How To Spot Future Leader Potential: 5 Tips for Identifying Leaders and Maximizing ROI

Presented by: Rick Lepsinger, President

Talent is the multiplier. The more time and attention you invest in it, the greater the yield. The time you spend with your best is, quite simply, your most productive time.

-Marcus Buckingham, author, motivational speaker
Objectives

● Understand how to define success in leadership roles
● Learn how to spot high potential employees
● Learn how to provide ongoing leadership development
● Understand how to measure results

Our Experience

Did You KNOW?

Attracting and retaining talent is among the top five most critical risks today’s organizations face

2015 Aon Hewitt Global Risk Management Survey
Did You ALSO KNOW?

Companies with top-tier leadership teams outperform others by nearly 19 percent, according to the Corporate Leadership Council.

Polling Question

What percent of North American companies feel they have a strong pipeline?

1. More than 75%
2. 51-75%
3. 25-50%
4. Less than 25%

The Current State

Yet only 15% of North American companies surveyed by Harvard Business Review said they had enough successors in the pipeline for key leadership positions.
The PROBLEM

Many organizations do not have a robust, structured process for succession.

As a result, they invest significant time, effort and dollars on employees who turn out to be the wrong fit.

WHY Succession Management is Essential

- The average employee today stays at a job less than 5 years *(U.S. Bureau of Labor Statistics, 2014)*
- Fewer than a third of all organizations have succession plans for all but the top executives *(Deloitte’s Global Human Capital Trends 2014)*
- The cost of replacing an employee can be as much as 2X annual salary *(Center for American Progress study)*

HIDDEN COSTS of Poor Succession Management

- Time and money involved in hiring/onboarding
- Loss of productivity *(may take 1-2 years for new employees to reach full potential)*
- High turnover hurts morale and job satisfaction
- Customer service errors = reputation risk
Five Tips for Maximizing ROI

AmeriGas: The Business Challenge

• AmeriGas, the Nation's largest propane company, lacked a pipeline of leaders for a critical role – the Area Director
• AmeriGas has 50 Area Directors, or leaders with teams of 10-12 district managers responsible for day-to-day operations, customer satisfaction, growth and profitability
• Employees promoted to Area Director sometimes felt unprepared and were not set up for success

AmeriGas: The Solution

Develop a high-potential program that identifies leaders who have potential and provide them with opportunities to accelerate their development
Tip 1: Develop Success Profile

Success Profiles: BEYOND JOB DESCRIPTIONS

- **Knowledge**: What people *know*
- **Experience**: What people *have done*
- **Competencies**: What people *can do*
- **Characteristics**: Who people *are*

**CREATING Robust Success Profiles**

Define what success looks like for the leadership positions/levels in question
- Consider your company’s strategic objectives
- Consider leaders who previously failed in key roles and look for patterns: *How could they have been better prepared?*
- Seek input from leaders & exec team
- *Focus on critical competencies*
HOW TO USE Success Profiles

- To shape interview questions
- To develop training and development goals
- To evaluate performance
- To define success in the short and long term and assess high-potential employees

Area Director SUCCESS PROFILE

- Define what success looks like for the AD role
- Outline the skills and behavioral traits necessary to succeed in the future
- Created RJP to help people determine fit for AD role

Best Practices

- Identify key positions based on the strategy
- Develop competencies and key behaviors that define and measure success
- Focus on the criteria most important for future success rather than general competencies
Tip 2: Assess Talent

ASSESS Talent

- Conduct in-depth assessments
- Use an objective third party to conduct assessments to add rigor
- Map candidates’ potential
- Review group data to determine organizational strengths and gaps

Polling Question

- Do you use assessments to identify high potential employees?
  - Yes
  - No
- Chat an example of a tool you use
WHO Are Your High Potential Employees?

