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Accelerating Executive Leadership Development

10 Considerations For Your High Potential (HiPo) Program

By Steve Toomey



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Strong leadership is the lynchpin of business success, and developing future executives from among the high potential ranks is critical to sustaining competitive advantage long-term.

How do you accelerate the development of high potential leaders? How do you build the leadership bench strength critical to seeing around corners, overcoming tomorrow's challenges and ensuring future growth? These challenges are a pressing concern for leading companies across industries and geographies. In some ways, it is no surprise given the high stakes.

High Potential Leaders: Lynchpins of Organizational Success

As tomorrow's leaders, high potential employees—individuals with the ability and aspiration for successive leadership positions within a company—must be carefully curated and effectively developed to sustain the competitive advantage of organizations in the future. While this conventional wisdom is seemingly straightforward, translating high potential development into action is much more difficult, yet critically important.

Research indicates that organizations focused on identifying and developing high potential leaders are seven times more effective at achieving improved business and talent results. According to Bersin & Associate's High Impact Leadership Development report, these organizations generate a 62 percent improvement in employee retention, a 66 percent increase in bench strength, and nearly 60 percent stronger business growth.¹ Within the context of the broader business and talent environment, high potential development becomes a strategic imperative.



The Laws of Supply and Demand: A High Potential Talent Crunch

In the years ahead, the demand for high potential leaders is projected to rapidly outgrow the supply. Today, 70 percent of companies cite “capability gaps” as one of their top five challenges, according to The 2014 Corporate Learning Factbook published by Bersin by Deloitte.² With organizations already constrained by skill deficiencies, the looming exodus of Baby Boomers from the senior ranks is expected to further compound the talent crunch.³

Recognizing this reality, leading companies are taking proactive steps to prepare for the demographic shift. U.S. leadership development investments increased by 15 percent—the highest growth rate in over seven years—with spending most concentrated among high potential leaders.⁴ This trend is mirrored across international markets.

So, how can organizations be sure to maximize the investment? In designing a high potential development initiative, what considerations are important at the start, to ensure success at the end?

Starting at the Foundation:

Questions to Consider

Before designing the program-specifics, organizations must start by defining the desired results and end goals of the high potential development initiative. Often overlooked, this first step is critical to ensuring the program delivers impact.

Some questions to discuss and collectively answer as an organization include:

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- Why do we need a high potential program? What business and talent challenges will be resolved?
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- How will it support our business strategy, accelerate the execution of strategic imperatives and improve our bottom-line results?
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- How will it benefit our organization, our high potentials and our other employees?
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- What approach was originally applied to select high potential leaders? Is the method still relevant today?
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- Are past high potential leaders' still high potential today? How curated is the talent pool? Is there significant turnover year over year, or is the high potential audience consistent and cultivated over time?
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○ What are the program's core objectives—will building alignment, mindset or capability have the greatest impact on the company's ability to execute?

○ Considering the leadership pipeline, how urgent is the development of high potentials?

○ Are executives ready to support the program?

○ Is the organization prepared to invest sufficient time to effectively develop high potential leaders?

○ Within the context of the company culture, what works best to engage people?

○ How will the development initiative be sustained and embedded into the rhythm of the business?

○ How will success be measured?

Once the objectives are clear, the challenge becomes how to design and deliver a high potential program that realizes the expected impact. Surprisingly, few organizations are doing this effectively. Yet, strong leadership and a deep pipeline are mission critical to long-term business success.



10 Critical Components of Effective High Potential Programs

How do you design and deliver a high potential program that effectively engages leaders, achieves the expected outcomes and consistently drives results?

Ten critical components of high potential programs have proven effective for companies across industry verticals:

1. **Engage Peers and Executives**

A culture of leadership development across the organization is essential. Engaging executives in the high potential program helps drive a culture of learning. By integrating executives throughout the program as speakers, facilitators or coaches, high potentials are introduced to years of knowledge and experience and receive a well-rounded point of view on how to develop their careers.

Meanwhile, executives have an opportunity to engage in dialogue with top performers, collaborate and build relationships with the influential high potentials. At the same time, senior management gains critical insight into the talent pipeline through first-hand experience.

2. **Create Immersive, Discovery-Based Experiences**

Customized to the company's business, experiential learning and simulated environments have the potential to condense and accelerate years of business exposure, while maintaining a high level of responsibility for performance in a risk-free environment. Like a pilot in a flight simulator, business leaders experience real-world challenges, execute new tasks, and perform new roles in different contexts under competitive market conditions.

