

# POTENTIAL

Who's Doing What to Identify Their Best?

A New Talent Management Network  
Research Project



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# ABOUT/contents

**Few organizational questions have proven as challenging to answer as how to identify and manage high potentials. Our 2015 NTMN Research Project seeks to understand how companies are addressing this challenge.**

### THE SHORT STORY

The story of this report is that there is still disagreement about what constitutes “potential” and how it should be measured. Models that are touted by consulting firms as “scientifically proven” to predict upward potential fundamentally conflict with other models that promise the exact same outcome.

This disagreement is not surprising since the significant scientific (academic) research says that only intelligence (IQ) and certain personality factors are proven predictors of success (potential) in any given environment.

It’s possible that the existing potential models simply relabel those two factors with different terms. It’s possible that a consulting firm(s) has discovered a new factor which previous research somehow failed to uncover. It’s possible that the consulting firms’ research didn’t include the rigorous experimental design standards that help to separate a hoped-for hypothesis from an actual scientific finding.

We present the facts without embellishment or interpretation so that you can decide on your own. We hope you enjoy this report – another free benefit of the New Talent Management Network. It’s the only network for corporate talent management leaders that’s “By us, For us.”

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# DEFINING POTENTIAL

Does your organization have a company-wide definition of “potential”?  
If yes, which consulting firm model(s) do you use, if any?

**YES (72%)**

- 39%** Corporate Leadership Council
- 36%** We don't use any of these models
- 31%** Korn Ferry
- 7%** Hay Group
- 6%** YSC
- 5%** Development Dimensions International

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**Another consulting firm model (please specify)**

- 10%**
  - 2% – Egon Zehnder
  - 1% – Cubiks
  - 1% – Denison Consulting – based on Hogan Assessment
  - 1% – Linkage
  - 6% – Didn't specify a model

# DEFINING POTENTIAL

Does your organization have a company-wide definition of “potential”?  
If yes, which consulting firm model(s) do you use, if any?

**NO (28%)**

36% We're currently in the process of defining or redefining it

27% Other

21% Our executive team isn't interested in defining potential

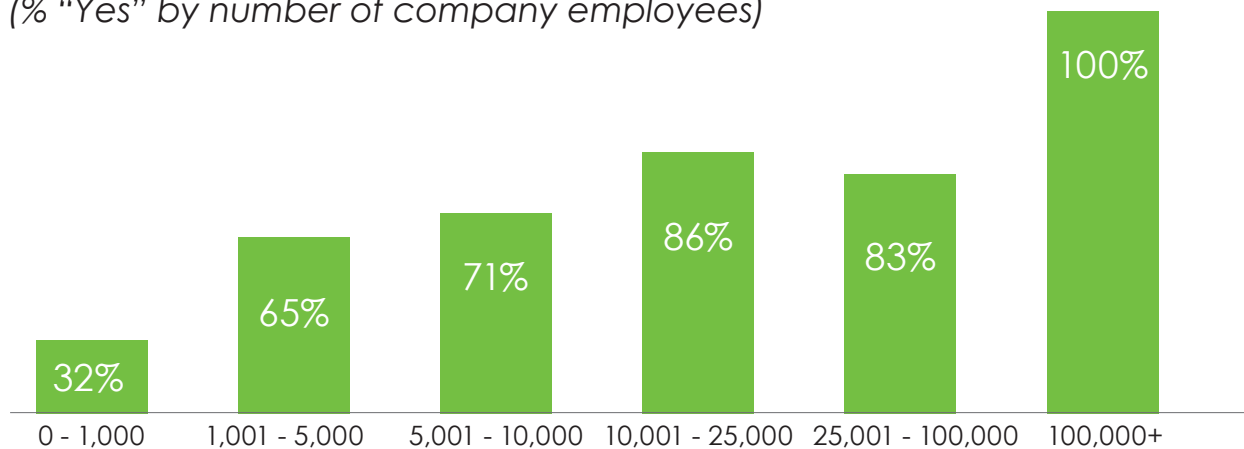
12% We don't believe defining potential is helpful to managing talent

9% We had a consistent definition in the past but it wasn't used or wasn't accurate

