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How Do Organizations Assess for Potential, in addition to a Talent Review Process?

Ye Lei
Cornell University

Charlotte Zhang
Cornell University

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How Do Organizations Assess for Potential, in addition to a Talent Review Process?

Abstract

Demand for high potential talent has increased dramatically in the past five years as companies have struggled to fill vacancies due to a competitive talent market. Therefore, having a strong talent pipeline is extremely critical to organizations. Most companies evaluate high potential talent based on three criteria: engagement, ability, aspiration to hold successive leadership. But only 53% of organizations are confident in their ability to select and assess the best talent. An efficient tool is necessary to assess and capture the best talent in the organization. These four categories of tools are widely used by industries and have been considered successful and effective when measuring potential leaders:

1. Assessment and development centers
2. External assessment tools
3. Company self-developed assessment methods
4. 360-degree employee feedback assessment

To better understand the benefits of using these tools, this summary report will analyze the essence of the tools and provide case studies of top performers in the industry using these methods.

Keywords

human resources, high potential employees, assessing high potential employees, talent review, talent management, talent pipeline, assessments, 360, feedback, assessment tools, recruitment, current estimated potential, CEP, leadership ability, leadership assessment, transparency

Comments

Suggested Citation

Lei, Y., & Zhang, C. (2016). *How do organizations assess for potential, in addition to a talent review process?* Retrieved [insert date] from Cornell University, ILR School site:
<http://digitalcommons.ilr.cornell.edu/student/129>

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Executive Summary

Question & Introduction

How do organizations assess for potential, in addition to a talent review process?

Demand for high potential talent has increased dramatically in the past five years as companies have struggled to fill vacancies due to a competitive talent market. Therefore, having a strong talent pipeline is extremely critical to organizations. Most companies evaluate high potential talent based on three criteria: engagement, ability, aspiration to hold successive leadership. But only 53% of organizations are confident in their ability to select and assess the best talent.¹ An efficient tool is necessary to assess and capture the best talent in the organization. These four categories of tools are widely used by industries and have been considered successful and effective when measuring potential leaders:

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To better understand the benefits of using these tools, this summary report will analyze the essence of the tools and provide case studies of top performers in the industry using these methods.

Four Categories of Assessment Tools and Case Studies

Assessment and Development Center

Assessment centers can be used to assess candidates' personality and suitability for a specific type of employment. Organizations now use assessment centers for a wide range of purposes, including selection, placement, early identification of potential talent, learning and development and career management.² Assessment centers design a series of activities to fully evaluate a candidate's potential through personality and cognitive assessment, written and leaderless group exercise, role play and presentation. It also serves as a strategic leadership pipeline for training and developing talent.

Case Study: Deloitte has rebranded its assessment center as Deloitte University (DU) and expanded its scope in assessment and development of potential talent. The assessment part of DU is designed to measure 12 core competencies through a variety of exercises based on an employee's level. In addition to technical assessment, DU also conducts behavioral interviews to evaluate a candidate's motivation and engagement in a bigger leadership role. DU has set up an experienced hire testing for new recruits, manager assessment and development center for candidates in between manager and director, and leadership assessment and development center for candidates in between director and partner level.³

External Assessment Tools

Many companies are using cost effective and easy-to-implement external assessment tools that are produced by consulting firms to predict high potentials. Popular external tools such as Hogan high potential report and Korn Ferry assessment of leadership potential are designed specifically for selection decisions, talent assessment and employee development (Figure 1 and 2). Like most of the assessment tools, external assessment tools evaluate a candidate's competencies in business, leadership, and interpersonal relationships to further identify the level of potentials.⁴

Case Study: Korn Ferry worked with a global pharmaceutical company headquartered in Europe to evaluate the effectiveness of high potential employee identification. Korn Ferry conducted Talking Talent, which is a facilitated session where executives openly discussed employees based on their performance, potential, readiness, willingness and mobility. In addition to the discussion session, it implemented the CHOICE® instrument to analyze learning agility for its senior executives across the globe and benchmarked previous years' performance rating to tailor the potential assessment tool for its client.⁵

Self-Developed Assessment Methods

Some companies self-define the criteria of high potential employees, and self-design processes to identify high potential employees. When organizations' own needs outweigh the cost of such a program, they prefer to customize the entire process to maximize the benefits of self-developed assessment tools.