"In the VUCA world [volatile, uncertain, complex and ambiguous]," comments Bob Johansen, Distinguished Fellow from the Institute for the Future, "immersive learning, experiential learning, is the pedagogy of choice, because it's not just a fixed body of knowledge that you want to transfer. It's a whole contextual set of lessons that you have to learn almost at the muscle-memory level, to make real."

3. **Incorporate an Assessment Component and Feedback Loop**

In many ways, a comprehensive assessment has become a standard component of high potential programs. Assessments play a key role in supporting data-driven, focused and relevant employee development by precisely identifying both organization-wide and individual-specific talent and capability gaps.

However, each company strategy is unique and demands a distinct set of leadership behaviors and capabilities to execute, even varying by the function of the business. Applying generic competency models as a basis for assessment can prove challenging—executives often have difficulty tying specific actions taken in a company's context to generic competencies. Sometimes, it's helpful to identify high impact behaviors instead. Start by defining what "great" looks like for specific roles within the context of a company, and then apply the benchmark to evaluate effectiveness and define skill gaps.

Implemented in tandem with an experiential learning initiative, assessments can be enriched through the natural "Leader Lab". Observing participants in the moment as they navigate simulated business challenges, executives or organizational psychologists have tremendous insight into how high potential leaders lead, cooperate and "multiply" (to borrow verbiage from Liz Wizeman's Multipliers) the talent around them.

4. **Action Learning Makes It Real**

Immerse high potentials in your company's most pressing challenges and priority initiatives as a tool to accelerate problem solving, ideation, collaboration and execution capabilities. With the support of a mentor or coach, small groups of leaders reinterpret familiar company challenges, explore new solutions and convert the insights into action.

In crafting action learning initiatives, sometimes a past project that did not ultimately meet high expectations or solve a business problem is a good place to start, but keep learning and coaching opportunities at the forefront. Organizations can re-visit these projects as a learning exercise—

Case Study: For a Global Transportation Services Company, Strategy Execution Begins with a Comprehensive Assessment

Known for moving one billion people every day all over the world, a leading transportation services firm continues to innovate and expand. To accelerate the execution of the company's growth strategy in the years ahead, the organization understood that an accurate depiction of leaders' capabilities was critical to design impactful development initiatives.

The Assessment at a Glance

To achieve its objectives, the company partnered with BTS to develop a comprehensive customized assessment, implement the assessment tools, and achieve actionable organizational and individual results. The customized process included the following components:

Role-specific Impact Profiles:

- Interviews with Key Stakeholders: Interviews helped to define both the company and sales force's business challenges, the objectives required to meet those challenges, and the underlying capabilities and behaviors critical to success.
- The Development of a Role-Specific Impact Profile: A qualitative review of interview findings revealed themes around the critical capabilities and the related high-impact behaviors. The resulting profile identified two types of execution factors: 1) role capability factors representing the key components of the role and 2) foundational performance factors defining the skills and knowledge that underlie the ability to effectively perform the capability factors.

Assessment Components:

- An On-line Scenario Simulation: An online assessment tool was built around realistic, job-related scenarios. Using multiple-choice questions, the tool was designed to measure the application of

the targeted execution factors. The simulation was administered, scored, reported and interpreted in a quick yet reliable and comprehensive manner.

- In-the-Field Assessment: To further engage the participating leaders and broaden the scope of the process, a "live" in-the-field assessment—including a case study presentation, role-play activities and behavioral interviews—was conducted. Pairs of BTS consultants and company executives assessed each participant. Involving the company's executives drove a high degree of credibility as well as a better understanding and acceptance of the assessment process and its goals.
- Manager & Self-Assessment: The managers of the high potential leaders engaged in a survey rating the effectiveness of each leader reporting to them based on the high-impact behaviors. A comparable survey was administered to the high potential leaders.

Assessment Delivers Powerful Results

The results included:

- A graphical representation of the entire sales force's performance on each execution factor
- The percentage performing at the Highly Effective, Effective and Needs Development levels for each execution factor
- The top three strengths and high priority gaps demonstrated by the sales force as a whole

This organizational analysis became the basis for the company's very targeted development strategy, as well as the foundation for actionable individual development. Going forward, the leading transportation services company can effectively "move the means" of capability and link learning to high performance.

after all, the company may find itself one stop closer to a solution that works. To maximize engagement and motivation, be sure to carve out the appropriate time so that the development opportunity doesn't turn into "another thing on the to-do list."