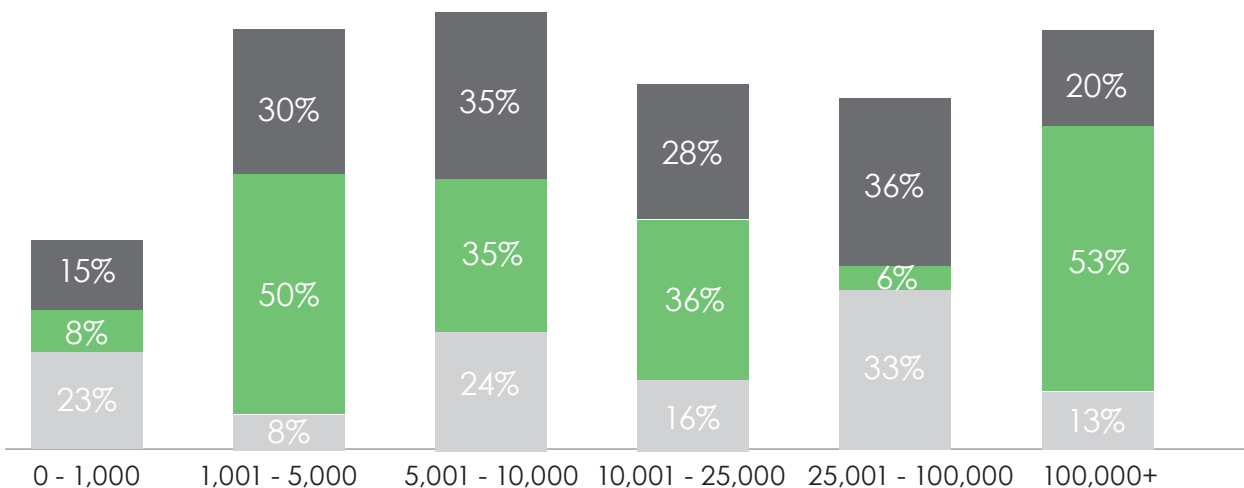
9% We have tried to define potential and can't agree on a definition

# DEFINING POTENTIAL

**Does your organization have a company-wide definition of “potential”?**  
 (% “Yes” by number of company employees)



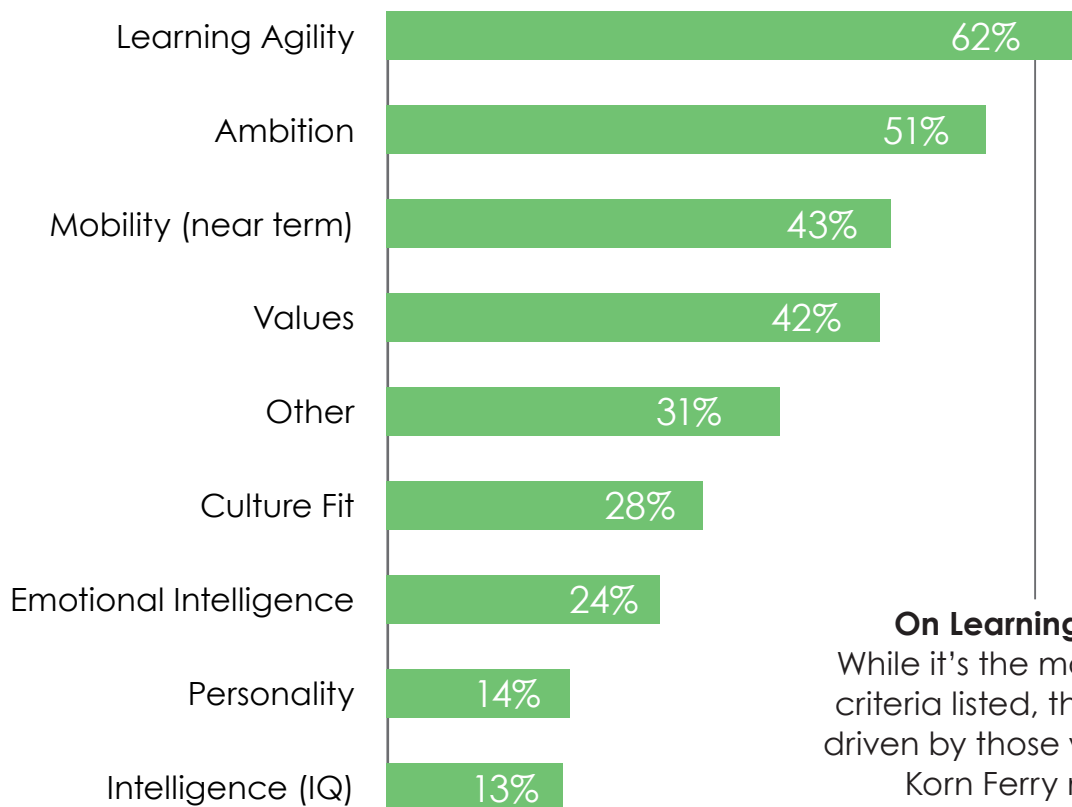
**% of companies using one of the two most popular potential models or no consulting model** (% by number of company employees)



