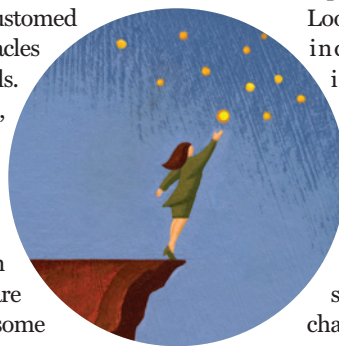
In a recent study conducted by Personnel Decisions International, 27 percent of individuals identified by their bosses as high potentials were also identified by the same bosses as having a high risk of career derailment—a likelihood that the person would fail in a specific role because he or she reached a plateau of performance, quit or was fired. This means managers believe that one of every four high potentials may never reach his or her potential.

Proper identification of high potentials requires a full assessment of an individual's capabilities, behaviors and fit with organizational expectations. These robust measures also make the identification of high potentials a more objective process. A well-liked individual may

not make the best leader. Or, people with minimal interaction with nominating bosses may have leadership potential but little visibility to showcase talents in their current positions.

Derailers

The most common profile for high-potential leaders likely to derail is someone smart, driven and accustomed to pushing through obstacles to meet ambitious goals. This same hard-driving, risk-embracing style that gets leaders noticed for high performance also can cause them to experience problems with their colleagues. They are more likely to derail at some



Second, top performers generally consider their work style to be effective. Even if their role changes, they are often averse to changing or modifying their behavior. They have received high praise and recognition for performance and understandably believe that they will be most effective if they continue to follow that approach.

Look, for example, at the individual who prefers isolation from others, even keeping different hours, to stay focused on specific tasks without distractions from co-workers. This method could be effective for some tasks, but when a role changes—or an individual is

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point if they don't learn to show respect for other people's perspectives and to incorporate other people's opinions to gain their commitment.

Other derailment patterns include leaders who have brilliant ideas and solutions but aren't consistent in being able to implement their ideas through others, and those who get the results their bosses want to see but alienate peers and others.

Managers should be mindful of how they treat high potentials in two particular areas. First, managers need to recognize that most top performers are rewarded for their results, not necessarily for the manner in which the results were achieved. If two top performers achieve the same result, they are often given the same reward, even if one achieves it through building and aligning a team and one achieves it by pushing with brute force. In fact, the more forceful individual, who apparently succeeds quickly by working on his or her own, is sometimes given greater rewards and encouragement than the team-builder who learns lessons that will have even greater value in subsequent roles.

promoted—this behavior may alienate colleagues, sending a message that the team is not needed or appreciated or that the individual doesn't wish to be accessible. The individual fails to build the strong relationships and loyalty that can increase chances for long-term success.

This illustration appreciates the difference between potential and realized potential. These traits that suggest possible derailment are not necessarily problems as much as they are clear indicators of exactly what an individual needs to be coached on to be successful at the next level and beyond.

Provide Proper Training

To ensure that high potentials reach leadership ranks, managers need to work with employees to decrease the risk of derailment and create plans that foster development of needed skills and behaviors.

There are four steps managers can take to decrease risks for derailment:

- Accurately identify high potentials in your department.
- Provide clear expectations in terms of valued behaviors.
- Provide individuals with specific feed-

back on how well their performances and their behaviors (what they do and how they do it) meet expectations.

- Make sure rewards such as promotions and bonuses don't send mixed messages. Reward high potentials for both the results and the methods used to achieve the results.

By shaping development through clear communication and appropriate reinforcements, managers can teach individuals what the company values, and employees can begin to demonstrate the values of the organization's culture.

Employees are only high potentials within a specific company if they have the right fit—the skills and mind-set consistent with the organization's direction. But all employees need to know the company's values and direction before they can showcase their own potential.

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develop—namely, sitting down to clearly explain the expectations for each role and providing periodic feedback about how the individual's performance and behavior align with those expectations.

High-potential leaders often advance quickly and may not learn some of the basic lessons that others learn simply from having more time in each position. That's why it's important to be explicit about expectations and styles with fast-rising leaders.

Executive coaching represents one way to make sure high potentials learn the lessons necessary to deliver results in the long term. An accurate understand-

ing of what future roles involve and an early assessment of a leader's strengths and weaknesses can help managers create specific development plans for those talented, high-potential performers who need the right development, coaching and experience to avoid derailment.

When current leaders take the time to measure and identify high potentials and work with each individual to create a custom development plan, these individuals can transform potential into realized leadership performance. ■

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