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# How Can Organizations Best Identify and Develop Talent for General Management (GM) Roles?

## Abstract

[Excerpt] Effective leadership is a unique competitive advantage. Companies with effective leadership experience a 15.7% equity premium while companies with ineffective leadership experience a 19.8% equity discount. Furthermore, it costs less and takes companies a shorter amount of time to develop talent internally over acquiring it externally. To ensure high potential (HiPo) talent succeeds in GM roles, companies can identify proper leadership competencies, identify talent that fits these competencies, and develop this talent accordingly.

## Keywords

Human Resources, HR, general management, gm, leadership, high potential, HIPO, potential leaders, selection bias, pipeline, bias scorecard, culture, learning coach, collaboration, coaching, knowledge sharing, action learning

## Comments

### Suggested Citation

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## EXECUTIVE SUMMARY

### Research Question

How can organizations best identify and develop talent for General Management (GM) roles? What are some of the critical experiences required for those roles?

### Introduction

Effective leadership is a unique competitive advantage. Companies with effective leadership experience a 15.7% equity premium while companies with ineffective leadership experience a 19.8% equity discount.<sup>1</sup> Furthermore, it costs less and takes companies a shorter amount of time to develop talent internally over acquiring it externally. To ensure high potential (HiPo) talent succeeds in GM roles, companies can identify proper leadership competencies, identify talent that fits these competencies, and develop this talent accordingly.

### What Key Competencies Should be Considered?

Before companies can create processes to identify and develop talent, they first must know what they are looking for. Crucial to this is being deliberate about what competencies are necessary for the role in question, as too many competencies can cause line leaders to disregard them altogether.<sup>2</sup> Companies can take several steps to ensure the acceptance of competencies across the organization. Some of these steps include designing competencies that are outcome focused, defining how to be “great” in the job role, communicating competencies clearly to line leaders, communicating how to be successful in the businesses’ unique culture and environment, and communicating practically.<sup>2</sup> One prime example of this is GE.

**General Electric:** GE views competencies as a link between strategy and execution.<sup>3</sup> For instance, successful leaders must have a complete understanding of the business itself to form this link between strategy and execution.<sup>4</sup> For example, leader behaviors align with GE’s “Growth Values” which, in turn, align with company strategy. Such values include having an external focus, thinking clearly, having the courage to develop unique ideas, inclusiveness, and industry expertise.<sup>3</sup>

### How to Best Identify Talent

Perhaps one of the biggest roadblocks between the desired competencies and identifying HiPo talent is selection bias. For instance, MIT Sloan reports that 71% of organizations aspire to have a diverse culture, but only 11% report having one.<sup>5</sup> Companies can take several steps to reduce bias and improve talent selection. Some of these steps include: adopting a clear and consistent view of leadership across the organization, clearly communicating this view of leadership within competencies to the raters making selection decisions, and using a multi-faceted approach to identifying potential leaders, as shown through Ecolab and Whirlpool.<sup>5,6</sup>

**Ecolab:** Identifies talent holistically and communicates the identification criteria throughout the organization. For example, the company created a “Talent Pipeline Guidebook” that describes the required competencies for each role (see Appendix A).<sup>7</sup> Furthermore, Ecolab measures talent with performance assessments, development plans, leadership assessments, stretch assignments, and coaching (see Appendix B).<sup>7</sup> This multi-faceted approach has been adopted worldwide with great success, filling their leadership pipeline.

**Whirlpool:** Improves leadership identification by reducing selection bias using a “bias scorecard” (see Appendix C). This scorecard increased not only the quality of talent but also the diversity of the leadership pipeline.<sup>7</sup>

## What Developmental Experiences Prepare Hi-PO's for GM Roles?

Deloitte has found that one common theme is that HiPos learn best by interacting with other leaders. To maximize this effect, Deloitte recommends the following steps to cultivate a learning culture.<sup>8</sup>

- **Encourage a Risk-Taking Culture:** Incentivize a culture that rewards good risk-taking and distinguishes proper risk-taking from improper.
- **Create a Knowledge-Sharing Environment:** Encourage the sharing of successes and failures among HiPos and leadership by reinforcing this as part of the job description.