- Uses Corporate Leadership Council potential model
- Uses no consulting firm's potential model
- Uses Korn Ferry potential model

# POTENTIAL CRITERIA

Are any of these criteria explicitly used to assess potential (either in addition to or instead of a consulting firm model)?



## On Learning Agility

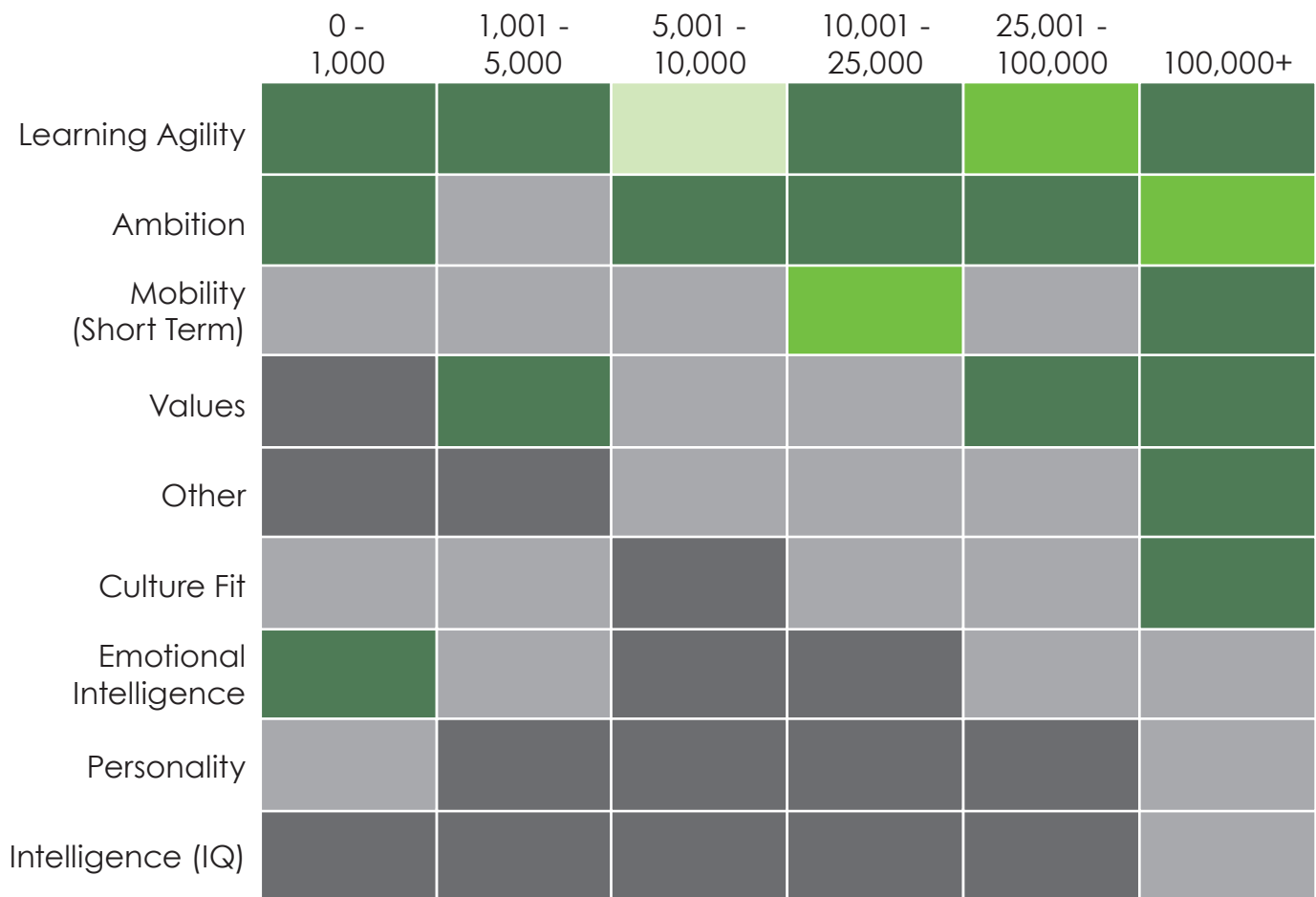
While it's the most popular criteria listed, that's largely driven by those who use the Korn Ferry model.

