SPEED READ ›››

ASSESSING POTENTIAL

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Assessing potential is about probabilities, not absolutes or guarantees. It is about uncovering the factors that predict future success, within the specific context, culture and strategy of your organisation, and making calculated bets on individuals who are objectively judged to meet those criteria.

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WHAT IS 'POTENTIAL' AND WHY IS IT IMPORTANT?

How to spot, assess and develop high potential future leaders is one of the key challenges for talent management today. It is high on the agenda for boards, CEOs and HR Directors. Organisations are looking to become more sophisticated in their understanding of potential, and to invest in robust and rigorous systems for assessing and developing high potentials ('hipos').

The idea underpinning the subject of potential rests on two presumptions – that it is possible to identify people with high potential and that once identified, potential can be unleashed through nurture and development. In this Speed Read, we explore these presumptions by asking the following questions.

- What do we mean by 'potential'?
- Can we predict who is likely to be an effective future leader and, if so, how?
- What should we be looking for when we assess potential? How do we tie this to the business strategy?
- How should we support and develop the careers of those we identify as 'high potentials'?
- How do we know if our high potential programme is working?

It's impossible to predict with any certainty who will turn out to be an effective leader, or what the demands of future jobs will be. However, assessing potential is about increasing the probability that you will see a good return on your investments in people. So, by adopting a robust process for assessing and developing hipos, you increase your chances of success. We conclude the Speed Read with some recommendations for how to achieve such a process.

DEFINING POTENTIAL

One of the critical questions you need to address in designing a programme for high potentials is 'potential for what?', i.e. what is important in the strategic context of your organisation. There are multiple definitions of potential, and little consensus around a single definition. We identified the following key aspects that tend to recur.

- A focus on **leadership potential,** i.e. the capacity of individuals to reach and be effective in senior leadership positions, as opposed to other types of potential, such as the potential to be innovative or to build deep technical skills.

- Potential is concerned with the ability to **perform well** in positions of greater responsibility, which involve **higher degrees of scope, scale and complexity.** Although some organisations define potential in terms of being capable of moving up a number of levels in the hierarchy, we are more concerned with an individual's capacity for growth generally. The trend is towards measuring potential for growth more broadly, perhaps reflecting the fact that careers in today's complex matrix organisations are driven as much by building depth as progressing up a defined career ladder.

- Typically, when we talk about potential, we are talking about **a longer planning horizon** – at least three to five years out and more than one move away from current position.

- Many definitions talk not just about an individual's capacity to grow, but also about how quickly they will reach their potential. The premise is that a **hipo will reach an end destination quicker** than someone who is deemed 'lower potential'.

THE KEY DETERMINANTS OF POTENTIAL

To predict potential, we need to understand the skills, abilities and behaviours that enable some people to progress more quickly than others and excel in more demanding roles. Over many decades of study, psychologists appear to have reached a degree of consensus that the following factors are predictive of potential. These factors appear to be consistent across geographies, cultures and business sectors.

- *Intelligence* – The connection between cognitive ability (intelligence) and performance is well established, and intelligence is found to be the best single predictor of future career success. The minimum level of intelligence required may vary across organisations or functions, or at different levels in the organisation. So, in designing a process for assessing potential, you will need to determine a minimum intelligence standard to apply. However, although intelligence is a necessary component of potential, it is not sufficient on its own. Being 'bright enough' is essential, but the brightest people don't necessarily have the highest potential.

- *Certain personality traits* – Personality tends to be relatively stable from early adulthood onwards, and psychologists have found that certain aspects of personality can be early indicators of potential. Specifically, research has found that low neuroticism, a high level of conscientiousness, openness to experience, extroversion (introverts may be able to learn the necessary social skills), and agreeableness are characteristics of highly successful people.

- *Emotional intelligence (EQ)* – Leaders need to inspire and motivate the people who follow them. This requires

a high level of self-awareness as well as the ability to read situations, understand others and adapt behaviour to different situations. Research has found a strong correlation between EQ and high potential.

- *Motivation* – Leaders don't get to the top unless they're highly motivated to achieve work and career goals. Motivated leaders are more likely to set clear direction and realistic goals, bounce back from setbacks, and learn from mistakes. The key measure is not what individuals say about their ambitions and career goals, but what they do to achieve them.