In addition to fostering a development-focused culture, experiential learning has become increasingly important, as nearly half of development of top talent occurs on the job.<sup>9</sup> Two practices that correlate with leadership development include:

- **Action Learning:** Brings small groups together to work on a project under the guidance of a learning coach. The experience is shown to develop collaboration, coaching, and finding win/win solutions, which are valuable within a broad-based leadership role.<sup>10</sup>
- **Job Rotations:** Provides HiPo talent the ability to develop a broader perspective on the overall business. Additionally, job rotations are shown to develop important leadership traits, like adaptability.<sup>10</sup>

**Best Practice – TRW Automotive Holdings:** To grow the organization globally, TRW determined that its leaders needed to develop a global mindset to manage operations in several countries simultaneously. In response, TRW created a Global Leadership Program (GLP) designed to develop global leaders “from scratch” using action learning and job rotations within a global context. GLP incorporates senior management into the program, assigns small teams for focused learning, provides meaningful projects and follow-up development plans. Participants in the program found that they not only gained a broadened company perspective but also encouraged knowledge sharing at a senior leadership level along with increased cultural awareness.<sup>11</sup>

## Final Analysis and Recommendations

In consideration of the mentioned best practices, there are four steps companies can take to identify and develop talent for future GM roles.

1. **Customize Current Competencies to GM Roles:** Customize current company competencies to fit the broad nature of GM roles and overarching company strategy. For instance, a company could require inclusiveness as a competency to foster collaboration and understanding across globally and across functions.
2. **Identify GM Talent Consistently and Holistically:** Cascade the desired GM competencies to leaders and HiPo candidates to create consistent expectations. After all relevant parties are clear on expectations, start identifying candidates with multiple assessments to eliminate bias and increase the success of HiPo GM talent (see appendix B).
3. **Incentivize Knowledge Sharing and Healthy Risk Taking:** Because this is a newer role in the organization, it is important to develop a culture where new GM's can feel comfortable learning from successes and failures. This will not only develop HiPo talent but the future of the GM role itself.
4. **Leverage Action Learning and Job Rotations:** Develop the identified GM talent with broad roles, projects, and coaching from senior leadership. Following the third point, given a learning culture is in place, GM talent will better develop the competencies necessary for this new role as it evolves.

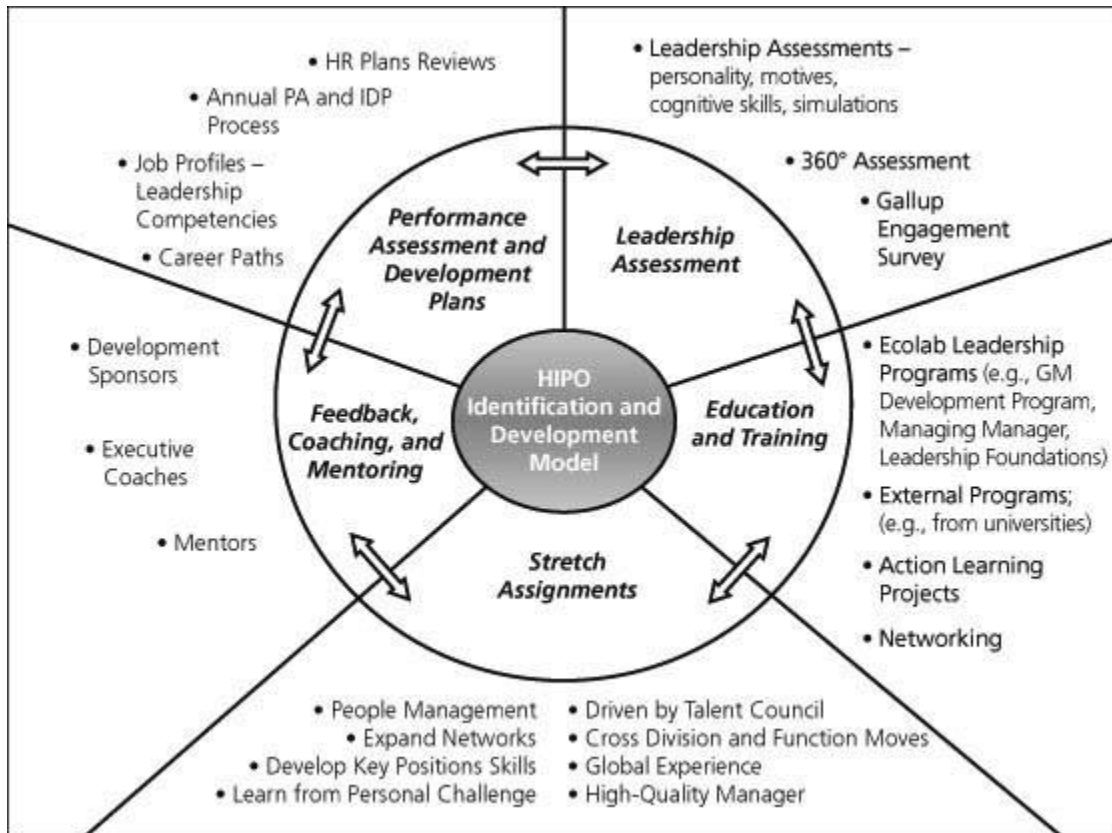
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## Appendix A – Ecolab Talent Pipeline Guidebook