To elevate the exercise, award and incentivize the teams who implement a project, and engage senior management as high potentials share the output of the action learning work. "There is a deep learning cycle. Team members develop new skills and capabilities which alter what they can do and understand. As new capabilities develop, so too do new awareness and sensibility," commented Peter Senge in his book *The Fifth Discipline*.

5. **Inter- or Intra-Industry Perspective**

Bring stakeholders together from across the industry ecosystem. By exploring trends and challenges in an open environment, the stakeholders and high potentials recognize the system-wide implications of decisions and explore opportunities to collaborate to drive greater value in the future. "Being able to participate in a cohort of multiple companies rather than just doing it internally among our company was a phenomenal really unprecedented experience," commented Tina Busch, Global Learning and Talent Development Director at Kimberly Clark. However, Kimberly Clark is not the only organization finding value in the approach.

Humana, a Fortune 100 healthcare company offering a wide range of insurance products and health and wellness services, is acutely aware of the rising cost pressures of the U.S. healthcare system and wanted to be part of the solution. Bringing together key players in the healthcare industry— including doctors, hospital administrators, government administrators and payer representatives —Humana is laying the foundation for change by enabling new levels of collaboration and empathy among groups that are often thought to have competing interests. Don Hall, principal at Delta Sigma concluded, "I think this might be one of the most exciting steps for helping to create community involvement."

6. **Look Through Different Eyes in the Field**

Create a rich learning environment by immersing leaders in the field and challenging them to look through different eyes. Within the context of an international business, cultural immersions provide unique angles and insight. Alternatively, empathy maps—a collaborative group exercise challenging leaders to develop a customer persona, generate insights into unmet needs, and innovate solutions—allow leaders to similarly adopt a new perspective by considering the vantage point of the customer.

To make the most of these experiences, leaders must be pushed to:

- Adopt a different lens
- Capture observations
- Debrief in a thoughtful way
- Consider the implications of their insights on the business
- Create a feed-back loop by sharing observations with senior management

Incorporating this approach in their high potential initiative, a leading global U.S.-based fast food and restaurant chain immersed leaders in Japan. Staying in Japanese-style hotels, eating the regional cuisine and shopping in the local markets, leaders came to better understand what life was like in Japan through first-hand experience. Returning to the U.S. with heightened empathy, the leaders now better recognize how to serve and connect with the Japanese market and customer-base.

7. **Bring in a Keynote “Big Brain”**

A keynote speaker can provide a unique perspective on strategy execution and the role of leaders in accelerating results. At the same time, speakers can shift the discussion towards the broader global environment and stretch leaders to see the company's context in a different way.

How would a worldwide fresh water shortage impact the restaurant industry? What will increasing urbanization mean for the transportation industry? How would a convergence in technology lead to a convergence in competition? How would shifting balances in political power redefine cultural influences and reshape retail and entertainment industries? These trends are apparent today, but often they are not top-of-mind for leaders on a daily basis. Yet, adapting business to the evolving global environment is a strategic imperative.

8. **Connect Personal Brands to the Company Brand**

Provide leaders insight into how they are perceived in their work, define how to effectively build a personal brand, and explore what is important in living the company brand on a daily basis.

General Electric—“imagination at work”—is well-known for developing leaders who are committed to turning imaginative ideas into leading products and services. With \$163 billion in revenue, the company has a history of success, and it transcends any one individual. First, Reg Jones, the company's CEO from 1972 to 1981, was considered irreplaceable, but then came Jack Welch, and now Jeffrey Immelt has shown himself to be just as capable. By effectively connecting individual brands to the company's brand, GE's stock price has remained stable through management transition.⁵

9. **Consider the Current State of the Business vs. the Future State**

Considering today's business objectives drives alignment around the company's current reality, but to deepen the conversation and enrich the outputs, transition the conversation and frame a future view. Focus the dialogue on where to play, how to win and what to do.