THE 'DARK SIDE' OF POTENTIAL

Assessing potential tends to focus primarily on personality traits and other factors that have a positive impact on potential. However, there is a significant strand of research that suggests that paying attention to 'dark side' character traits is equally important. Positive traits can 'derail' people if they are relied on too heavily. For example, the potential dark side to being innovative is to be unrealistic, impractical, and potentially wasteful of time and money.

Every strength, if overused, can become a weakness. Additionally, the strengths that make someone successful early in their career can become liabilities unless they learn different strengths to succeed later on. Blind spots, which were perhaps overlooked when someone was delivering results, become a barrier to success later. And success can lead to arrogance. 'Derailers' come to the fore particularly when leaders are in high-stakes or high stress environments – for example, when they are promoted to a much more senior or complex position.

OTHER COMMON FACTORS IN MODELS OF POTENTIAL

The models and tools used by many consultancies and practitioners to assess potential incorporate various other factors, including the following.

- *Performance* – For most organisations, the starting point in determining whether someone has potential is to look at their performance track record. However, past performance is often a poor predictor of future success in a different role involving greater complexity or taking on management responsibility. A person may be a high performing technical specialist, but that does not guarantee they will be a successful leader.

- *Learning agility* – This has become something of a buzz word. However, the ability to extract learning from experiences and then apply that learning in new circumstances is indicative of potential. CRF's research report *Leadership Development – Is it fit for purpose?* explores this in greater detail.

- *Competencies* – Leadership competencies are one of the most widely used measures of potential. They give line managers terminology they can work with to assess their teams and can be the 'acceptable face' of organisational psychology for line managers. Yet competency models often don't work: they can be too generic, overly prescriptive, or simply not user friendly for busy managers. Because they usually describe what has made an organisation and its leaders successful in the past, they tend to 'bake in' past performance rather than anticipate future strategic needs. See our full report for suggestions on how to work more effectively with competencies.

- *Mobility* – Can an individual who is unwilling to move to take on a bigger role be considered high potential? In principle, individual circumstances such as how mobile a person is should not affect their capacity to develop. However, the reality, particularly for multinationals,
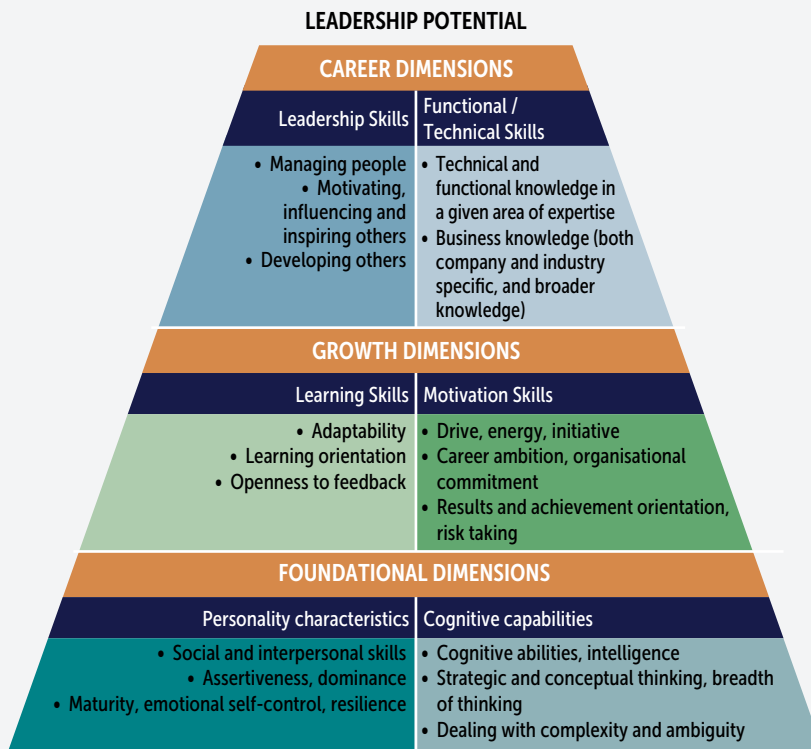
is that an individual who is reluctant to move effectively excludes him- or herself from the high potential pool. It's important for organisations to keep abreast of the preferences of such individuals in case their circumstances change.

- *Readiness* – We find some organisations confuse 'readiness' for a move or promotion within a specified timescale with potential. Readiness should be used for succession, talent and development planning purposes, not for estimating long-term potential.

