Five Steps
to a Better High Potential Program

HOGAN RESEARCH DIVISON

Competent leadership is crucial for a company's success. Recent studies indicate that businesses with strong leadership are 13 times more likely to outperform their competition, and three times more likely to retain their most talented employees[1].

Yet, only 44% of HR professionals report having formal processes for identifying employees with leadership potential, and only 18% report having enough bench strength to meet their companies' future needs[1].

Focusing on employee potential is a proven way to maximize organizational performance[2]. So why do so many companies lack a comprehensive plan to identify, retain, and develop their high-potential employees?

Because there are no established best practices for identifying high-potential employees, current processes produce mixed results and are plagued by bias and politics. Even if a company identifies the right candidates, recent studies indicate 25% of high potentials are disengaged and plan to leave their company.

Companies can improve current performance and ensure a competitive advantage by identifying, engaging, and developing high potentials with well-validated personality assessments.

Define potential

The challenge most companies face in developing a high-potential identification program is defining high potential. Twenty percent of the workforce accounts for 80% of the productivity. Those 20% are high potentials. High potentials not only perform better, they also:

- Are rewarding to deal with
- Are talented and learn new tasks quickly
- Take initiative and seem leaderlike

High potentials should also be good managers. Our experience shows high potentials are mildly elevated on all scales associated with managerial performance and receive lower scores on scales associated with managerial derailment. For example, good managers communicate effectively, make good decisions, act with integrity and take responsibility for mistakes, respect others, and establish a vision.

Identify high-potential employees

Most companies rely on supervisor nominations and performance appraisals to identify potential in their talent pools. Failing to identify high potentials correctly can alienate them and cause them to leave for a competitor. Designating the wrong high potentials can also inhibit an organization's effectiveness. Traditional methods are problematic for a number of reasons.

First, organizations tend to overestimate current performance as a predictor of future potential. In fact, research shows that only 30% of current high performers are actually high-potential employees, and most employees (more than 90%) would have trouble at the next level.

Second, performance measures tend to be subjective and biased by politics. Performance appraisals are a function of how much supervisors like their employees[3] and are minimally related to actual job performance[4]. Therefore, higher performers are often those who successfully navigate office politics, not necessarily those who perform better.

Finally, traditional measures of potential tend to reward behavior that becomes counterproductive at an organization's upper levels. The same bold, attention-grabbing behavior we find attractive in our junior employees turns into recklessness in the C-suite. Once promoted, these risk takers may lack follow-through, become selfish, and pursue bad ideas leading to operational and organization loss.

"The main problem with traditional forms of high-potential identification is that they tend to ignore context and rely on past assessment," said Ryan Ross, vice president of global alliances at Hogan. "Personality assessment gives you an unbiased, empirical view of candidates' leadership potential."

Use an objective measure

Personality is best defined in two parts: identity and reputation. Identity is personality from the inside –

This multi-dimensional approach to assessment paints a comprehensive picture of each person – his or her work habits, ideal job type, leadership potential, and probable derailers – far beyond the information available in a traditional process.

"These are objectively measured, enduring, stable characteristics that aren't impacted by politics, relationships, or context," Ross said. "From there, the more performance data you add, the better your process is going to be."

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how you see yourself. Because you create your identity, and it often changes, it is not useful for predicting performance. As Freud said, the you that you know is hardly worth knowing. Reputation, on the other hand, is personality from the outside – how others see you. Reputation is useful for predicting future job performance.

Hogan measures reputation with the following:

Bright-side personality – Measured by the Hogan Personality Inventory, bright-side, or normal personality describes leadership style, judgment, and candidates' ability to get along and get ahead.

Dark-side personality – Measured by the Hogan Development Survey, dark-side personality, also called derailment personality, consists of characteristics that, under stress or boredom, can become debilitating career derailers.

Values – Measured by the Motives, Values, Preferences Inventory, values are the drivers, beliefs, and interests that determine what candidates' are willing to work for and in what type of job, position, and organizational culture they are likely to feel most satisfied.