Case Study: Shell implemented a global process called Current Estimated Potential (CEP) to identify leadership ability (Figure 3). This process is built upon criteria that Shell recognizes as important predictors of an employee's learning agility – the gauge of leadership potential at Shell. There are three criteria – Capacity, Achievement, and Relationships (CAR). The assessment is done by a panel of managers and supervisors who have been trained in the process and have firsthand knowledge of the employees.⁶ Employees undergo the CEP assessment every two years to ensure Shell has an up-to-date overall picture of its talent pipeline. New hires receive a CEP assessment after three years on the job.

360-Degree Employee Feedback Assessment

360-degree feedback assessments provide organizations with a robust view of the individual's capabilities, cultural fit, drive, and relationships within the organization. This assessment tool is more suitable for a flatter organization structure with lots of cross-functional project based teams as it analyzes the whole spectrum of a candidate's performance and talent.

Case Study: General Electric uses 360-degree assessment to evaluate its senior-level talent. It conducts executive assessments each year on approximately 20 candidates. After the executive assessment, two senior-level HR professionals then conduct a 3–5 hour behavioral-based interview. After the interview, 20–30 internal and external reference checks will be conducted. The process concludes with a report of the person's career, key experiences, and assessment of leadership skills. Management shares the report with the individual, and the individual will take this information and craft a development plan. The Chairman and CEO read each assessment and development plan and respond with a personal note to each candidate.⁷

Recommendation

Since high potential programs contribute to the cultivating and retaining of future leaders, assessing employee potential attracts more and more attention from companies. After building a high potential program, HR professionals need to constantly evaluate and improve the program. Research shows that HR professionals aim to achieve a better form of high potential programs on the bases of:⁸

- Effectiveness to accurately identify high potential employees
- Fairness
- Motivation
- Transparency

The research further indicates that the degree of formalization of an organization's approach toward identifying high potentials is the most impactful element for determining satisfaction. Thus, organizations should be primarily concerned about adopting a formal, systematic approach to identify high potential employees, which also ensures the quality of the program.

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Future Readings

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Appendix

Figure 1: Hogan Model

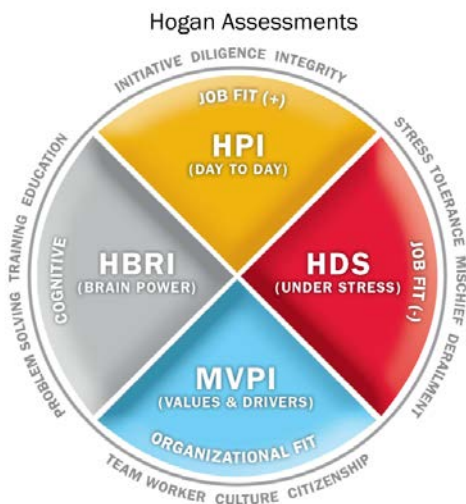


Figure 2 Korn Ferry Model

Figure 2. Seven signposts of potential.



