How to identify top talent in your organization

PUBLISHED BY
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Overview

Conventional wisdom is right: succession plans are important. All organizations aspire to have seamless transitions whenever a key leader departs—be it planned or unplanned.

The challenge is translating this broad aspiration into actual practice. And it can be especially daunting for health care leaders, who often look at the highly resource-intensive succession management programs in corporate America and see no way to translate them into health care.

These three tools will help you decide who should be considered for a "next-level" position.

Note: These tools were originally designed for HR leaders, but the practices are broadly applicable.

Rationale

After selecting a limited number of positions warranting succession plans, organizational leaders need to identify a limited number of individuals with the potential to fill these roles.

However, organizational leaders often select high-potential talent based on a direct supervisor’s opinion alone and do not apply consistent definitions of performance and potential. As a result, organizational leaders frequently select the wrong people or include too many leaders in the succession pool.

Tools included in this resource

- Leadership Potential Diagnostic
- Customized Potential Definition Tool
- Hi-Po Calibration Discussion Guide
Ideal succession candidates are among the organization’s top performers and have strong leadership potential. At first blush, leaders should be able to use the annual performance review to identify top performers who may be suitable for succession plans. However, many organizations struggle with rating inflation. When a disproportionate number of leaders receive the top rating, HR leaders struggle to identify the organization’s true top talent.

Unreliable measurements of performance

Representative results from leadership performance reviews

It can be equally challenging to identify leaders with high potential. There are at least three common misunderstandings of potential, each of which is described in the graphic.

The tools in this section will help organizational leaders consistently identify high-performing individuals and create a short list of succession candidates.

A flawed understanding of “potential”

Employee profiles commonly mistaken for high potential

“Mini-Me”
- Younger versions of current manager
- May not possess leadership qualities needed in the future
- More problematic if current incumbent is underperforming
- Likely to hinder diversity efforts

“Old Faithful”
- Long-time employee; loyal to institution and to manager
- Despite deep institutional knowledge, may never have wherewithal to perform at a higher level, even with additional development

“Ivy League”
- Highly intelligent; may hold several degrees, accreditations
- Performs well in academia but may not possess business, political savvy required at higher levels

Source: HR Advancement Center interviews and analysis.
Organizations should use two selection screens to identify a small and manageable set of high-potential individuals (hi-pos) comprising approximately 5% to 10% of all managers. The first screen identifies high-performing staff using a common definition of potential, with the goal of narrowing the pool of managers to the top 10% to 20%. The second screen includes a leadership discussion to calibrate assessments and make the final selection of candidates.

There are two options for the first screen. The first option is using performance evaluation ratings. If your organization has an accurate performance evaluation process, you can likely narrow the talent pool to the top quartile of performance based on performance reviews alone. If you do not want to rely solely on performance evaluation scores, you can use the HR Advancement Center’s Leadership Potential Diagnostic, found on page 6. This tool instructs managers to vet current employees against high-potential criteria and can be used independently of performance evaluations. Regardless of the option selected, the first screen will yield a group of high-performing staff eligible for succession planning consideration. In the second screen, organizational leaders vet this group of high-performing staff in a peer forum to arrive at the final list of potential successors.

Two screens to isolate Hi-Pos

- **Identify high-performing staff**
  - Option 1: Accurate performance assessment
  - Option 2: Leadership potential diagnostic

- **Vet top selections**
  - Group Hi-Po discussion

- **Final pool of potential successors**

<table>
<thead>
<tr>
<th>Percentage of managers</th>
<th>All</th>
<th>Top 10%-20%</th>
<th>Top 5%-10%</th>
</tr>
</thead>
</table>

Source: HR Advancement Center interviews and analysis.
The table below summarizes the two-step screening process for identifying the 5% to 10% of managers to include in the final pool of successors.