- *Values/cultural fit* – One consideration is the degree to which an individual's value set is consistent with that of the organisation. A difficulty with using values to measure potential is that it is often not clear what you are measuring against. It's important to have a realistic assessment of the organisation culture(s) and climate, and what behaviours truly get rewarded, in order to evaluate individual fit against this. You also must bear in mind that the organisation's future success may require many of the factors that made the business successful historically to be overturned.

THE LEADERSHIP BLUEPRINT – AN INTEGRATED MODEL OF POTENTIAL

To date there has been no commonly agreed, scientifically validated model of potential. However, we found that one model – the Leadership Blueprint developed by Allan Church and Rob Silzer, and in use in many large multinational corporations including PepsiCo and Eli Lilly – provides the most comprehensive framework currently available for considering potential. The Blueprint provides a framework not just for considering the generic elements of potential, but also for considering how these might apply at different levels or in different parts of the organisation to answer the key strategic question: 'Potential for what?' In this section, we provide a brief overview of the Blueprint and discuss its application. The Blueprint describes three key dimensions of potential. Each dimension further breaks down into two building blocks.

Figure 1: The Leadership Blueprint

LEADERSHIP POTENTIAL

CAREER DIMENSIONS

Leadership Skills	Functional / Technical Skills
• Managing people • Motivating, influencing and inspiring others • Developing others	• Technical and functional knowledge in a given area of expertise • Business knowledge (both company and industry specific, and broader knowledge)

GROWTH DIMENSIONS

Learning Skills	Motivation Skills
• Adaptability • Learning orientation • Openness to feedback	• Drive, energy, initiative • Career ambition, organisational commitment • Results and achievement orientation, risk taking

FOUNDATIONAL DIMENSIONS

Personality characteristics	Cognitive capabilities
• Social and interpersonal skills • Assertiveness, dominance • Maturity, emotional self-control, resilience	• Cognitive abilities, intelligence • Strategic and conceptual thinking, breadth of thinking • Dealing with complexity and ambiguity

Source: Adapted from Church and Silzer, 2014

1. **Foundational dimensions.** Personality characteristics and cognitive capabilities are the two most fundamental and stable building blocks of potential. These predict success across the board and change little over time, if at all. The most important decision to make when using the foundational dimensions is determining the personality characteristics and the threshold of cognitive capabilities that are needed in senior leadership positions. This is where the framework connects with the question 'potential for what?' So, for example, the profile required of someone who is being considered as a possible future CFO is likely to be different from the profile of a general manager.

2. **Growth dimensions.** A combination of learning skills and motivation that facilitate or hinder a potential leader's development and improvement. Growth dimensions have a significant impact on whether someone learns new behaviours or gets locked in old habits. They reflect the individual's willingness to adapt, take risks, try new experiences and learn from them. Although relatively stable over time, they are more likely than foundational skills to improve with guidance and motivation. They interact with the context to determine whether someone realises their potential. So, a supportive team environment might bring out an individual's innate ability, whereas a weak or bullying boss might suppress their development.

3. **Career dimensions.** Specific attributes that lead to success in a particular occupation or career path. For example, strong commercial acumen early in a career might indicate potential as a business unit leader. These attributes can generally be learned or developed through experience.

STRATEGIES FOR USING THE BLUEPRINT TO ASSESS AND DEVELOP POTENTIAL

- Organisations can use the Blueprint to identify both the generic elements of potential that apply in almost all situations and the career-specific elements that are relevant only to certain roles, levels or career paths. They can adapt it to their own requirements for assessing potential at different levels or with different talent pools.

- The building blocks are both additive (they add to the impact of each other) and relatively independent (an individual can be strong in one and weaker in another).

- Specific assessment, training and development implications arise from each building block.

- Foundation dimensions are stable and can be identified with similar metrics at all career stages. They can be assessed using cognitive ability and personality tests.

- The growth dimensions determine the extent to which an individual is motivated and has the capacity to learn from developmental experiences. Some growth dimensions, such as achievement orientation, remain relatively stable, but others, such as career ambition, are more dependent on context. Identifying potential on the growth dimension can help an organisation decide where to focus development resources.

- Career dimensions are more able to be developed, so what you assess will depend on the career stage of the individual, target roles and future business requirements.