This approach proved highly impactful for a leading computer storage company. In a customized, high-impact session, 70 of the most senior engineers and product managers 1) analyzed future customer needs and

shifts in the competitive landscape, 2) defined the company's strategic direction in this dynamic environment, and 3) considered the technology innovations and actionable steps critical to success. Through the exercise, participating leaders defined

- Where they need to be in five years to meet evolving customer needs
- What they can do to remain competitive against the competition
- What products they need to focus on to truly differentiate themselves

Concluding the collaborative exercise, high potential leaders were challenged to successfully develop a five-year technology vision and a 12-month execution roadmap.

10. **Build Commitment through Individualized Action Plans**

Challenge leaders to translate the program insights and key learnings into action on the job and ensure accountability through follow-up meetings with their managers. While not necessarily the most popular activity, action plans are a powerful tool to capture the results of the initiative, and shared with the executive level, drive motivation and excitement.

At times, participating leaders even get competitive—at one Telecom organization, a few leaders competed among themselves regarding the impact they could generate through their action plans and self-reported incremental revenues, costs eliminated and asset allocation improvements.

Additionally, social communities and mobile-based apps can create an environment for high potential leaders to track their progress and share successes, challenges and insights. By making the commitments public, leaders become accountable to execute, and engaging senior executives to lead the charge and share their commitments first, can heighten engagement.



Case Study: Accelerating High Potential Development at Chevron

The Call to Action

Six executives got the news during a briefing in November. They were chosen to ascend the corporate ladder to assume the role of senior leadership team, responsible for the overall success of the large, integrated energy company.

During their initial meeting, the team recognized the complexity of the task ahead of them. Managing the company's entire business from exploration to end-consumer would be a stretch for the group. Fortunately, the associated business risks were not at stake.

A Simulated Experience Creates a Risk-Free, Competitive Environment

The team was part of a cohort of 30 leaders who participated in Chevron's Advanced Management Program (CHAMP), designed to develop high-potential leaders through an extremely realistic experiential learning imitative that was customized to reflect Chevron's business and strategic priorities. Immersed in a business simulation, high potential leaders were challenged to collaborate, define the company strategy and lead execution across the full value chain over six simulated years.

Compressing years of business experience into four days, high potential leaders practiced strategy execution in a risk-free, competitive

environment. Within this context, the teams learned great strategy implementation firsthand, and can now take ownership and effectively execute the strategy back on the job.

Senior Executives Act as Analyst Community

Completing the simulated exercise, participating teams locked themselves away with results in hand to prepare an investor presentation for the "analyst community"—actually comprised of Chevron's senior executives. Concluding with a final presentation, high potential leaders shared their performance over the six simulated years, and reflected on opportunities for improvement. The real-life executive management group observed, commented on the presentations and ultimately made two buy, one hold, and two sell recommendations.

Nigel Hearne, Vice President of Strategy (Downstream) at Chevron commented on the experience, "The program enabled participants to think more strategically, broadened their enterprise perspectives, built financial acumen, and provided an external focus and understanding of geopolitical decisions, competitive dynamics and customer and investor expectations. Most importantly, they had the opportunity to practice and learn in context of the company's business and strategic priorities."



In Conclusion

Only by consistently developing high potential leaders will companies have the capability and bench strength to execute today's strategy and overcome tomorrow's challenges.

Investments in high potential leaders deliver short-term rewards—increased retention, improved employee engagement, stronger productivity, effective execution and business results—but also long-term returns—robust leadership pipelines, the bench strength to sustain accelerated execution, and stronger, lasting organizations. However, the impact is intrinsically linked to the design of the high potential development initiative.

New information alone does not shift behavior or advance capability. As MIT fellow and *Fortune* columnist, Michael Schrage, has noted successful adults typically need to "persuade themselves" through their own experience to apply new knowledge. The more high potential development initiatives provide carefully designed experiences, the greater the impact on the high potential leader and the stronger the results for the organization.



About the Author

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About BTS

BTS: The Global Leader in Strategy Alignment and Execution

BTS is a global professional services firm headquartered in Stockholm, Sweden, with some 450 professionals in 32 offices located on six continents. We focus on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we've been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

We serve a wide range of strategy execution and talent development needs. Our services span the employee lifecycle from assessment centers for selection and development to strategy alignment and execution initiatives, and from business acumen, leadership and sales training programs to on-the-job business simulations and application tools. We partner with nearly 450 organizations, including over 30 of the world's 100 largest global corporations. Our major clients are some of the most respected names in business: AT&T, Chevron, Coca-Cola, Ericsson, Google, GSK, HP, HSBC, Salesforce.com, Telstra, and Unilever.

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