Organizations can use these measures to identify individuals with the characteristics essential for success across organizations. These include:

- *Rewarding to deal with* is a function of HPI Adjustment and Sociability, HDS Hedonism and Colorful.

- *Talented* is a function of HPI Inquisitive and Learning Style, HDS Imaginative, MVPI (low) Tradition and Security.

- *Productive* is a function of HPI Prudence and Learning Style, HDS Diligent, MVPI Power and Commercial.

- *Leaderlike* is a function of HPI Adjustment, Prudence, and Ambition, HDS Bold and Colorful.

Differences across organizations occur in values, as measured by the MVPI. Values, established by senior management, are important to assess cultural fit. Organizations are more likely to retain individuals with congruent cultural values.

4 Pay attention to engagement

Although engagement it is one of the most discussed topics in business, popular media, and psychology, there is a fundamental disagreement over what constitutes employee engagement. At best, the employee engagement definition remains vague. To properly define, and therefore measure, engagement, we must first eliminate several things that engagement is not.

Engagement is not an individual characteristic: Many argue that engagement is an individual characteristic – that some people are naturally more engaged than others. Although this has some merit, this approach removes responsibility from managers.

Engagement is not job satisfaction: Measures of job satisfaction are essentially measures of self-esteem. In other words, unhappy people are unhappy with any job.

Engagement is not job involvement: Job involvement concerns attitudes toward a specific job or task, and is oriented toward task outcomes rather than organizational outcomes. People can be involved in a task without being engaged in an organization.

Finally, engagement is not organizational commitment: People can be committed to jobs in which they are not engaged.

Instead, engagement is an ideal psychological state marked by high levels of energy and persistence at work, positive affect and involvement at work, enthusiasm and pride in the work, a sense of empowerment at work, and finding the work meaningful.

According to *Forbes*, higher employee engagement equals better organizational performance[5]. Companies with highly engaged workers show higher returns on assets, are more profitable, and demonstrate nearly twice the value to their shareholders compared to companies characterized by low employee engagement. Engagement should be an organizational goal and is the key to retaining high potentials.

Hogan asked more than 1,000 individuals about the personalities of their best and worst bosses. Fifty-two percent of respondents identified arrogance as one of their bad boss's worst qualities. Arrogant bosses tend to blame their mistakes on others, overestimate their competence, and lack a sense of team loyalty, thus alienating and disengaging their employees.

Also, 50% of respondents indicated manipulation was one of their bad boss's worst characteristics. Manipulative managers tend to ignore commitments, bend the rules, and disregard others' concerns. These tendencies undermine manager-employee trust and can damage engagement.

Personality assessment and feedback provide a clear understanding of your strengths and weaknesses, and how those strengths and weaknesses compare to those of others.

According to Dr. Robert Hogan, president of Hogan Assessments, engagement reflects how employees are treated by their immediate bosses. Just as competent leadership drives employee engagement, ineffective leadership creates disengagement. Bad leadership, estimated between 50 and 70%, not only alienates employees, but a disengaged workforce undermines an organization's financial interests. How do we make leaders more effective? We develop them through high-potential programs.

According to Dr. Hogan, there are three steps companies can take to drive engagement:

1. Assess the current level of engagement to identify pockets of alienation.

2. Fire the managers in charge of the alienated units.

3. Train the remaining managers.

Develop high-potential employees

In addition to providing an empirical means of identifying high-potential employees, personality assessment also provides a strong foundation for developing a high-potential workforce. As illustrated, strengths at lower management levels can become destructive as high potentials move upward. Assessing derailers early in the high-potential identification process can provide insight into developmental areas.

Strategic self-awareness is imperative for developing high potentials. "Personality assessment and feedback provide a clear understanding of your strengths and weaknesses, and how those strengths and weaknesses compare to those of others," said Rodney Warrenfeltz, Hogan managing partner.

The most effective development for high potentials is managing others. What employers want and what high potentials look like is similar. By using well-validated personality assessments to identify and develop high potentials, organizations can maintain a competitive advantage.

References

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