02 PRACTICES IN ASSESSING POTENTIAL

Becoming sophisticated at assessing potential requires significant investment in tools and models as well as ongoing education and support for the line managers who typically make the talent calls. You need to track and evaluate results and make improvements on the way. Success requires persistence and a long-term view. While some companies have well-established and deeply integrated processes for assessing and developing potential, others are just getting started.

WHAT'S THE PURPOSE OF HIGH-POTENTIAL PROGRAMMES?

Our research indicates that the primary focus of high-potential programmes is on identifying and developing future leaders. This was the top listed reason in our survey (selected by 93% of respondents), followed by developing talent to meet identified future business needs (44%), identifying talent gaps (36%) and retention of key/scarce talent (34%). Another key consideration for nearly one-third of respondents (32%) is building a diverse talent pool.

While the starting point for potential programmes tends to be assessing future leadership skills, as organisations become more sophisticated, they often take a more nuanced view, asking the question 'potential for what?'. Companies with the most sophisticated talent management programmes often have multiple categories of potential in their organisation, so they can meet leadership and other skills needs.

MODELS: BESPOKE OR OFF-THE SHELF?

The starting point for many potential programmes is which model of potential – i.e. a framework that describes the elements that make up potential and can be applied consistently across the organisation – to use. We found organisations use a mix of off the-shelf and bespoke models. There are different schools of thought as to which is better. Some interviewees considered off-the-shelf models to be better researched and more robust, whereas bespoke models allow companies to combine scientific thinking with their own business strategy.

> Whatever model you choose, you must ensure that it meets the specific needs of your organisation. This means defining the business needs you're trying to address. Start by answering the question 'potential for what in this organisation?'. The definition you adopt has to fit with your organisation's strategy, culture and context. See our full report for the key factors to consider in choosing a model.

ASSESSMENT METHODS

In many organisations there are two elements to assessing potential.

- *Identification,* which involves selecting individuals who might be considered to have high potential, often against a model, definition or set of criteria. We find this is virtually always done by the line manager, although ratings are often calibrated in talent review meetings.

- *Assessment,* either for selection or development purposes. Commonly, this involves participating in an assessment or development centre, or assessment by an external psychologist. Other assessment methods commonly in use include psychometric and ability tests, 360-degree feedback, structured interviews, and business simulations.

Many organisations put most or all their staff through identification, but tend to reserve assessment only for senior people, for those who have already been identified as high potential, or as the gateway to some form of hipo development programme. We find very few organisations have an objective, data-driven approach to identification; generally identification relies on the line manager's judgement. The problem with this is that many line managers are not skilled in assessment, they over-emphasise performance in current role, and they may overlook some high potential employees who don't fit their 'model' of what potential looks like.

Calibration- Talent reviews and nine-box grids

The main method organisations use to bring objectivity to their potential identification processes is 'calibration', usually at talent review meetings. A well-run talent review meeting can identify potential based on full, fact-based conversations about individuals and good data. However, it is difficult to run talent reviews well. The people in the room often lack knowledge relevant to the discussion, and sometimes discussions can be railroaded by the agenda of the most senior person in the room.

Many organisations plot their people on a nine-box talent grid or similar, and these grids are usually discussed in talent reviews. The traditional grid plots performance against potential. However, the grids can be a blunt instrument, and can distract from the more important question: what actions will we take to develop individuals' potential?

Shelf life of assessments

It is important to build into your assessment process rules around how long each type of data remains valid and ensure that data are disposed of once the timescale has expired. The consensus among experts we interviewed for this research was that

FACTORS TO CONSIDER IN DESIGNING A METHOD FOR ASSESSING POTENTIAL

The ideal potential assessment process involves a fully validated, multi-trait, multi-method approach. No single method will give you all the information you need. The greater number of data points you bring into the assessment, the more objective it is likely to be. This can be particularly helpful in achieving diversity targets, because it prevents managers putting forward 'people like them'.

- Could your organisation make greater use of ability or personality tests? How could you improve talent reviews to encourage higher quality debate, or bring in a wider range of data and measures?

- Should you assess everyone in the organisation, or only those who meet certain criteria or are nominated by their manager? Beware that manager nominations may result in people being overlooked who do not meet that particular manager's view of what potential looks like.

- The requirements in terms of cognitive ability, personality characteristics and leadership and technical skills will be different at different levels. So, as well as selecting valid measures for each of these, it's important to decide the appropriate cut-off point for each measure at each level.

