HIGH POTENTIAL SURVEY, INDIA

2018 STUDY

SALTO DEE FE

Empower. Enable. Excel

∞ KARMA

About Salto Dee Fe & Karma Notes

Salto Dee Fe (www.saltodeefe.com) is a business enabling consulting firm that has developed a niche and works at the intersection of Strategy & Execution and Business & Human Resources.

- We partner with organizations to smoothly launch their business to the next phase of growth
- We focus on the two primary pillars of Human Resources in any organization - shareholders (with focus on profits and governance) and employees (with focus on execution)
- We make sure that revenue and support functions talk to each other and people are enabled to deliver whatever the business demands from them.

We operate in 5 functional areas i.e. Talent Management, Leadership Training, Organization Transformation, Employee Retention and People Decisions. In Talent Management, we partner with Marc Effron, Author, One Page Talent Management and President, Talent Strategy Group to bring cutting-edge Talent Management thinking to our clients in India. We also have three products called OPTM360, RF4 and Karma Notes (www.karmanotebook.com).

Over the last 7 years, we have worked with 90+ clients out of which more than 45% have given us repeat business and 25% have given us business more than twice.

Karma Notes is a product created by Salto Dee Fe Consulting in Partnership with The Talent Strategy Group, USA and Path InfoTech. This tool enables instant anytime feedback and feedforward and is also an answer to all the performance ratings and bell curve related questions and dilemmas faced by the organizations.

Karma Notes is currently being deployed at many leading organizations across sectors and is providing a differentiated experience to over 6000 plus employees across 14 countries.

Karma Notes has also been selected as the top 10 HR Start-Ups by NHRD in 2016 and was part of the HR Spotlight List published by People Matters in 2017.

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Executive Summary

High Potential employees are 91% more valuable to an organization than other staff.[1] So it becomes critical for organizations to have a well-defined high potential program in place to utilize the potential of its employees.

This research draws some interesting insights into the ways organizations define, assess & manage their high potential employees.

Definition of high potentials

Almost **40%** of organizations are still struggling to articulate a clear and consistent definition of 'high potential' and out of them, **22%** organizations' executive team is not interested in defining potential.

Out of the organizations who have defined the high potentials, quite a few use a custom model specific to their context to define the high potentials instead of the prevalent consulting models (**31%** of respondents supporting it).

Identification of High Potentials

The organizations which have a successful high potential program have an objective and structured process to identify high potentials, **64%** of organizations have a formal process in place.

Development and Management of High Potentials

Transparency around who is a high potential and what makes an employee high potential is also critical for the success of the program[2], but **one-third** of the organizations do not disclose the criteria of selection in their high potential program.

Report outline

This report draws its findings and analysis from the High Potentials Survey conducted in India by Salto Dee Fe Consulting Service in the month of **May-June 2018**.

The main objective of the study is to **understand how the high potentials are managed across organizations in India**, this includes the definition, identification, management, and development of high potentials.

The survey includes responses from 120 HR Leaders of organizations size 50 to 10000 employees. The survey respondents had representation from across industries namely Manufacturing, BFSI, IT/ITES, Consulting & Others.

The survey questionnaire focused on key policies, processes and best practices followed by leading organizations for managing high potentials. The breakup of responses received across industries in India is shown below in Fig.1, Fig.2 & Fig.3.

