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## What are Best Practices for Preparing High-Potentials for Future Leadership Roles?

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## What are Best Practices for Preparing High-Potentials for Future Leadership Roles?

### Abstract

As global organizations flatten hierarchies in an effort to run lean, dynamic middle managers play an increasingly important role. The best companies emphasize succession planning, requiring leadership take a determined and disciplined approach to help leaders develop and rise within their organizations. As a means of investment, firms have established clear career paths and provided career development experiences for their organization's highest potentials. High-performing organizations have narrowed their focus to foster and develop the following key competencies:

- Change management capabilities are the top priority for high-potentials' professional development. They should be prepared to influence and drive performance in a dynamic environment, where the only true constant is change.
- A leadership mindset is equally important for middle managers looking to advance in their career. Consistently, organizations are redefining the term "leader" to apply at multiple levels, and not just at the highest level. This includes the capabilities to make tough decisions in ambiguous business environments.
- Communication skills play a pivotal role in managing horizontal integration in complex organizations. The need to clearly and effectively communicate both up and down in the organizations is paramount.
- Possessing an understanding of team dynamics should also be a high priority. The capability to lead and develop talent is also essential for maintaining momentum for the future growth.

### Keywords

human resources, high potential employees, leadership, change management, developing high potential employees

### Comments

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## Research Question

What are best practices for preparing high-potentials for future leadership roles? What programming elements are most critical to success?

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## Key Competencies for High Potentials

As global organizations flatten hierarchies in an effort to run lean, dynamic middle managers play an increasingly important role.<sup>1</sup> The best companies emphasize succession planning, requiring leaders take a determined and disciplined approach to help leaders develop and rise within their organizations.<sup>2</sup> As a means of investment, firms have established clear career paths and provided career development experiences for their organization's highest potentials. High-performing organizations have narrowed their focus to foster and develop the following key competencies:

- **Change management capabilities** are the top priority for high-potentials' professional development. They should be prepared to influence and drive performance in a dynamic environment, where the only true constant is change.
- A **leadership mindset** is equally important for middle managers looking to advance in their career. Consistently, organizations are redefining the term "leader" to apply at multiple levels, and not just at the highest level. This includes the capabilities to make tough decisions in ambiguous business environments.
- **Communication skills** play a pivotal role in managing horizontal integration in complex organizations. The need to clearly and effectively communicate both up and down in the organizations is paramount.
- Possessing an **understanding of team dynamics** should also be a high priority. The capability to lead and develop talent is also essential for maintaining momentum for the future growth.<sup>1,3,4</sup>

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## Best Practices

### 1. NASA's Mid-Level Leader Program.<sup>6</sup>

NASA participants take part in four core sessions, as well as a three to six month rotation in another function to broaden their scope. Participants receive mentorship from highly regarded leadership, and professional coaching sessions to build and confirm their skills in business acumen, managing information and knowledge, and the leading and managing of others. The program lasts 16 months, which allows flexibility for both participant and supervisor. While this program confirms technical acumen, NASA seeks to **develop strong interpersonal and influencing skills** that will serve future leaders in enabling teams to solve and resolve complex problems.

### 2. McKinsey study of HCL Technologies (Indian IT services and software development)<sup>8</sup>

One method of managerial development that limits both cost and risk is to include middle management in the area of overall business strategy. While it is commonplace for middle managers to primarily execute strategy that has been developed and passed down from senior level managers, **HCL made crowdsourcing and peer review a core component of strategy evolution**. While perhaps not culturally appropriate for all industries and organizational environments, HCL found that the high degree of transparency increased the quality of insights, not just their volume. Employees knew their work would be examined, on an open platform, by employees from multiple organizational levels, so the depth and quality of the ideas improved.<sup>8</sup>

### 3. Pepsi Co.'s Church and Rotolo's talent management study (March 2015)<sup>15</sup>

The authors surveyed 80 organizations in an effort to understand how managers design and manage their executive and high potential development programs. They employ **the BluePrint model**, which defines the following three core assessment dimensions: **Foundational** (personality & cognitive skills), **Growth** (learning ability and motivation), and **Career** (leadership & functional capabilities). They caution against the highly subjective "two-level jump" criteria, stating that using it is "in effect, avoiding taking a conceptual stance of future potential in general."<sup>15</sup> Church and Rotolo take issue with "mobility" as an assessment consideration, as it is a contextual variable and less an indicator of future potential. The authors warn that making human capital decisions with demographic data can, at the least, limit a firm's resources, and in the worse case, risk legal liability. We highly recommend looking deeper into this source for useful insight.