<table>
<thead>
<tr>
<th>Screen</th>
<th>Identify high-performing staff</th>
<th>Vet top selections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactic</td>
<td>Option 1: Accurate performance assessment</td>
<td>Option 2: Leadership potential diagnostic</td>
</tr>
<tr>
<td>Tactic overview</td>
<td>Performance evaluation tools employ quantified goals and explicit qualitative criteria to accurately differentiate staff and identify top quartile of high performers.</td>
<td>Diagnostic tool enables managers to identify high performers by evaluating direct reports against standardized set of behaviors believed to demonstrate leadership potential.</td>
</tr>
<tr>
<td>Implementation considerations</td>
<td>• Option 1 is most appropriate for organizations with performance evaluations that sufficiently differentiate staff. All others should adopt Option 2. • Some organizations adopting Option 1 may wish to further narrow the talent pool prior to the Group Hi-Po Discussion—this is achieved by applying Option 2 to top-quartile performers. • Organizations with inaccurate performance data may consider investing in better performance management due to its applicability beyond succession management to retain top performers, drive organization performance, and develop future leaders.</td>
<td>• Managers should evaluate direct reports using our Leadership Potential Diagnostic. Managers with large span of control may use personal judgment to narrow the list of those evaluated with the tool. • Organizations wishing to create a unique definition of “leadership potential” for the institution or a position can create a customized leadership potential diagnostic tool by following the supplemental instructions. However, ensuring that all managers apply a common definition when evaluating an individual’s potential is more important than selecting the most scientific definition of potential.</td>
</tr>
<tr>
<td>Resources</td>
<td>• Must-Do Steps for Trustworthy Performance Evaluations¹ • HR’s Guide to Accurate Evaluations¹ • The Manager’s Guide to Accurate Evaluations¹ Members can access these resources on advisory.com</td>
<td>• Leadership Potential Diagnostic, pp. 6-8 • Step-by-step instructions to create Customized Potential Definition Tool, pp. 9-10</td>
</tr>
</tbody>
</table>

1) Access by entering the title into the search engine on advisory.com.

Source: HR Advancement Center interviews and analysis.
Tool 1: Leadership potential diagnostic

**Purpose:** The Leadership Potential Diagnostic helps managers identify high-potential employees by evaluating direct reports against a standardized set of behaviors believed to demonstrate high leadership potential. A high-potential employee has these attributes: talent, ambition, and engagement to rise and succeed in more senior, critical positions within the organization. Leaders must have all three attributes. This diagnostic helps identify the fraction of employees in the top quartile of performance that are truly high potential.

We recommend distributing this diagnostic to leaders whose direct reports are potential succession candidates.

**Instructions:**

1. Narrow pool of direct reports to top quartile. This can be accomplished through performance evaluations, force-ranking exercise, or, for those without a formalized process, leader discretion.

2. Ask individual managers (with direct reports identified as top performers) to complete the diagnostic for each individual within this top-performing subset.

3. Once the questionnaire is completed, the manager who completed each diagnostic should calculate the number of “yes” responses for each question. See the Leadership Potential Diagnostic Scoring on page 8 to assess the leadership potential of the employee.

Access this tool: advisory.com/hrac/successionmanagement
# Tool 1: Leadership potential diagnostic (cont.)

## Leadership potential diagnostic

<table>
<thead>
<tr>
<th>Talent questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does this individual propose sound, defensible solutions to a problem?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>2. Does this individual collect information from all available constituencies and sources prior to drawing conclusions?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>3. Does this individual quickly learn complex concepts and then apply them to his or her work?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>4. Can this individual be an effective and inspirational manager, even with difficult employees?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>5. Does this individual remain calm even in stressful situations?</td>
<td>□ Yes □ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ambition questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Is it important to this individual to be promoted to a senior leadership position at this or another organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>7. Is this individual motivated by being evaluated against his or her accomplishments, rather than shying away from accountability?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>8. Is it important to this individual to have his or her expertise in a particular field recognized by other staff and people outside of the organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>9. Is it important to this individual to undertake increased responsibility throughout his or her career?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>10. Does this individual embrace either formal or informal leadership responsibilities?</td>
<td>□ Yes □ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engagement questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Does this individual take pride in working for the organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>12. Does this individual compliment the organization when speaking to others?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>13. Does this individual strongly believe in the mission of the organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>14. Does this individual make a concerted effort to help others when they have heavy workloads?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>15. Does this individual believe that this organization offers the best path for his or her career advancement?</td>
<td>□ Yes □ No</td>
</tr>
</tbody>
</table>