Fig.1 Industry Distribution
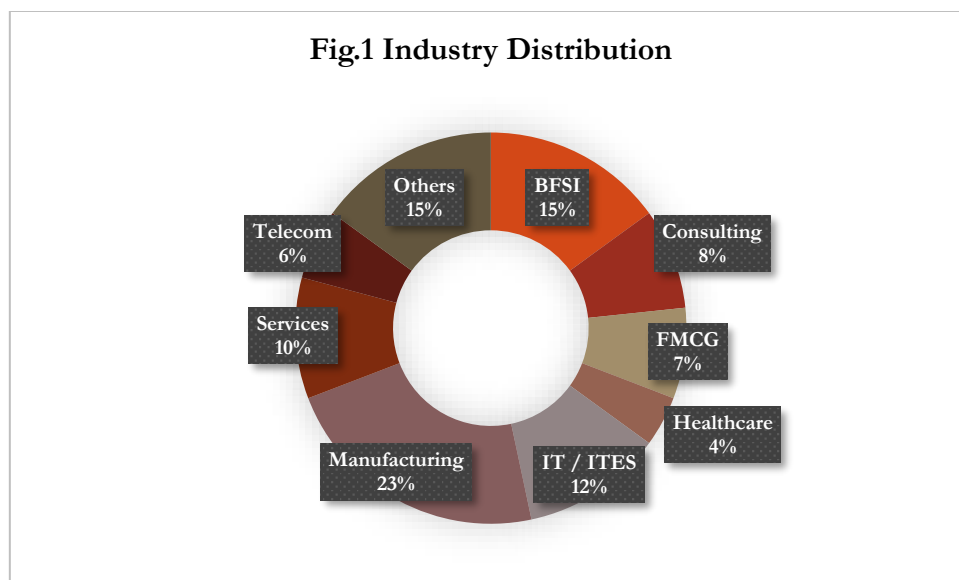
*Others include industries like Media and Entertainment, Transport & Logistics, Power Sector, Hospitality, Retail, E-Learning, Electrical & Switchgears, Conglomerate, Petrochemical, E-Commerce, Crop Protection
*n=120

The report has been structured into three broad sections covering the following aspects:

- Definition of High Potentials

- Identification of High Potential including assessment tools and models used

- Management and Development of High Potentials including organizational philosophy on transparency, accountability, and differentiation

Comprehensive results with analysis have been provided for each section.

Survey Demographics: Organization's Revenue

Fig.2 Respondent split as per organisation's revenue

Revenue	Percentage
Above 6500 Cr	35.83%
3000 – 6500 Cr	12.50%
1000 -3000 Cr	15.83%
500 - 1000 Cr	12.50%
100 – 500 Cr	12.50%
10 – 100 Cr	3.33%
Up to 10 Cr	7.50%
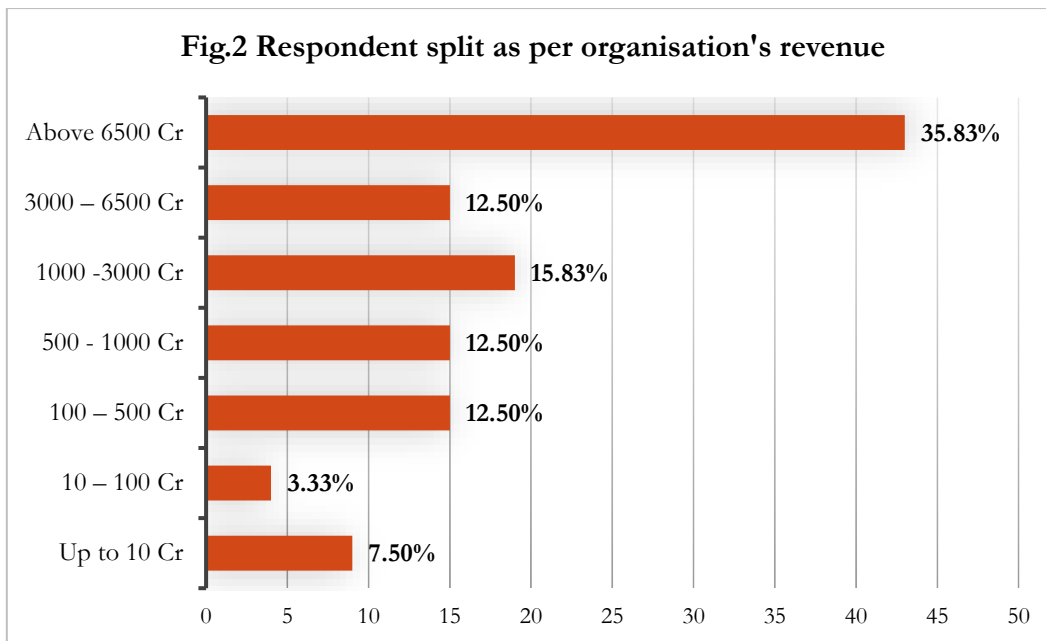
*n=120

Size of organization (number of employees)

