



Centric Performance

WHITE PAPER

IDENTIFYING, RETAINING & NURTURING HIGH-POTENTIAL PERFORMERS

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Introduction

Current research shows that the most successful and largest U.S. corporations have as one of their keys to success some type of high potential/high achievers program. High Potential Performers (HPP), who typically comprise less than 5% of a typical workforce, provide most of the drive and leadership that moves these and other organizations forward. HPP's must not be confused with top performers who typically comprise 10-20% of an organization. They (i.e., HPP's) represent a cut above the rest of the best due to their long term potential to be key leaders of their organizations. However, identifying, developing and retaining them are not easy tasks. These truly rare performers demand individualized attention, need room to roam, and must have their talents rigorously challenged. They are the first to become frustrated and discontent when the challenge wanes or their growth stalls, and they are the last ones an organization wants to lose. They're also the first ones recruiters and competitors want to take away.

Recognizing a growing interest in high potential performers, we looked at what a number of companies were doing in this area. We reviewed the related practices at such companies as Citicorp, Dell, Exxon/Mobil, NCR Corp, Fairchild Industries, GE, IBM and others. This paper is a summary of what we learned.

Purpose of HPP Programs

Companies who have launched HPP programs have done so for numerous different reasons, but three specific reasons kept surfacing in our review. One is the companies viewed HPP's as being vital to their long term growth and success by enhancing their leadership pipeline. Secondly, while many of the benchmarked companies had aggressive campus recruiting efforts to attract the best and the brightest, industry turnover patterns and an increasingly competitive talent market increased their risk of losing an unacceptable number of their rising stars within their first five years. Thirdly, while there were a number of general mentor programs in place throughout the companies, few – if any – had dealt directly with the development and retention issues unique to HPP's.

In most cases, the program was created to identify, develop and retain top performers who have the potential (both short and long term) to be successful future leaders. For some, that meant having the potential to advance one or more levels in a relatively short period of time. The number of projected moves and the time frames varied widely by company, but the norm was the potential to move at least two levels in the next 2-4 years. For others it meant the potential to advance to senior levels such as Business Unit or Group Vice Presidents, General Managers, etc., within a specified period of time.



Identification of HPP Candidates

Almost all of the reviewed companies took care to distinguish between “potential” and “performance.” The most common way of doing this was taking individual contributors who were consistently at the top of the performance curve, and watching how quickly they learned new responsibilities that would significantly test their adaptability. This test was typically a special project or rotational assignment that removed the performer from their comfort zone and forced them to adapt to considerably new, unfamiliar circumstances.

The goal being to identify the quick studies – those who appear to be able to quickly grasp new challenges and perform consistently well despite continually changing roles, teams and performance standards.

All companies ensured a fair amount of specificity around how to test for, recognize and validate a quick study. Some of the companies had a formal review and selection process for evaluating which quick studies met their HPP criteria before officially putting them in the HPP program. Two companies had a selection committee that convened periodically and required structured proposals with executive endorsements before considering the candidate for entry into the program.

Elements of the HPP Program

For those performers who were validated as quick studies and put into the program, there were two elements that almost all of the companies had as part of their program. One was a set of required **key experiences** that were specific to the performer’s current and projected roles. That is, the types of assignments, special projects, training and coaching that would best prepare the HPP for their next significant career move. This included defining the types of results or outcomes that were expected from each key experience. The other element was the suggested (subject to inevitable change) **career path** the HPP would likely follow over the next 2-5 years. The career path usually included both planned moves and the estimated timing of those moves. The key experiences and career path were usually documented and tracked in a Professional Growth Plan (PGP), Individual Development Plan (IDP) or some other similar document.



Key Experiences

Key experiences were more specifically defined by the types of skills the performer would need to acquire over time to be prepared for their next role or career move. In several cases, the PGP or IDP called for both general skills and role-specific skills. General skills were those that applied to any number of roles regardless of what business unit or functional area they were in. Role-specific skills tended to be more technical and specific to the performer's functional area – e.g., field sales, procurement, engineering, etc.