Source: HR Advancement Center interviews and analysis.
Tool 1: Leadership potential diagnostic (cont.)

Leadership potential diagnostic scoring

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of “yes” responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent</td>
<td>____ / 5</td>
</tr>
<tr>
<td>Ambition</td>
<td>____ / 5</td>
</tr>
<tr>
<td>Engagement</td>
<td>____ / 5</td>
</tr>
</tbody>
</table>

Scoring: Any individuals scoring four "yes" responses or more in all three categories should be included in the small set of high-potential individuals to be considered in the Group Hi-Po Discussion. For further explanation of scoring, please see chart below.

<table>
<thead>
<tr>
<th>Score (Number of “yes” responses)</th>
<th>Employee evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent: ≥4</td>
<td>This employee is likely a high-potential employee and should be considered within the Group Hi-Po Discussion to determine if he or she should be groomed for a succession role.</td>
</tr>
<tr>
<td>Ambition: ≥4</td>
<td>This employee, while talented and committed to the organization, lacks the drive for success at the next level. It is advantageous for the individual and the organization for this employee to stay in his or her current role, rather than being groomed for the next level at this time.</td>
</tr>
<tr>
<td>Engagement: ≥4</td>
<td>This employee, while talented and committed to the organization, lacks the drive for success at the next level. It is advantageous for the individual and the organization for this employee to stay in his or her current role, rather than being groomed for the next level at this time.</td>
</tr>
<tr>
<td>Talent: ≤3</td>
<td>Though employee has high ambition and is engaged, his or her skills are average. Unless the organization decides to heavily invest in this individual’s skill development, this individual should likely not be a candidate for a critical leadership role at this time.</td>
</tr>
<tr>
<td>Ambition: ≥4</td>
<td>This employee is not high-potential and should not be considered for leadership positions at this time.</td>
</tr>
<tr>
<td>Engagement: ≥4</td>
<td>This employee is not high-potential and should not be considered for leadership positions at this time.</td>
</tr>
</tbody>
</table>

| Talent: ≥4 | Ambition: ≤3 | Engagement: ≥4 | This employee is not high-potential and should not be considered for leadership positions at this time. |
| All Other Scores | | | |
Tool 2: Customized potential definition

Note on use
This tool is designed to assist HR in organizing a discussion among senior leaders with the goal of identifying behaviors and traits that characterize high potential. This page provides step-by-step instructions to guide senior leaders through the exercise of building a common definition for leadership potential. The next page is a worksheet to be completed by leaders during the group discussion. HR should distill the meeting findings to a final checklist to be distributed to all supervisors to use as the standard criteria when identifying high-potential staff.

Instructions

1. Gather a small group of senior leaders who are well known for developing strong leadership pipelines and nurturing top talent.

2. Review common misunderstandings of potential:
   - **“Mini-Me”**
     - Younger versions of current manager
     - May not possess leadership qualities needed in the future
     - More problematic if current incumbent is underperforming
     - Likely to hinder diversity efforts
   - **“Old Faithful”**
     - Long-time employee; loyal to institution and to manager
     - Despite deep institutional knowledge, may never have wherewithal to perform at higher level, even with additional development
   - **“Ivy League”**
     - Highly intelligent; may hold several degrees, accreditations
     - Performs well in academia but may not possess business, political savvy required at higher levels

3. Ask leaders to keep in mind a specific individual they consider to possess great potential throughout the exercise.

4. Ask each leader to select five to six characteristics of high potential from those listed in Section I of the worksheet on the next page. Blank spaces have been provided for any additional characteristics leaders would like to include.