- 1 out of 7 of your highest performers are actually high-potential employees
- Twice as valuable as other employees
- More likely to be uncertain about career path
- 55% will drop out of a development program or because they are incorrectly identified
- 46% fail to meet objectives in new roles

How to Spot A HI-PO

- Look for a combination of ability, desire and commitment
- Listen to feedback from managers, coworkers and direct reports
- Leverage objective tools that focus on future potential rather than current performance
Best Practices to ASSESSING POTENTIAL

- Conduct in-depth assessments (e.g., Custom Potential Tool and Personality Tests, Simulations)
- Use an objective third party to conduct assessments to add rigor
- Map candidates’ potential
- Conduct Talent Review Meeting to discuss candidates and support decisions

Sample Potential Inventory

Choose the 10 situations for Customer Focus and based on your interactions with, rate the extent to which this leader has the potential to effectively demonstrate the behaviors in Customer Focus.

- Evaluate the leader’s ability to engage customers in meaningful conversations and establish rapport
- Assess the leader’s ability to listen actively and understand customer needs
- Analyze the leader’s ability to adapt communication style to different customer needs

Customer Focus

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish rapport and engage customers</td>
<td>High</td>
</tr>
<tr>
<td>Listen actively and understand customer needs</td>
<td>Medium</td>
</tr>
<tr>
<td>Adapt communication style to different customer needs</td>
<td>Low</td>
</tr>
</tbody>
</table>

- Rate the potential of the leader using the scale below:
  - Low: 1
  - Medium: 3
  - High: 5

- Summarize the leader’s potential in the comments section:
Sample SJT

Talent Review Meeting

AmeriGas Acceleration Program Kick-Off
# Kick-Off Event

## Day One (Wednesday October 7)

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>6:00</td>
<td>Cocktails Reception and Dinner</td>
<td>Villeneuve</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00-8:00</td>
<td>Breakfast</td>
<td>Villeneuve</td>
</tr>
<tr>
<td>8:00-9:00</td>
<td>Coffee Break</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>9:00-9:10</td>
<td>Keynote</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>9:10-10:00</td>
<td>Keynote</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>10:00-10:15</td>
<td>Presentation</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>10:15-10:30</td>
<td>Luncheon</td>
<td>Villeneuve</td>
</tr>
<tr>
<td>10:30-10:45</td>
<td>Task Forces</td>
<td>Villeneuve</td>
</tr>
<tr>
<td>10:45-11:00</td>
<td>Break</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>11:00-11:15</td>
<td>Direct Support Role Play</td>
<td>Villeneuve</td>
</tr>
<tr>
<td>11:15-11:30</td>
<td>Break</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>11:30-12:00</td>
<td>360 and GQF Feedback</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>12:00</td>
<td>Luncheon</td>
<td>Villeneuve</td>
</tr>
</tbody>
</table>

## Day Two (Thursday October 8)

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00-8:00</td>
<td>Breakfast</td>
<td>Villeneuve</td>
</tr>
<tr>
<td>8:00-9:00</td>
<td>(Include Task)</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>9:00-9:10</td>
<td>Keynote</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>9:10-10:00</td>
<td>Keynote</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>10:00-10:15</td>
<td>Presentation</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>10:15-10:30</td>
<td>Break</td>
<td>Villeneuve</td>
</tr>
<tr>
<td>10:30-10:45</td>
<td>Concurrent Breakout</td>
<td>Avenue</td>
</tr>
<tr>
<td>10:45-11:00</td>
<td>Break</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>11:00-11:15</td>
<td>Building Trust</td>
<td>Commerce II, III</td>
</tr>
<tr>
<td>11:15-11:30</td>
<td>Break</td>
<td>Supervised</td>
</tr>
<tr>
<td>11:30-12:00</td>
<td>Presentation</td>
<td>Supervised</td>
</tr>
<tr>
<td>12:00</td>
<td>Lunch</td>
<td>Villeneuve</td>
</tr>
</tbody>
</table>

### Tip 3:

Review Results
Review Results

• Assemble a talent review board to discuss top performers
• Share results with high-potential employees and their supervisors

Case Study: Talent Grid

<table>
<thead>
<tr>
<th></th>
<th>Strategic Thinking</th>
<th>Coaching</th>
<th>Leadership</th>
<th>Communication &amp; Influencing</th>
<th>Focus on Results</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jen Horn</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>3.20</td>
</tr>
<tr>
<td>Sally Sample</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>4.20</td>
</tr>
<tr>
<td>John Smith</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>2.80</td>
</tr>
<tr>
<td>Average</td>
<td>3.33</td>
<td>2.67</td>
<td>4.00</td>
<td>3.67</td>
<td>3.33</td>
<td></td>
</tr>
</tbody>
</table>