	Managing Self	Managing Others	Managing Managers	Function Manager	Business Manager
<b>Talent Development</b>	<ul style="list-style-type: none"> <li>• Is motivated to learn through new experiences.</li> <li>• Accepts feedback and uses it to improve self.</li> <li>• Takes actions to develop new talents.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures that associates are completing a development plan.</li> <li>• Makes staffing decisions that improve the aggregate skill level of the team.</li> <li>• Provides effective coaching and feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• Creates opportunities for managers to gain new skills.</li> <li>• Holds managers accountable for managing and developing others.</li> <li>• Is seen as supplier of quality management talent.</li> </ul>	<ul style="list-style-type: none"> <li>• Holds direct reports accountable for developing leaders.</li> <li>• Develops direct reports who are promotable.</li> <li>• Leverages talent in order to meet function growth goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Fully develops the team's ability to perform.</li> <li>• Holds function managers accountable for developing leaders.</li> <li>• Creates learning opportunities for direct reports and others.</li> </ul>
<b>Leadership</b>	<ul style="list-style-type: none"> <li>• Leads by example—goes the extra mile with associates and customers.</li> <li>• Willingly accepts supervision and work direction.</li> <li>• Is someone others want on their team.</li> </ul>	<ul style="list-style-type: none"> <li>• Instills a sense of identity and purpose in team members.</li> <li>• Articulates the business direction and ensures it is embraced by the team.</li> <li>• Is sought out by others as a mentor or coach.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures others understand the strategy and how it relates to what they do.</li> <li>• Sets the standard for excellence in teamwork.</li> <li>• Influences effectively upward and across the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• Is viewed with confidence and credibility.</li> <li>• Models leadership and business best practices.</li> <li>• Creates and executes an effective strategy for the function.</li> </ul>	<ul style="list-style-type: none"> <li>• Excels in strategy development and execution.</li> <li>• Drives team performance based on strategic requirements.</li> <li>• Partners effectively across divisions and businesses.</li> </ul>
<b>Relationships</b>	<ul style="list-style-type: none"> <li>• Builds relationships that benefit individual and team success.</li> <li>• Acts as a team player—strives to solidify peer relationships.</li> </ul>	<ul style="list-style-type: none"> <li>• Interacts and communicates effectively with others.</li> <li>• Drives results through relationships with other departments and divisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintains an effective external network.</li> <li>• Breaks down communication barriers.</li> <li>• Enhances direct reports' relationship-building skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Supports effective relationship building at all levels in the organization.</li> <li>• Engages in community involvement activities.</li> <li>• Works effectively across organizational boundaries.</li> </ul>	<ul style="list-style-type: none"> <li>• Develops and maintains strong work relationships.</li> <li>• Acts as a persuasive company spokesperson.</li> <li>• Eliminates boundaries between businesses.</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Executes new ways of doing things.</li> <li>• Displays curiosity for learning about cross-divisional offerings.</li> <li>• Demonstrates effective problem-solving skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Fosters an environment in which new knowledge and ideas drive growth.</li> <li>• Supports intelligent risk-taking.</li> <li>• Seeks unique solutions that provide a proprietary advantage.</li> </ul>	<ul style="list-style-type: none"> <li>• Identifies new, value-added work to drive growth.</li> <li>• Achieves growth by leveraging other parts of the organization.</li> <li>• Creates a culture where growth is expected.</li> </ul>	<ul style="list-style-type: none"> <li>• Willing to drive change and redirect the function.</li> <li>• Effectively manages risk-taking to achieve large-scale results.</li> <li>• Provides a safety net for direct reports who innovate.</li> </ul>	<ul style="list-style-type: none"> <li>• Designs and executes effective growth strategies.</li> <li>• Continuously improves business processes.</li> <li>• Champions customer investment in new products and applications.</li> </ul>
<b>Delivering Results</b>	<ul style="list-style-type: none"> <li>• Displays technical and professional proficiency—delivers quality work.</li> <li>• Maintains personal plans that reflect yearly objectives.</li> <li>• Ensures commitments are delivered on time.</li> </ul>	<ul style="list-style-type: none"> <li>• Delivers team performance that exceeds targets.</li> <li>• Ensures optimization of resources.</li> <li>• Uses control systems effectively and improves efficiency and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes strategic action to drive customer retention, account penetration, and new customer acquisition.</li> <li>• Develops and implements long-term plans that create new opportunities and drive growth.</li> </ul>	<ul style="list-style-type: none"> <li>• Delivers results that enable business objectives to be consistently exceeded.</li> <li>• Increases function efficiency year over year.</li> <li>• Uses competitive, market, and industry knowledge to beat the competition.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes actions that gain and sustain a competitive advantage for Ecolab.</li> <li>• Ensures that profits grow faster than revenues.</li> <li>• Executes within optimal cost parameters.</li> </ul>