### 4. MEMC's Middle Management Competency-Based Development Program.<sup>5</sup>

MEMC's six-module program uses the existing job profile information and competency requirements for each manager being trained. To reach all learning styles, MEMC combines theoretical in-class training, action planning & coaching, on-the-job cases and projects, group exercise & discussion, participants' evaluation & reporting, and experiential activities & simulation learning. We theorize that in addition to professional development, the increased focus on the current competency model within the role can expose organizational incongruences and encourage role redefinition.

### Critical elements to consider

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**Fostering a coaching culture:** The Campbell Soup Company stresses the need for a "coaching culture" even if employees are not currently directly responsible for managing others.<sup>11</sup> Campbell management found that coaching skills are highly applicable when employees are asked to work cross-functionally, and juggle multiple inputs and working styles. By facilitating management activities early in the career of all employees, early identification has performance data and behavioral examples to support claims of potential.

**A cross-functional experiential learning opportunity:** Early exposure to project accountability should not be overlooked as a learning device. As a facet of training, requiring high potentials to maintain relationships and accountability outside of their function can build diverse skills and yield positive results.<sup>13</sup> The cross-functional responsibility should be clearly articulated and sponsored. By beginning this extension earlier in one's career, the firm creates an opportunity for the employee to build self-efficacy prior to their appointment to senior leadership. To reduce cost, this can be both incremental and collocated with the individual's primary function.

**Elite but inclusive:** As the next generation of leaders, high potentials will be tasked with developing and implementing business strategy. At a very basic level, the interaction with senior leadership and access to the strategic process is a key enabling activity for those who are being groomed for the next level. While it can be assumed that high potentials have been selected because they have displayed the ability to lead and inspire, it is important to remember that their identification as "A-players" can also have an impact of the output of "B-players".<sup>9</sup> Ideally, these high-potentials will function as inclusive knowledge disseminators, raising the performance level for all of their team members.<sup>10</sup>

**The potential to change:** In HBR, Claudio Fernández-Aráoz discusses selection and identification. In a cost-sensitive environment, selecting individuals who already display the ability to be disciplined and results-oriented can yield better, more aligned outcomes.<sup>12</sup> When selecting, remember that knowledge and skills are easier to change than "leadership assets" like the ability to derive insight, engage others, and demonstrate resolve.<sup>13</sup> This is also why he suggests placing greater importance on references and behavioral interviews, and less on personality tests, which tend to have a lower validity in determining success.

**Learning from failure:** In the identification process, be cautious about overlooking someone who has experienced a previous failure. Candidates in this pool "may have been the only one up to the challenge" and willing to take that risk outside of their comfort zone. An individual such as this may be able to weather significant challenges, having displayed resiliency in sub-optimal conditions in a previous role.<sup>14</sup> In addition to intrinsic drive, displaying the ability to "translate new learning into productive action" and the deftly navigate the firm's network are deemed "X-factors" when identifying the high potentials most likely to succeed.<sup>14</sup>

### Conclusion

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In a budget-constrained environment, it is crucial for leaders to curate developmental activities, and align them with the critical behaviors that will drive organizational success. While business acumen and technological expertise are key foundations, we know it is vital to focus on enhancing high potentials' ability to **communicate**, their ability to display **courage** and **take calculated risks**, and their ability to **collaborate** with individuals in all levels of the organization. By setting early expectations of flexibility and the "optimal level of discomfort"<sup>13</sup>, high potential employees will be willing to accept challenging business-critical roles, to the benefit of the firm and the employee.

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### Appendix: Three-tiered Checklist

In addition to our examples of best practices, we would like to share our three-tiered checklist that will focus on critical behaviors and development considerations at the **organizational**, **cohort**, and **individual** level. These details will enhance the process for participants and help drive and define successful outcomes for the organization.

At the **Organizational** level:

- Create transparency by **broadcasting the objectives** of the development program
- **Define the KSAs of the next generation of leaders**. This can produce residual effects beyond the program, where current non-participant employees can begin to self-assess and understand what BSC is seeking in their leadership profile.
- Tailoring development interactions to **encourage dissemination of their skills and learning to others**, in order to socialize the learning process and share knowledge.
- Championing and defining **success as collective growth**, beyond individual achievement. These individuals should be catalysts for their respective teams and organizations.
- Select and **assign mentors to address program participants' skill gaps** - not matching a pairing to reinforce their common strengths.

At the **Cohort** Level:

- Encourage participants to **routinize the sharing of best practices** in management.
- Expose the leaders to **cross-functional problem solving** with minimal risk to the business.
- **Build alliances across functions** that can develop into concrete linkages for future collaboration.

At the **Individual** level:

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- Consider requiring a **Capstone project to complete the program**, which plays on the idea of program legacy and the introduction of research and innovative practices.
- At the outset, **discuss and agree upon an expected trajectory for the employee**, while candidly analyzing their skill gaps. This holds both the individual and the organization progress and completion of task.