Fig.3 Respondent split as per number of employees

- 1-50: 7%
- 51-5000: 44%
- 5001-10000: 15%
- Above 10000: 34%
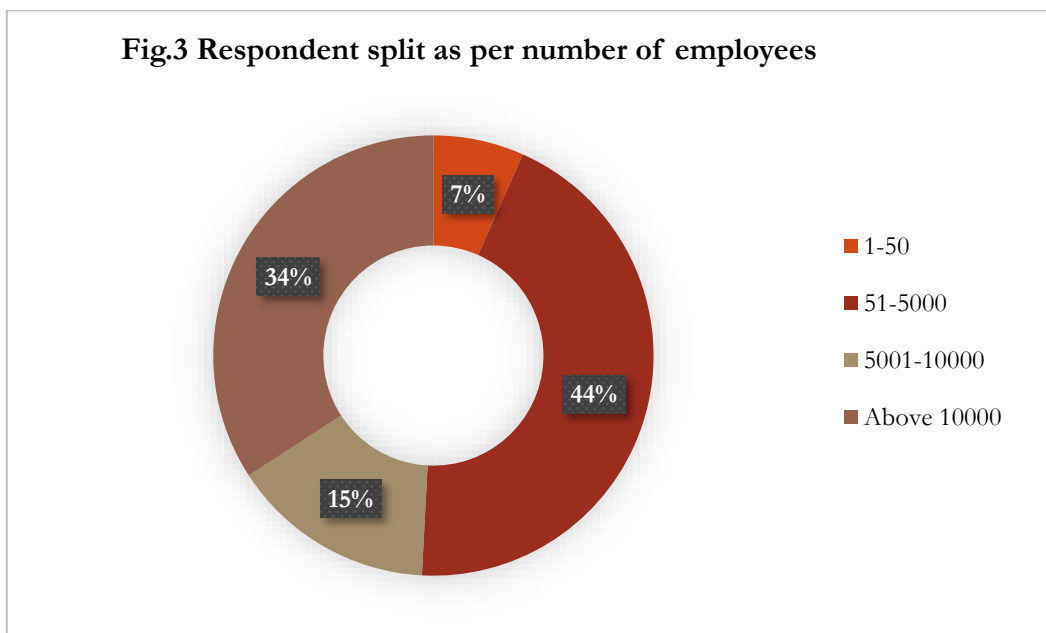
*n=120

Definition of High Potentials

Studies show that it is critical to have a clear definition of high potentials to make the selection and development process transparent[3], our survey revealed that almost **40%** organizations are still struggling to clearly define high potentials.

Fig.4(a) Does your organization have a company-wide definition of "potential"?

No, 38%

Yes, 62%

Our point of view:

There's no conclusive science (either from academics or consulting firms) that identifies the factors that predict potential. Most potential models take performance (an important precursor to potential) alone as the only surrogate for potential. Some potential models also assume that a high potential leader will be high potential in every situation. This ignores the science about fit and the unique requirements of different business challenges. Defining the "fit" -unique capabilities, behaviors and interests that fit with the specific needs of the firm in the next 3 – 5 years is critical.

All high potentials are high performers, but not all high performers are high potentials.

Models Used for Defining High Potentials

This research indicates that organizations prefer developing their own model for defining high potentials with over **31% of organizations using a custom model that majorly emphasizes on learning agility, ambition, and values.**

Amongst the consulting models on High Potential, **Hewitt Associates model is the most popular in our surveyed population** (which defines high potentials on Performance, Capability, Character, and Motivation)[4]