- At more junior levels you may be looking for more 'generic' potential, so you may want to focus on cognitive ability, personality and early indicators of leadership potential. At higher levels you are likely to be preparing people for more specific destination roles, so the requirements will be more specific.

- As well as looking at 'bright side' characteristics, do your assessments include possible personality derailers to avoid, or factor in ways to help individuals find 'work around' strategies to minimise their impact?

- Do you have criteria for moving people off the high-potential list if required, and do you apply these in practice?

- Is there a strong review and calibration process so you know your criteria are being consistently and rigorously applied?

- It takes a few turns of the handle to get it right. How will you capture learning from the process in order to improve it year on year?

five years was the maximum, and less for 360s.

Assessments go out of date, but also individual aspirations and willingness to make the sacrifices that are often required of hipos changes over time, which is an important reason for having an ongoing dialogue with hipos and keeping ratings current.

THE DEAL FOR HIPOS – DEVELOPMENT, CAREER PLANNING, AND SUCCESSION

There's little point in investing in assessing potential unless it leads to the organisation doing things differently. We found that the most sophisticated organisations use their potential process to determine how best to invest in hipo development, how to improve career development for hipos, and how to build more effective succession plans.

Succession planning

The connection between potential assessment and succession planning is clearly important for respondents to our survey. Identifying hipos increases the pool of available candidates as successors to senior roles, and gives organisations an opportunity to widen the net beyond the 'usual suspects'. However, we found that succession planning is a static activity in many organisations. Individuals are identified as potential successors, and assigned a 'readiness' timescale, but from one year to the next that readiness does not change, and the organisation still resorts to external recruitment when it needs a successor. There is also a risk, in fast-changing environments, that the roles for which potential successors are being identified will be radically different or even non-existent when the time comes for them to move into them. Individuals named on succession plans must have development plans that are actioned and progress-checked.

Differentiated development for hipos

What actions are organisations taking to develop their hipos? Our survey found three-quarters (75%) of organisations offer hipos the opportunity to

attend either internal development programmes designed specifically for high potentials, or leadership development programmes. Also popular are mentoring and coaching (offered by 70% of organisations) and development assignments (62%). Around half offer greater exposure to senior leaders or accelerated development. Just under one-third (30%) offer external business school or other development programmes, and just over one-quarter (26%) offer job moves within a specified timescale.

Many organisations are keen to offer development opportunities to all employees, not just hipos, so they map their development offer to their

Some questions to consider when designing differentiated development for hipos include:

- Is there a clear talent 'deal'? Is it compelling not just for hipos but also for key contributors who form the backbone of your organisation?

- What is the balance between expecting individuals to take control of their career development and providing support?

- Are there processes in place for helping hipos build the strategically relevant career experiences they need to prepare for their ultimate destination role? Do your talent systems help hipos build the right experiences in the right order?

- If you are encouraging people to take career risks, what safety net is in place if they fail? If development involves an international assignment or cross-functional move, how will you ensure you retain and reintegrate them once that assignment is complete?

- What ongoing support do you provide to hipos to help them identify and consolidate what they have learned from their experiences?

- Do your development activities help hipos understand the aspects of their personality that support their performance as a leader in the longer-term, and the derailers that might block their path?

nine-box performance/potential grid. The opportunities available to hipos are perhaps more personalised, more challenging or more prestigious, but others are not left out.

Organisations should also pay attention to the development of hipos' strategic skills, ideally as early as possible in their development.

One element that differentiates hipos is their ability to learn from work experiences, and to use those experiences to develop and improve. The corollary is that both the organisation and the individual need to ensure they build a portfolio of job assignments and career moves that allow the individual to gain the experiences they require to develop as a leader. This has two key implications for organisations.

- They need to put processes in place to help executives build the right experiences over their career, including facilitating moves across organisational boundaries.

- They need to help individuals to learn from these experiences, so that they can reflect on what they have learned and on how to use the lessons to improve. This is something organisations struggle to do well. CRF's 2015 research project *Leadership Development – Is it fit for purpose?* discusses this topic in more detail.

TRANSPARENCY

Whether or not to tell your employees what their potential rating is, is one of the most hotly contested issues in the field of potential assessment. It also divides the experts we interviewed for this research: some were strongly pro-transparency, while others were concerned that the disadvantages outweighed the benefits. Our survey found that 44% of respondents inform people of their potential status, and just under half (47%) do not.