Percent of the top three model choices that also use Learning Agility (LA) to identify potential.

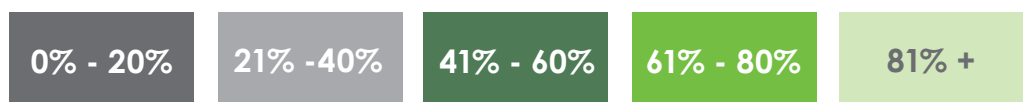
Korn Ferry model + LA	86%
CLC model + LA	49%
No model + LA	37%

# POTENTIAL CRITERIA

Percent of companies that use each criteria in their potential definition (by size)



**Key:** Percentage of companies using the factor in their high potential definition





# POTENTIAL CRITERIA

European and North American firms emphasize different factors in their potential models. Shown below is the percentage of companies in each region that include each factor.

	European Companies*	North American Companies	European vs. North American
Values	68%	33%	+35%
Emotional Intelligence	42%	18%	+24%
Culture Fit	42%	24%	+18%
Mobility (near term)	53%	41%	+12%
Intelligence (IQ)	16%	10%	+6%
Personality	11%	12%	-1%
Ambition	47%	53%	-6%
Learning Agility	47%	67%	-20%

\* Includes both Eastern and Western Europe

# POTENTIAL CRITERIA

## LEVELS OVER TIME?

**55%** of companies use an individual's potential to advance a specified number of levels (grades, titles) over a specified period of time when assessing potential.

Surprisingly few executive teams were actively involved in the creation of their potential model. More than 20% weren't involved in the process in any way.

## EXECUTIVE TEAM INVOLVED?

To what extent did your executive team participate in the process to create your high potential definition?

They were presented with a suggested model and they approved it	54%
They were interviewed to identify their view about what defines high potential	28%
They did not formally approve our model	17%
They didn't participate at all in the process	4%
Other	8%

# POTENTIAL ASSESSMENT

Do you regularly use any formal assessment(s) or assessment centers to help assess an individual's potential to advance? If so, please list the test name or assessment center vendor.

**Yes (51%)**

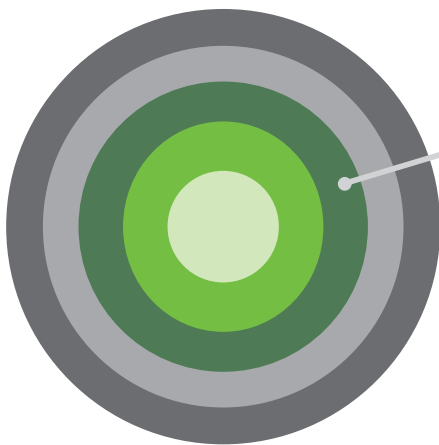
(Of 49 companies responding "Yes")

Korn Ferry	10
DDI	3
YSC	3
Hay	2
Hogan	2
Decisionwise	1
Cubiks	1
PDI	1
Linkage	1
GH Smart	1
OPTM360	1
Not specified	23