Fig. 4(b) Models used for defining High Potential

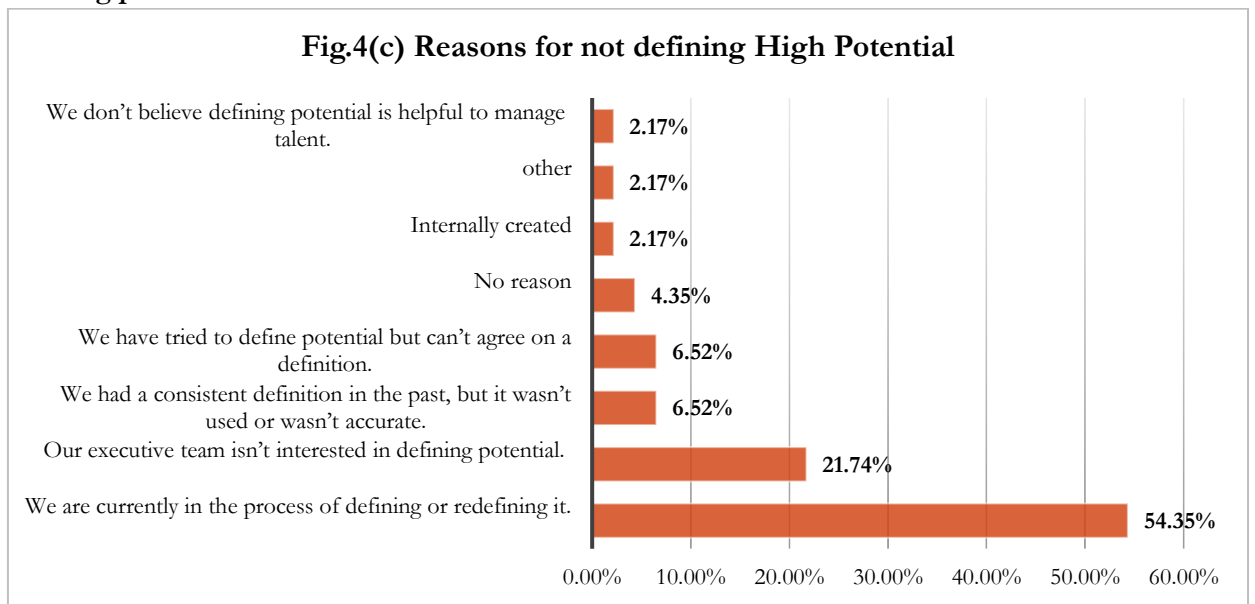| Model	Percentage
OPTM Model	1.35%
SHL and Hogan	1.35%
Others	2.70%
9 box performance potential matrix	9.46%
Hay Group (Hay 2006, 2008)	9.46%
Hogan Assessment Systems (Hogan, 2009)	10.81%
Corporate Leadership Council (CLC, 2005)	10.81%
Development Dimensions (DDI, 2007)	10.81%
Hewitt Associates (Hewitt, 2008)	12.16%
Internally created.	31.08%
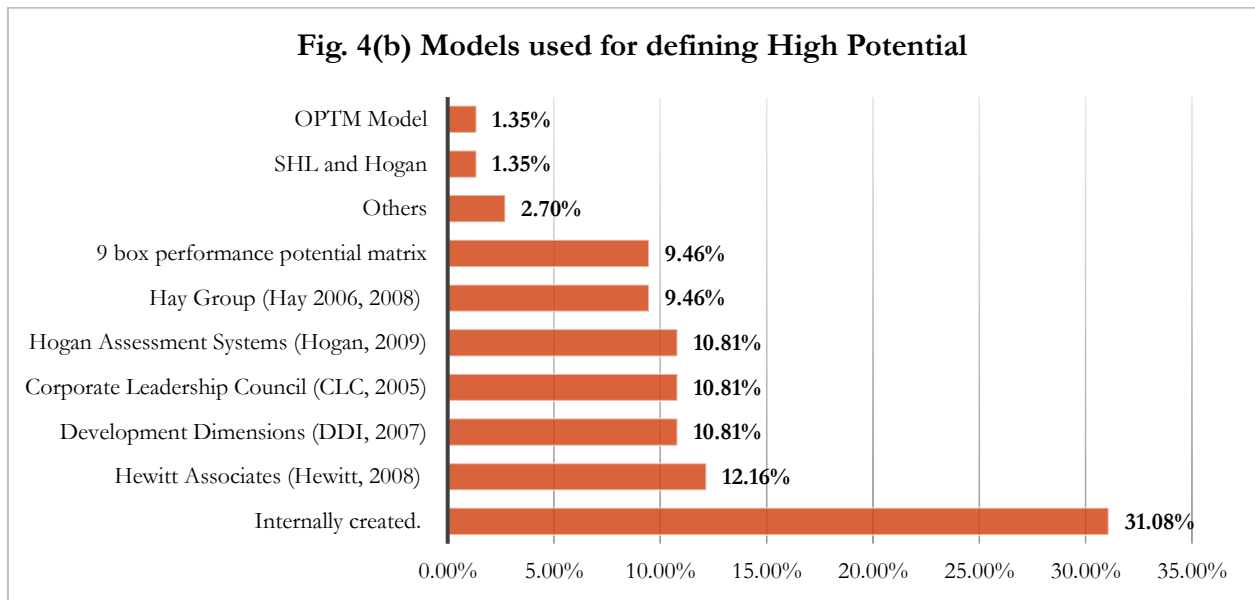
*Others include Rating scales, PMS and Learnability