The PGP's also usually included a healthy regimen of both informal (on-the-job) and formal training. The formal training included some degree of technical or functional training, but focused more on broader skills such as project management, budgeting and planning, process improvement, decision making and risk management. Soft skills like written communications, making platform presentations, interviewing, and people management weren't common to all of the companies reviewed. But where they were included in the company's HPP program, they were fairly rigorous and weighed as heavily as the more functional and business skills.

Career Paths

A number of the companies went to great lengths to think through and document a planned career path. This usually consisted of a series of assignments and/or positions, with timetables, and some validation that the performer was ready for the next role or assignment. That validation typically came in the form of a performance appraisal, but in some cases a post assignment test, interview or review by the selection committee was required before moving on to the next step on the career path.

In all cases, one thing that was obvious was a much broader definition of "progress." Clearly, progress was not limited to vertical movement on the organization chart. Most of these companies included both upward and lateral developmental moves. In fact multiple lateral moves were gaining popularity as they were seen as more effective at developing broad-based, general manager type talent. Understandably, the career paths with lateral moves in them tended to have longer time lines than those that were geared more toward advancing the HPP vertically within their functional unit.

Implementing the PGP or IDP

In almost all of the reviewed companies, a senior management or even executive level mentor was an integral part of the HPP process. These mentors were rarely the HPP's immediate supervisor, and in most cases, the mentor was in a different department or functional area. The mentor shared responsibility with the HPP for designing and implementing the PGP or IDP. They worked closely with the HPP, their supervisor, the



HR staff, and the selection committee, as applicable. In some companies, the mentor was held accountable for ensuring the HPP achieved the plan, and was expected to monitor, reinforce and intervene if necessary, to ensure the plan was being executed.

HPP's have a persistent focus on personal growth or progress. As a result, they are usually very goal oriented and take full advantage of every available means of measuring that progress. This makes frequent and direct feedback very important to their success and the success of the program. By the very nature of an HPP program, the performer is on a perpetual learning curve, and they tend to have extremely high standards for themselves. So coaching plays an important role in helping the performer keep their expectations in balance.

This coaching can and will often be provided by the HPP's mentor. But the immediate supervisor is the one who's best positioned to spot the need for, and provide the needed coaching. This makes it vital that the HPP's immediate supervisor buys into the program and actively supports the performer's participation in it. This point was a challenge for some of the companies, since their HPP program focused on advancement to a management role, but there was not yet any process in place to fast track people who were already in management or supervisory roles. So asking supervisors to buy into a program that was neither available to them nor designed for their benefit, created resistance in a couple of companies. That resistance had to be addressed.

As will be discussed more in a moment, the companies varied widely in terms of whether their HPP programs were generally opened or closed processes. Where the processes were more open, some of the companies required periodic 360 assessments of the HPP participant in addition to any normal or project-specific performance reviews. This was often done to: help provide the breadth of feedback that was mentioned earlier as being so vital; maintain a certain rigor in the program by ensuring the performer was aware of and managing their relationships up, down and across the organization; and to give peers who may not be in the HPP program a chance to appreciate the rigor and standards that the HPP was being subjected to.

Tracking & Rewarding Progress

Many factors will affect an HPP's growth and progress. These include, but aren't limited to, the performer's inherent capabilities and interests, the personalities involved, the coaching, feedback and supervision provided, and how these various factors change over time. So the rate of growth will vary significantly from performer to performer. Inevitably, a given performer is bound to encounter an occasional assignment where their learning or assimilation takes longer than it took on prior ones. The key is to ensure they are in fact continuing to learn and grow at an accelerated pace despite



these occasional “wrinkles.” Regardless of their ultimate level of individual growth, these performers will most likely always be among the organization’s top performers.

The reviewed companies reported a very low washout rate for their HPP programs. That is, very few participants ever failed to progress and meet at least a substantial portion of their growth plans. This can be especially true if the selection and development planning processes are thorough. But this conclusion can also be true because an HPP washout isn’t necessarily a bad thing. These performers represent a significant investment by the company, and will typically have a broader base of experience and skills than their non-HPP co-workers. So while they may fail at achieving their ultimate level as set out in their career path, they are still most likely highly capable of making significant contributions to the company.