The perceived downsides of being transparent are as follows.

- Setting expectations that the organisation can't deliver.

- Sometimes hipos can let their status 'go to their head' and develop a sense of entitlement that the organisation is unwilling or unable to satisfy.

- Hipos may be more likely to look for opportunities outside the organisation. (However, some research has found that hipos who are formally told of their status are at least 50% less likely to be looking to leave their employer than those told informally.)

- Demotivating the majority of the population who are not judged 'high potential'.

Organisations can address these concerns by taking actions such as focusing on 'current estimate of potential' rather than making potential status a permanent label, avoiding negative descriptors such as 'low potential', and being clear about the development 'deal' available to all employees, not just to hipos.

FUTURE TRENDS

There is lots of discussion in the world of potential assessment about the possibilities afforded by 'Big Data'. The Holy Grail for organisations is to be able to predict which employees will be tomorrow's successful leaders and high performers through objective, data-driven judgements rather than relying on the views of line managers. In reality, this is still some way off. Organisations are also setting great store by the new generation of HR systems such as Workday, which can provide better quality data and decision support. Many of the new generation of talent tools also allow employees to own and update their data, making it easier for the organisation to access up-to-date information. Many organisations now look at individuals' data in real time in talent reviews.

On balance, when it comes to transparency, our conclusion is that it is better to:

- be transparent about potential status with the individual (research shows that, whether you tell people or not, they are likely to be aware of their status)

- make sure that the talent deal is sufficiently compelling for all staff so those who are not designated high potential don't feel short-changed

- be clear that being labelled anything other than hipo doesn't restrict someone's capacity to grow in the organisation.

However, there are some important provisos.

- If potential ratings change significantly year on year, it may be best not to share status information.

- Transparency does not mean full disclosure. It isn't necessary to reveal every detail of the conversation about an individual, but you should make them aware of the nature of the discussion, the conclusions reached, and any actions they should take as a result.

03 DESIGNING A PROGRAMME FOR ASSESSING AND DEVELOPING POTENTIAL

CONNECTING POTENTIAL TO STRATEGY BY ASKING 'POTENTIAL FOR WHAT?'

The experts we interviewed for this research agreed on one critical point: an effective potential programme must connect business strategy, future talent requirements and actions on assessing and developing potential. The key question is 'potential for what?'. It's essential to strike the right balance between replicating what we have today and preparing for an uncertain future. Following a disciplined process is key to building future-focused success profiles.

- Start with the business strategy.

- Conduct interviews with key stakeholders at the most senior levels in the organisation, focusing on what differentiates successful leaders in the context of your organisation and what will be needed for future success.

- Build a more complete picture by bringing in external data such as developments in the external market, the competitive landscape, the global economy, technology and demographics, and the labour market.

- Distil this information into future success profiles that you can use to hone your definition of potential, and processes for assessing and developing that potential.

When tracing the connection between business strategy and the definition of potential, you might consider the following questions.

- What is our organisation's core strategy and how does that influence potential? Are we an innovator, do we focus on cost efficiency or delivering superior service? Are we global or local? Is expansion driven by acquisition or organic growth? Are there disruptive innovations going on in our market that will fundamentally change our business model in the next five years?

- What organisational and individual capabilities will we need to deliver the strategic plan?

- What is the organisation culture and how does that influence what we need? Do we place greater emphasis on collaboration or competition? How important is functional knowledge? Do/should we encourage movement across functional silos?

- Where do we historically tend to struggle and resort to external hires when we would prefer to develop internally? Are there key leadership transition points where people tend to fail? These might be the areas to focus on in the first instance.

- Is the potential process linked to workforce planning? Are we factoring in issues such as expected turnover/ retirements in the senior management population, historical rates of turnover and the talent requirements of future business strategies/scenarios?

- Are we regularly refreshing our approach to potential (at least every two to three years) to keep up with changes in strategy?

ACCOUNTABILITIES

Two themes emerged consistently from our research.

- The most sophisticated organisations have visible commitment from senior leaders, who see identifying and developing future talent as a key part of their role. HR should be responsible for design and delivery, but ultimate responsibility lies with the business.

- You need high quality people in Talent Management to design and deliver programmes and support line managers. The people in these roles should be smart, business-savvy, have the ear of the CEO, and be able to translate business strategy into talent strategy.

You might find the following questions helpful in evaluating your organisation's current approach to potential.

