5 Best Practices for Identifying Potential Leaders

How the right talent investments now create leaders for a successful tomorrow
Effective **succession management** begins with identifying and developing a pool of high-potential leaders who are ready to step into critical leadership roles.
High potentials, also known as “top talent,” “high flyers,” or “acceleration pool members,” are believed to have the best chance to rapidly grow their capabilities and fill critical roles in the near future.
By most definitions, an acceleration pool of leaders represents a critical investment of time and resources.
Much like a personal decision to invest in a stock or mutual fund, the process for identifying high potentials requires FOUR Absolutes.
4 Absolutes for Identifying Your Potential Leaders

1. Due Diligence
2. Clear Criteria
3. Accurate Data
4. Careful Decision-Making
About HiPo programs…

65% of companies have high-potential leadership programs.

68% say they are not very effective.

5/6 HR professionals are dissatisfied with their HiPo programs (CEB, 2014)

DDI Research, 2017
Here are 5 Best Practices for making the right talent investments in your organization:

1. Don’t shortchange high-potential nominations.
2. Define potentially consistently.
3. Ensure your pool includes diverse skill sets and mindsets.
4. Separate potential from performance from readiness.
5. Equip managers to become talent scouts.
#1

Don’t Shortchange High-Potential Nominations
The evaluation and nomination of high potentials is often embedded as a component of a larger talent review process at top levels of the organization, and doesn’t always get the proper emphasis.
Nearly half of organizations shortchange their efforts by focusing only on high-potential talent at the senior-most levels. Organizations that opt to extend development of high-potential talent into lower levels of the organization are 4.2 times more likely to financially outperform those that don’t.

Create focus and rigor by:

• Using objective assessments to identify potential.
• Giving managers clear direction for evaluating and nominating high potentials.
• Taking a full-pipeline approach to build a strong pool of leaders from frontline to executive.
Use the right tools by level:

- At lower levels, use scalable online assessments that can identify people who have the skills, motivations, and personality to lead.
- For mid- and senior-level leaders, gain deeper insights through day-in-the life simulations and by obtaining feedback through 360° tools.
#2

Define Potential Consistently
Replace loose, intuitive definitions of potential with standard, research-based factors that are predictive of future potential.
DDI's research has identified 10 high-potential factors:

- Propensity to Lead
- Brings Out the Best in Others
- Authenticity
- Receptivity to Feedback
- Learning Agility
- Culture Fit
- Passion for Results
- Adaptability
- Conceptual Thinking
- Navigates Ambiguity
Nomination must first confirm a solid track record of past performance, but these 10 factors are the real differentiators for potential in accelerated development.
Taken as a whole, they address motivations, learning orientation, and propensity to lead with the increasingly ambiguous, complex, and dynamic nature of strategic roles.

Motivation + Learning Orientation
#3

Ensure Your Pool Includes Diverse Skillsets and Mindsets
In many organizations, identifying leadership potential starts with looking for people who are most similar to the organization’s current leaders.
But because of the rapidly changing business environment, the types of leaders you need in the future may be very different than the leaders you have today.

A strong high-potential pool should include people with a broad range of skillsets and mindsets.
The goal is to create a pool of people who represent a broad range of skills and perspectives to quickly step into leadership roles to help the organization innovate and adapt to rapidly shifting business challenges.
#4

Separate Potential from Performance from Readiness
These three concepts – performance, potential, and readiness – are often confused.
Potential = The likelihood that an individual can develop into a successful leader with significantly expanded, higher-level leadership responsibilities.

Performance = An individual’s level of success in executing objectives in one’s current (or past) roles. Includes demonstration of required competencies.

Readiness = The degree to which an individual’s competencies, experiences, knowledge, and personal attributes meet the requirements for a role or job family.
Past performance is a predictor of future performance, but only when the challenges and roles remain consistent.
Since significantly new and different challenges lie ahead for high potentials, it is critical to differentiate and evaluate potential and readiness.
#5

Equip Managers to Become Talent Scouts
Engage leaders and managers from the start.

Communication is vital to attain buy-in, set expectations, and establish processes, roles, accountabilities, and metrics.
Managers, as guardians of the enterprise’s talent, can serve as “talent scouts” at other times during the year.
Talent Scout workshops for managers can help build a shared understanding of potential, address biases, and confirm accountabilities.
Sometimes, this means uncovering hidden talent that wouldn’t otherwise be discovered by only thinking of potential once a year.
In Review
Making the right talent investments in your organization

**Best Practices**

- Don’t shortchange high-potential nominations.
- Define potential consistently.
- Include diverse skill sets and mindsets.
- Separate potential from performance from readiness.
- Equip managers to become talent scouts.
TAKEAWAY #1

The high-potential identification process is vital to filling an organization’s leadership pipeline.
TAKEAWAY #2

Beyond routine promotion and development, this nomination process represents an investment decision, just like an investment in product development, or any other business opportunity.
TAKEAWAY #3

Time, budget dollars, and energy need to be invested in assessing, developing, coaching, awarding assignments, and retaining high potentials.
TAKEAWAY #4

Ensuring that you perform due diligence to accurately and objectively identify a diverse pool of high-potential leaders will determine the return on the high-potential investment.
Ready to identify your potential future leaders?

Succession experts are standing by at 800.933.4463 or info@ddiworld.com to help guide your initiatives.