However, there were isolated situations where an HPP peaked much earlier than anticipated. Peaking and failing are two different outcomes. If they have peaked, they may not be capable of further growth at this time, but may be quite competent and effective at their current level. Most likely, there is still a place for the individual and the company is still interested in their success. Unfortunately, the mindset of these high achievers will often not let them accept the fact that they failed to achieve their plan. And while there may still be a home for them, they oftentimes will leave the company for a fast track opportunity elsewhere. Making it easy to stay with the company, but no longer be in the HPP program, was something all of the companies were working to address.

The failing performer is the one who not only stops progressing, but begins to slip in their performance. This person needs to be dealt with forthrightly just as any under-performing individual would be. The problem is that managers are reluctant to accept the idea that they may have made a mistake. What they earlier thought was a future leader has turned into a performance problem. Many of the reviewed companies admitted that firing an HPP participant was a dreaded event, but they also reported that an HPP participant failing happened very rarely.

Compensating and rewarding HPP’s brings with it a unique set of management challenges. Since the performer is constantly being put into new situations, they may not be able to sustain advanced skills or top performance long enough in any one area to warrant a top merit increase. In addition, their accelerated movement through the ranks may make it difficult to keep their salary level internally equitable and externally competitive. Ideally, companies want their HPP’s to have compensation that’s commensurate with the fast track of their performance and growth. To handle this issue, most of the companies used bonuses, special cash awards, and stock grants to reward the HPP’s progress against their goals.



Communications About the HPP Program

As is the case with any “special” program, a company runs the risk of alienating those not chosen or those who don’t have access to such a program. And if a typical HPP program is focusing on 5% or less of the workforce, it’s the other 95% that stands to be resistant and critical. Resistance and acceptance can depend in large part on how (and if) the program is communicated within the company. Some of the reviewed companies had fairly “open” processes. That is, they were widely known and visible within the company, and usually had well-communicated criteria and procedures for applying or being nominated. Others had more closed processes that were quietly managed by the HR staff or a selection committee, and entry into the program usually came from a confidential management nomination process.

In truth, most of the things that happen in an HPP program are things that could and should be happening for everyone in the company. Goal setting, career planning, training and assignments planning, coaching, feedback and rewards are normal parts of any organization. The difference is that they normally don’t happen at all, or when they do, it’s not in a planned and thoughtful way. An HPP program forces these things to happen, and forces them to be done thoughtfully.

So one company’s solution was to launch their HPP as only one part of a much broader effort to recruit and develop diversity. Another company called it an advanced development program and said it would be piloted first for people who were at a certain grade (position level) in the company, and would later be extended to other levels. Still another company launched a firm-wide mentoring, career planning and development initiative so everyone had something they felt was being done for them. It made the launch of their HPP program a little less “special.” One final example was one company who made their HPP program an open program – letting everyone know what it was and why they were doing it. They also allowed any interested employee to self-nominate for consideration, as long as they met certain baseline criteria and had their supervisor’s endorsement. This company was also very clear and rigorous about their entry requirements, expected outcomes, definition of “progress” and requirements for staying in the program.



Conclusion

While an HPP program certainly entails much work, commitment and a delicate balance of myriad people issues, the companies we reviewed believed the gains and benefits sufficiently outweighed the risks and costs. While the definitions and mechanics vary widely from company to company, the people we talked to made it clear that High Potential programs are definitely on the corporate priority list. As one HR leader put it – “We already know we don’t have a pipeline for our future management needs. This isn’t an option, it’s an operating imperative!” And another explained, “If we don’t focus on our up and comers – they’ll up and leave for a company that will.”

Centric Performance, LLC is a consulting and training firm that helps small to medium size public and private companies improve their operating results with business-driven HR processes. We work with business leaders who want to increase their growth and profitability, and with HR leaders who want to increase their impact on business performance and execution. We partner with them to:

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