- Are the actions of our senior management team consistent with the rhetoric? What can we do to get the board more engaged in taking the actions required to develop potential?

- How good are our line managers at assessing potential, particularly distinguishing between performance and potential? How much investment do we need to make to educate, up-skill and provide continuing support to our line managers?

- How closely together do the HR/Talent and Strategy functions work? Is HR sufficiently familiar with the business strategy, and how that translates into talent strategies and plans?

EVALUATION

Assessing potential is an exercise in making predictions, and choosing which bets to make as an organisation based on those predictions. So, in order to judge the effectiveness of the programme, you have to understand whether those predictions are proved accurate. Surprisingly, our survey found that only 49% of respondents evaluate their approach to assessing potential.

Measures commonly tracked by organisations include promotion rates, career progression, speed of moves and performance ratings for hipos; hipo attrition rates and engagement levels; consistency of potential ratings over time; and checks on the diversity of the talent pool.

04 RECOMMENDATIONS

Here is a summary of the key recommendations from our research:

1. **Define 'potential for what in this organisation?'** Start with the business strategy. The process needs to look both backward – to what has made executives successful in the past – and forward – how that might need to look different in the future.

2. **Be clear about accountabilities.** Consider whether you have the degree of senior-level engagement in the process that's needed for meaningful and sustained action. Are the people designing and running the process within HR considered to be high potential? Are they business-savvy and do they have credibility? Are the board, line managers and HR aligned on your organisation's definition of potential and who in the organisation meets that definition?

3. **Don't neglect context.** Don't just think about the individual – you need to factor in the organisation culture (or cultures) and values, the business context and how the characteristics of the boss interplay with individuals.

4. **Choose a suitable definition and underpinning potential model.** Validate it for your organisation so it reflects the skills and behaviours required for success in your market. Make sure it's applied consistently. Keep it regularly refreshed as circumstances change. Once you've decided on an approach, stick with it and don't continuously chop and change. It takes time and practice for both HR and line managers to develop knowledge and expertise in the tools they are using, and for the organisation to build enough data to determine whether the potential assessment process is actually doing what's expected.

5. **Consider how you can bring greater objectivity into your assessment process by adopting a multi-trait, multi-method assessment approach.** Although line manager judgements will always play an important role (at the very least for political purposes), can you supplement these with ability or personality testing, referencing, interviews or simulations, for example?

6. **Build a strong calibration process.** Try to avoid a single character dominating the discussions. Bring in as many data points as possible. Consider calibrating across businesses or functions to bring greater consistency.

7. **Prepare and equip line managers to assess effectively, and to distinguish between performance and potential.** Provide clear criteria, based on proven predictors of potential, in behavioural language that line managers can interpret and apply easily. Challenge managers to back up their judgements with evidence. Provide training and support through the process.

8. **Follow through.** Identify and follow through on development actions. There is little point in identifying someone as 'high potential' and then leaving them on a list with no further action. Make sure managers are held to account for coming good on their commitments to promote, move and develop people, and that hipos hold up their side of the bargain. Think about how you will support hipos to identify the lessons learned from development experiences, and apply these lessons to new situations.

9. **Decide on your communications strategy.** Be aware that, if you choose not to be transparent with individuals about their hipo status, they are likely to find out in any event, either through being told informally, or because they start getting invited to high profile events. Beware of the unintended consequences of the communications strategy you adopt.

10. **Take a systems view of potential.** Is your potential model integrated with other people processes such as recruitment or performance management? Are the processes and systems joined up? Does your organisation context allow those with potential to flourish?

11. **Evaluate.** Be clear about the objectives of your programme up-front and how you will measure success. Build in feedback loops to check the accuracy of the predictions made. Be prepared for it to take a few iterations to get the process right.

We think evaluation is critical, but in practice it is often just an afterthought. Here are some suggestions for improvement:

- You need to map out the approach to evaluation when you are designing the potential programme, not tack it on at the end.

- You need to establish the objectives for the programme up-front. What will success look like? What's the baseline you are measuring against?

- You must identify what you want to measure, and ensure the process provides the data you need to evaluate it.

- Is there a feedback loop between the criteria you use to assess potential and the accuracy of the predictions you make? If it's not working, can you identify what's going wrong? Are the criteria themselves wrong, or are managers not applying them well enough? Has the business context changed radically?

- Were the predictions you made borne out in practice?

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