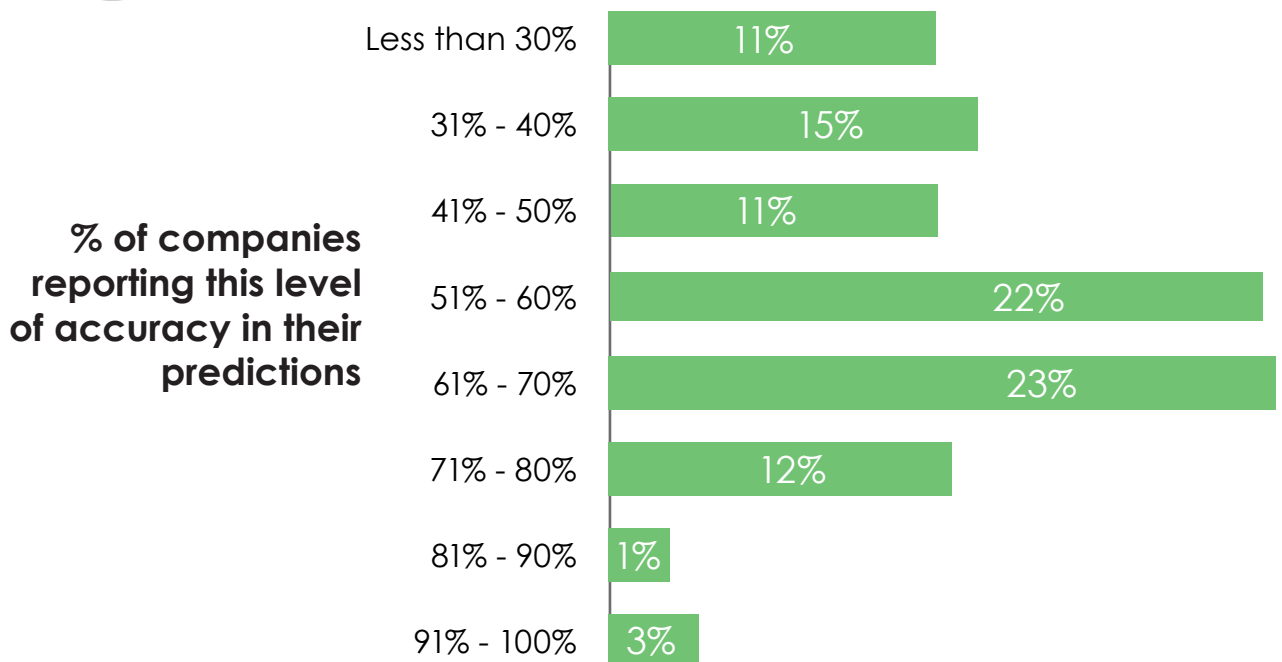
Employees	Yes %
1,001 – 5,000	30%
5,001 – 10,000	31%
10,001 – 25,000	44%
25,001 – 100,000	52%
100,000+	64%

# POTENTIAL PREDICTION

How accurate are your company's predictions of potential? In other words, if you predict that someone can move 2 levels in 5 years, how often are you correct about that pace of movement?



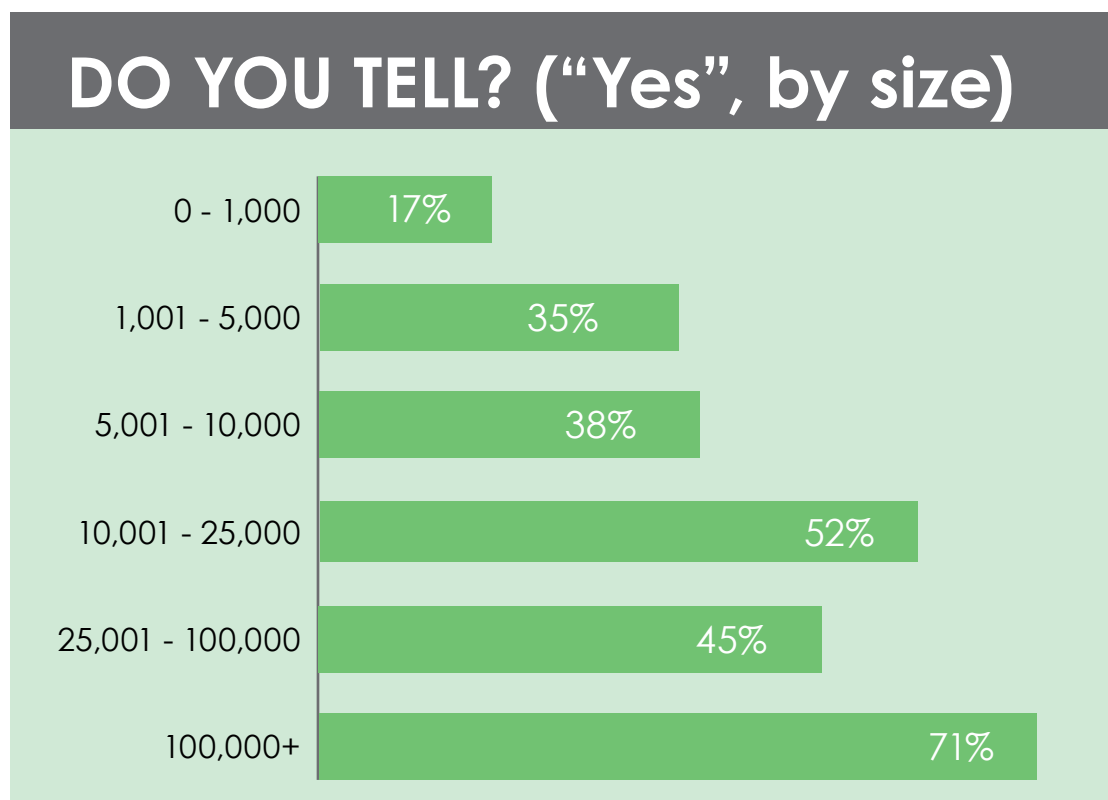
**52%** Average accuracy of predictions of potential