Figure 3: Shell's CAR criteria for high potential employees

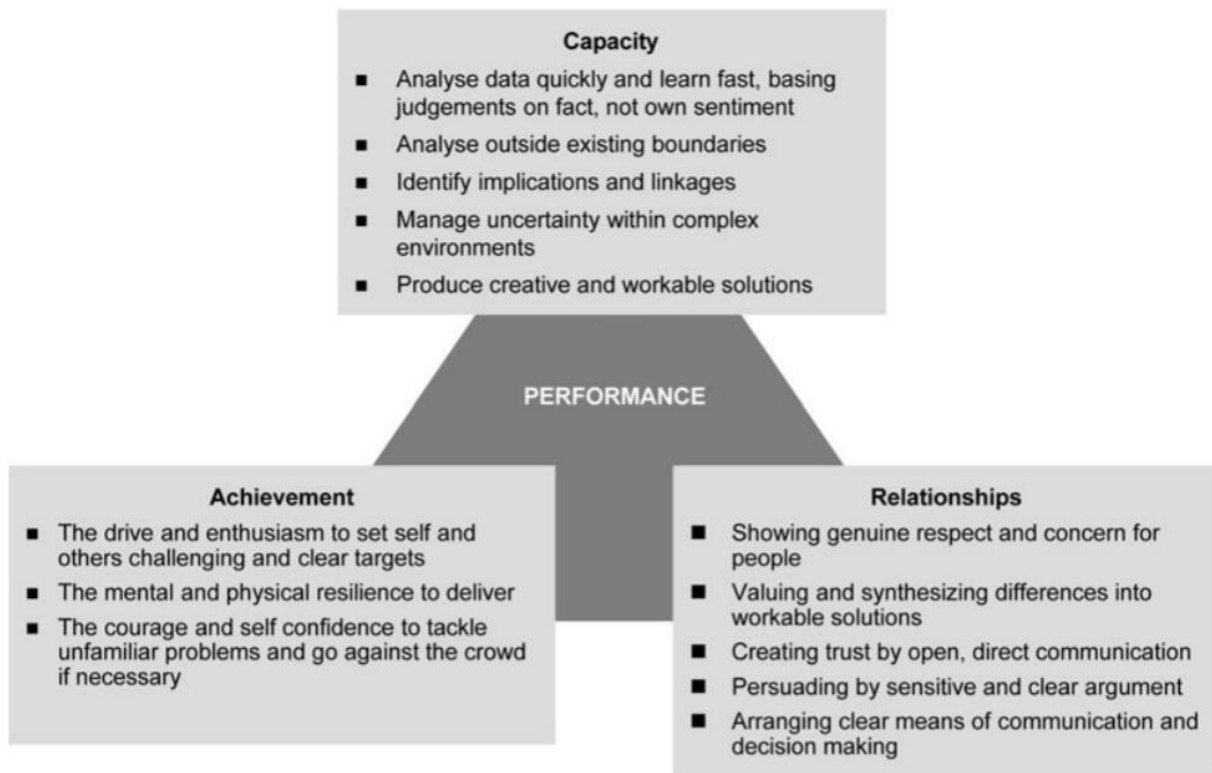
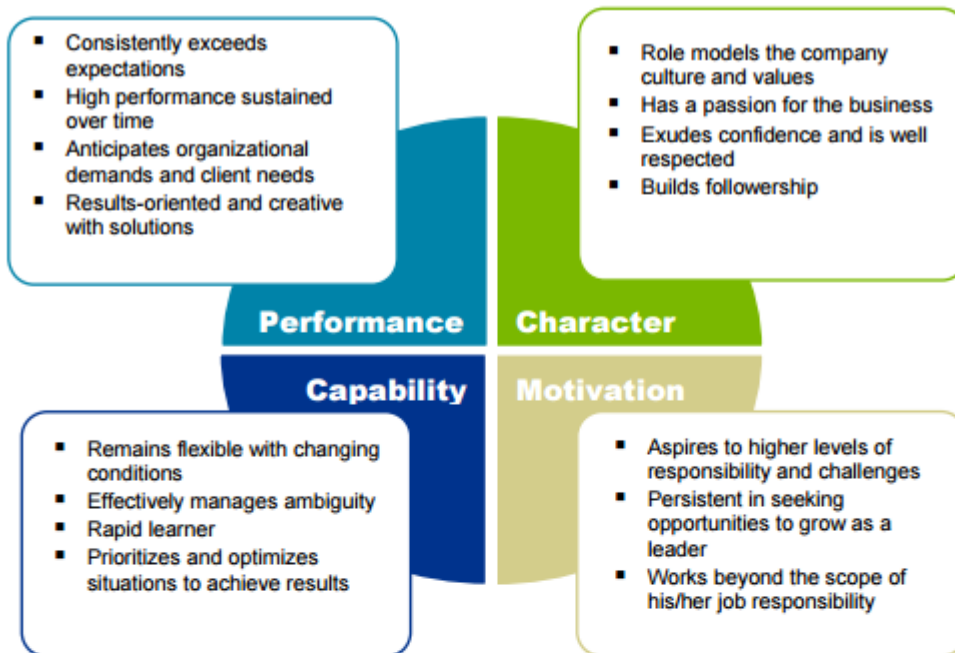


Figure 4: Aon's high potential Criteria



Furthermore, organizations can benefit by placing individuals who demonstrate these attributes into categories best suited for their current level of potential: "high potential," "medium potential" and "at potential." Doing so allows organizations to calibrate talent more effectively and identify where specific investments and accelerated development opportunities will have the greatest impact.