Case Study: Data Integration

- High Potential
- Move to Interview
- Further Review
- Exclude

- Jen Horn
- Sally Sample
- John Smith
- Mike Jones
- Helen Cap
PRESENT the Data to the C-Suite

- Make the case for a leadership development program to nurture high-potential employees
- Demonstrate likely outcomes and costs associated with improper training -- nearly half of all employees fail in new roles without proper training and development

Tip 4: Develop a Plan for Employees

Develop A Plan For Employees

- Work with business leaders and supervisors to develop stretch assignments or roles for high-po employees
- Enroll them in robust, leadership development opportunities tailored to their needs
Make It PRACTICAL

- Consider project-based learning programs
- Link performance reviews and incentives to development outcomes

Development Planning

- Create individual development plans that include:
  - Meaningful on-the-job opportunities
  - Rotational assignments
  - Project team leadership assignments
  - Structured educational experiences
  - Coaching/Mentoring
  - E-Learning resources
- Create group development plans to focus on overall needs

How to Help A Hi-Po THRIVE

- Use assessments to put together a development plan that has individual customized needs
- Review results with manager to engage them in process
- Provide resources and support to hi pos
- Assign them to critical roles or on-the-job experiences
How to Help A Hi-Po THRIVE

- Pair employee with a mentor
- Schedule periodic evaluations and coaching sessions
- Reassess employees' skills to measure progress
- Communicate long-term career paths

AmeriGas: Ongoing Development

- Skill-building sessions
- Online development site with development plan:
  - Action Learning
  - Assessments
  - On-the-job learning assignments
  - Case Studies
  - Training
  - Readings

AmeriGas High Potential Program

- Development sessions: Skill-building sessions, online development site with development plan: Action Learning, Assessments, On-the-job learning assignments, Case Studies, Training, Readings.
- Interactive Classroom-Based Learning, Experiential Activities, Networking, Speakers.
- Events:
  - Phase 1: Kick Off Event
  - Phase 2: Action Learning Kick-Off
  - Phase 3: Ongoing Development
  - Phase 4: Bringing It All Together
- Phase-wise:
  - January: Phase 1
  - February: Phase 2
  - March: Phase 3
  - April: Phase 4
- Events:
  - Live Events
  - INTERSESSION WORK
  - Follow up 360
Tip 5: Analyze Results

- Measure the rate of improvement in critical skills, based on post-training surveys and other metrics
- Track the rate of retention and promotion among employees who complete the leadership development program
- Calculate recruitment costs saved

Document Progress

- Structured review of the process
- Monitor progress of Talent Pool development
- Monitor organizational strategy changes and their impact on succession management plans
Document Progress

- Measure number of leadership positions filled by talent pool
- Measure retention of talent pool
- Measure employee satisfaction and commitment
- Track results to bottom line performance

Sample Metrics

- By April, 90% of development actions will be complete
- Increase employee engagement and retention by X%
- Over X years, increase high potential retention by X%
- By year 20XX, increase high potential leaders by X%
- Increase movement of high potentials to other functional areas

TIPS for Measuring Success

- Conduct a pre- and post-training assessment
- Collect feedback from supervisors, peers and direct reports
- Evaluate leadership execution
- Appraise retention
A Formula for MEASURING ROI

- On average, it costs 4x as much to recruit and hire a new leader than it does to retain one.
- How can you measure the return of your investment in leadership development?

**The PAYOFF**

- Talent is Ready When Needed
- Replacement Costs Minimized (recruiting, selection, development)
- Able to Attract and Retain Top Talent
- Leadership Successes Greatly Outnumber Failures

**Determine how many trainees stay with the company for a year or more**

**Assess total $ value of personnel costs**

**Determine how much you would have spent on recruiting/training new employees**
The PAYOFF

• Improved Bottom Line Performance
• Measurable Return on Development Investment
• Investor confidence – research links effective succession management to increased ROI and annual shareholder return*


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