# POTENTIAL TRANSPARENCY

Do you explicitly tell your highest potential leaders that they have high potential to advance? You may not use those words, but the concept is communicated and clearly understood by the individual.

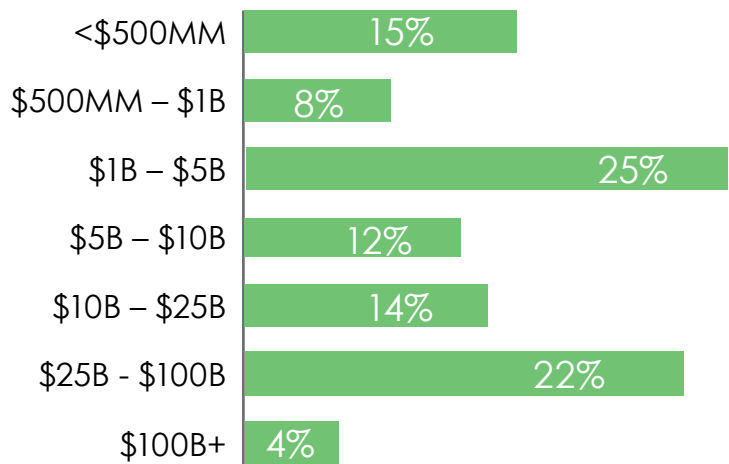
**42%** Companies tell their high potential leaders that they have high potential to advance.



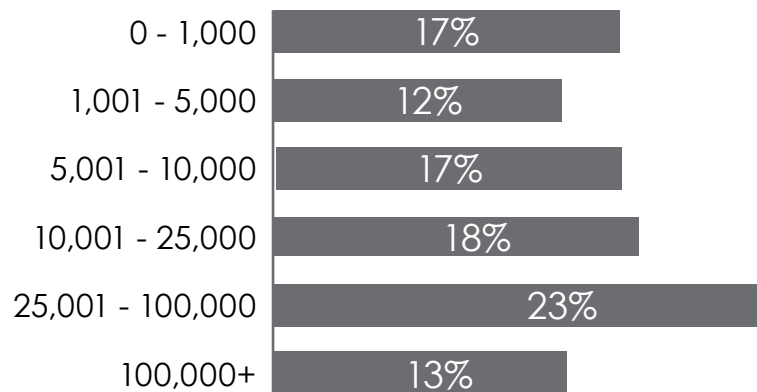
# PARTICIPANT DEMOGRAPHICS

## 134 COMPANIES RESPONDED

### REVENUE



### EMPLOYEES



# THE PROCESS

## **SOLICITING PARTICIPANTS**

We sent invitations to participate to NTMN members and the twitter feeds of NTMN and One Page Talent Management. We typically need multiple emails and research partners to ensure a high volume of respondents. In this case, just one email generated responses from 134 companies. We believe this response signals high interest in this topic.

## **SELECTING THE SURVEY ITEMS**

Our objective was to understand how companies select and manage high potential leaders, with an emphasis on the content and origin of their high potential criteria. Given the multiple and contradictory models offered by consulting firms, we were curious how many companies were using a consulting firm's model versus using their own criteria. We also explored classic questions like "do you tell your high potential leaders that they are high potential?"

## **CONDUCTING THE ANALYSIS**

In addition to reporting the direct answers to each item, we assessed if practices differed by company size or location of their headquarters. Any interesting differences are cited in our report.

## **DATA QUALITY**

We reviewed all submitted data to identify duplicate company submissions (by sending IP address), to validate company size (random checks of IP address against company name) and to eliminate questionable submissions (by manual review of comments and response patterns).

**POTENTIAL**  
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