5. As a group, discuss common themes from the suggested characteristics and agree on a final list of five to six traits that best characterize high potentials.

6. Ask leaders to identify specific types of talent and list the unique traits that demonstrate potential for each type. Types of talent can be categorized in three ways:
   - 1. By Level (Manager, Director, Executive)
   - 2. By Breadth (Technical, Functional, Cross-Functional)
   - 3. By Job Family (Clinical, Medical, Administrative)

   **Examples:**
   - Clinical Leadership Potential
   - Medical Leadership Potential
   - Executive-Level Potential
   - Corporate-Level Potential
   - Cross-Functional Potential

   Fill out talent types and corresponding traits in Section II of the worksheet.

7. Vet completed worksheet with senior executives for final approval.

8. Distribute completed worksheet to all supervisors for use in identifying top talent.

Source: HR Advancement Center interviews and analysis.
### Tool 2: Customized potential definition (cont.)

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**potential checklist**

(organization Name)

#### SECTION I: CHARACTERISTICS OF HIGH POTENTIAL

- Eager to learn about self, others, and ideas
- Frequently volunteers for additional opportunities or expanded responsibilities
- Actively seeks opportunities to improve oneself
- Stays informed about major strategic initiatives both within and outside the department
- Enjoys complex problems and challenges

**Other**

- 
- 
- 

- Consistently performs well under first-time conditions
- Shows willingness to learn from feedback and experience; can change behavior or viewpoints as a result
- Quickly incorporates new skills into repertoire
- Open to diversity, multiple sources, and a range of views

**Other**

- 
- 

#### SECTION II: ADDITIONAL TYPES OF TALENT

<table>
<thead>
<tr>
<th>Type</th>
<th>Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</table>

Access an editable version of this tool: advisory.com/hrac/successionmanagement

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1. Adapted from Lominger Limited, Inc.

Tool 3: Hi-Po calibration discussion guide

Note on use

Once the top quartile of performers is identified through performance evaluations or the Leadership Potential Diagnostic, we recommend that you narrow the list of candidates to the top 5% to 10% through a Group Hi-Po Discussion. Peer managers should attend these calibration sessions to discuss staff they have identified as most likely to succeed at the next level of management. To help focus the discussion, this tool provides a list of factors to consider when determining which leaders to select for the succession talent pool.

Job complexity
• How complex is the individual’s job relative to others at the same level or in comparable functions?

Goal complexity
• To what degree are the established goals more or less difficult or complex than other similarly situated individuals?

Collaboration
• Does the individual collaborate with others and build mutual respect beneficial to the organization?

Skill versatility
• Does the individual use skills and abilities beyond those commonly held by people in similar roles?

Rare talent or expertise
• Does the individual possess skills or talent that are rare or uniquely valuable to the organization?

Reflects leadership values
• Does the individual model the organization’s values?
• Does the individual value diversity and manage a diverse workforce?
• Does the individual enable others to achieve their full potential?

Personality
Does the individual exhibit any of the following negative personality traits?

☐ Unsympathetic to others  ☐ Has trouble keeping sensitive information confidential  ☐ Micro-managing
☐ Frequently loses self-control  ☐ Intimidating  ☐ Unable to adapt to boss
☐ Easily excitable  ☐ Abrasive style  ☐ Does not model organization’s values
☐ Responds poorly to criticism  ☐ Appears cold, aloof  ☐ Seen as untrustworthy
☐ Does not display humility  ☐ Overly ambitious, plays politics
☐ Speaks without thinking

Source: Bank of America, Charlotte, N.C.; HR Advancement Center interviews and analysis.
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