## Appendix B – Ecolab High Potential Identification and Development



## MINIMIZING THE EFFECTS OF BIASES AND TRAPS

We all interpret new information based on our own filters on the world. Culture, education, attitudes, and beliefs all contribute to our individual perspectives. While such biases are natural, they are not universal. The ability to recognize biases and traps will enable an individual to look beyond them in an assessment.

<p><b>“Planters” Bias:</b> Assessing an individual with a preconception in mind based on discussion with other colleagues who know or have assessed the individual.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Refrain from asking colleagues for their impressions of a candidate before speaking with him/her personally</li> <li><input type="checkbox"/> Do not offer up information about a candidate before your colleagues speak with him/her personally</li> </ul>
<p><b>First Impression Bias:</b> Making an overall judgment about an individual based on job-irrelevant data or impressions collected during the first few minutes of an interview.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Make note of any impressions you have in the first few minutes, acknowledge them and determine to suspend judgment until the end of the meeting</li> </ul>
<p><b>“Wow” Factor Bias:</b> Judging one candidate more favorably than others based on his/her tremendous accomplishment or other notable fact.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Do not ignore tremendous accomplishments as they can be indicative of the candidate’s character (determination, tenacity, competitiveness, drive for performance, etc.)</li> <li><input type="checkbox"/> Be aware of the impression these accomplishments have on your assessment of the individual and determine not to give them more weight than you give to other data you gather</li> </ul>
<p><b>Negative Emphasis Trap:</b> Rejecting a candidate on the basis of a small amount of negative information.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Probe to understand any points that concern you about the candidate and your initial impression</li> <li><input type="checkbox"/> Look for both confirming and disconfirming information</li> <li><input type="checkbox"/> Weight this information in proportion to all other information you have about the candidate</li> </ul>
<p><b>Contrast Effect Trap:</b> Strong candidates interviewed after weak ones may appear more qualified than they actually are because of the contrast.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Document the criteria and performance standard you expect of all candidates in advance – take these into an assessment with you as a reminder</li> <li><input type="checkbox"/> Document statements and examples that appropriately factor into your decision-making and compare candidates on this basis</li> </ul>