

# Building Your Bench Strength

Seven steps for identifying and developing your high potentials earlier than ever before

Due to a host of competitive pressures, strong leadership matters more today than ever. Just as importantly, the consequences of underperforming leadership can be catastrophic.

Multiple studies have shown how organizations with better leadership outperform their competitors, and how effective leaders positively impact their organizations and direct reports. Such leaders literally create a culture in which employees are highly engaged and deliver their best performance.

Specifically, we know that good leadership leads to:

- **Increased productivity, profit, and growth**
- **Increased sales revenue**
- **Better long-term returns and shareholder wealth**
- **Greater customer satisfaction**
- **Higher employee retention rates and increased commitment**

Given the value of these outcomes, forward-thinking organizations have increased their efforts to identify, develop, and manage their best talent. Critical to their efforts have been initiatives to more accurately identify high-potential talent—employees who have the capacity to learn, develop, and assume greater leadership roles in the future—earlier in their careers.

The problem is that most organizations do a below-average job of properly identifying their high-potential employees. A recent Conference Board report shows that only 34 percent of companies effectively identify capable leaders early enough in their careers.

Why do so many organizations struggle with this and what can we do about it?

## New Bench Strength Assessment

From MDA Leadership Consulting

*Does your succession system accurately identify high potentials early in their careers, so you can wisely focus development investments and retention strategies on the right talent?*

MDA has developed an assessment for early identification of leadership potential among individual contributors and first-level leaders. Our approach:

- Provides you with a better, broader, and more accurate view of your potential leadership talent.
- Fills your pipeline with those who are most likely to succeed in the leadership roles most critical to sustained organizational performance and success.
- Helps high potentials identify their strengths to leverage as well as derailers that might easily thwart their otherwise upward trajectory.

**Ask us how you can start identifying your high potentials earlier today!**



# Top mistakes organizations make in high-potential identification



The reason many organizations misidentify their high-potentials isn't due to assessment mistakes made by any one person, but rather likely due to a historical reliance on outdated talent management practices. In today's knowledge-based, hypercompetitive market, companies can no longer rely on ineffective and outdated means of identifying their high-potential talent.

Some of the most egregious organizational errors related to high-potential identification include:

## 1. Using vague, incomplete, and/or competing definitions of potential

Many organizations fail to study or understand what is known about core individual qualities and attributes related to longer-term career and leadership potential. Worse, these organizations cannot operationalize these definitions in ways that are understood, agreed to, or easily usable by those responsible for hiring or promoting and developing the best talent.

## 2. Confusing current performance with future potential

As tempting as it may be to equate current performance with future potential, it's frequently a profound mistake. This is because more senior and more critical positions require at least some *different* skills than those required for success in a person's current role. As a result, what gets lost is thinking about an individual's *potential for the future*.

## 3. Insufficiently committing resources to high-potential identification and/or focusing on leadership development only at the top

In many organizations, talent management systems are designed for differential investment in the development of top leaders. Bersin and Associates reports that average leadership development spending for first-level leaders (\$1,617/person) and mid-level managers (\$2,700/person) was 28 to 45 percent of the average \$6,016/person investment in executive leadership development.

Additionally, many organizations fall short by only *identifying* their high-potentials without also systematically and effectively *developing* them. With top talent scarce in many key roles, an organization's highest-quality employees know they are free to jump to any other organization—and act accordingly. Organizations that seek to achieve and sustain a competitive advantage through their talent know that they must provide their high potentials with meaningful work and development experiences if they are to retain them.

Organizations can accelerate the quality of their bench to the degree their talent systems are aligned.





## What makes a leader great? Early identification of leadership potential

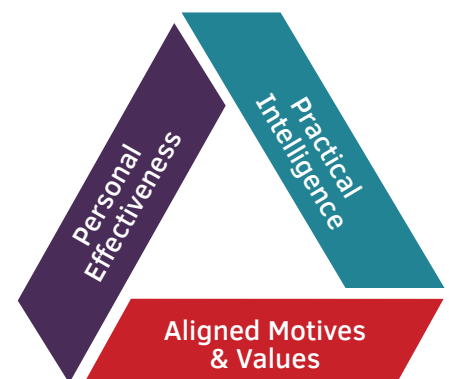
Based on the past 35 years of leadership research, MDA has distilled the “best predictors” of leadership potential to eight traits widely understood to be critical for future leadership success: intelligence, assertiveness, sociability, achievement drive, emotional stability, flexibility, learning ability and organizational commitment.

For ease of use and understanding, MDA organized these critical traits into a three-dimensional Potential Framework that helps organizations identify leadership potential early in the careers of promising individual contributors and first-level leaders. An effective measure of emerging, early-career leadership potential should help the individual and the organization understand:

1. **Practical intelligence**—Is this employee curious? Does she manage complexity well, show good judgement and think effectively about the future?
2. **Personal effectiveness**—Does this employee take initiative and persist in challenging situations? Does he build trusting relationships with others? Can he influence and direct others' efforts?
3. **Aligned motives and values**—Are the values, goals and behaviors of this employee aligned with the organization? Is she clear about current capabilities and future goals, and seeks opportunities to learn?

Yet creating an accurate, well-functioning, and impactful early identification system for your high potentials requires far more than selecting the right potential framework. It also means having in place a robust high-potential identification tool and process as well as an organizational commitment to meaningful employee conversations, leadership development and talent system alignment.

Having a better understanding of your emerging leaders and proactively developing them can help your organization avoid critical talent gaps that will deeply affect your business in years to come.



MDA Potential Framework

# Seven steps for identifying and developing your high potentials

Follow these seven sequential steps to identify and develop your high potentials earlier:

1

## **Make the business case**

Having a better understanding of your emerging leaders and proactively developing them can help your organization avoid critical talent gaps that will deeply affect your business in years to come. Assessing and developing emerging leadership talent may require organizations to allocate critical talent resources differently than they have in the past. Executive sponsorship is essential to change this course.

2

## **Choose the right assessment tool and process**

Select a quality assessment that targets important leadership attributes and predicts key behaviors for leadership success. Ensure your choice delivers meaningful data and insights at the individual, group and organizational level that you can act on to strengthen your talent.

3

## **Plan your communication strategy**

Eliminate the risk of assessment feedback being misinterpreted or misunderstood by ensuring that it is handled carefully and sensitively. Segregate communication strategies by audience. Managers, for example, must understand their roles in the feedback process and be “conversationally competent” enough to deliver the right blend of input and support. Feedback recipients should know how and why they’re being assessed and what their results really mean.

4

## **Shift from “insight to action” for the individual**

Feedback recipients and their managers should jointly craft a development plan based on the assessment results and their subsequent dialogue. This plan should target the current and future professional interests of each individual, relative to the overarching needs of the organization.

5

## **Address organizational implications**

Gain greater understanding of the depth and quality of your leadership bench by aggregating assessment results. Use these insights to identify gaps between the demands of your business strategies and the capability and capacity of the leaders whom your organization will expect to address those demands. Put strategies in place to act on your findings.

6

## **Execute targeted development initiatives**

Design and execute targeted development initiatives and differential learning experiences for various groups based on your assessment results and insights. Consider a leadership program for your early career high potentials to accelerate their readiness for future roles—a move that will also serve as a vital retention strategy.

7

## **Integrate your talent solutions**

Recognizing the correlation between your talent systems and leadership bench, use the aggregate assessment data to enhance or fine-tune your talent systems, including recruitment, hiring, performance management, leadership development, succession and retention. Organizations can accelerate the quality of their bench to the degree their talent systems are aligned.