*n=74

Reasons for not defining high potentials

Research clearly shows that most of the organizations are taking high potential programs seriously. Out of the organizations who don't have a clear definition for high potentials more than **54%** **are in the process of defining or re-defining their definition for high potentials.**

On the other hand, there are about **22%** **of organizations** where **the executive team is not interested in defining potential.**

Fig.4(c) Reasons for not defining High Potential

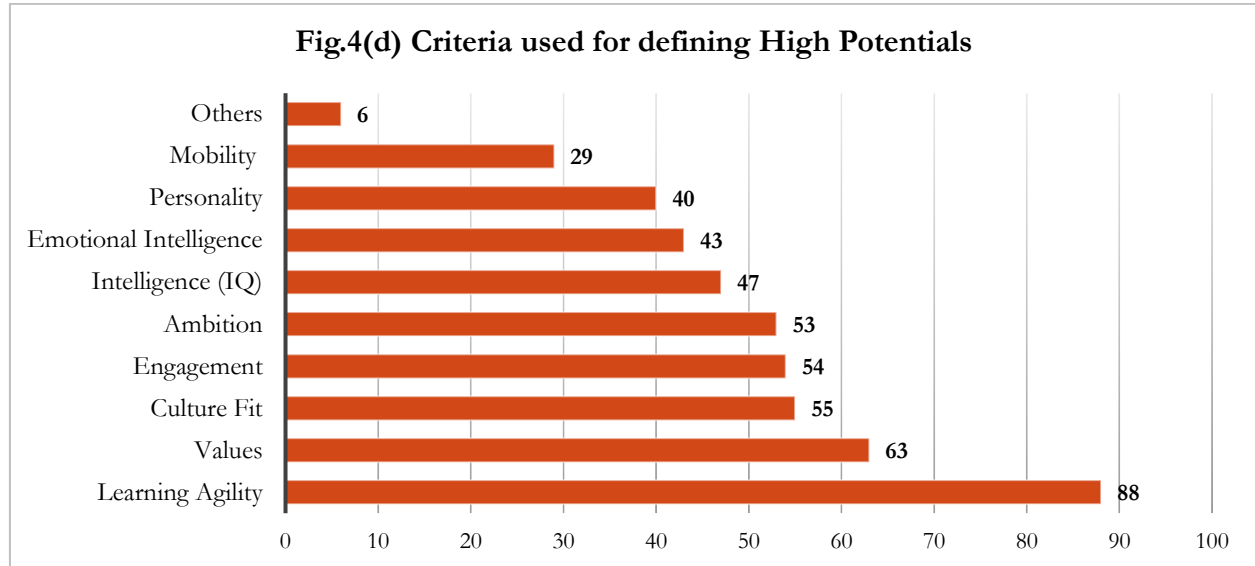| Reason	Percentage
We don't believe defining potential is helpful to manage talent.	2.17%
other	2.17%
Internally created	2.17%
No reason	4.35%
We have tried to define potential but can't agree on a definition.	6.52%
We had a consistent definition in the past, but it wasn't used or wasn't accurate.	6.52%
Our executive team isn't interested in defining potential.	21.74%
We are currently in the process of defining or redefining it.	54.35%

*Others includes Everyone is a High Potential

*n=46

Our point of view:

Defining the critical traits for success in key roles over a three to five-year horizon requires investment and involvement of the executive team. Focus should be on three to five essential requirements - the core criteria that, if possessed by a critical mass of leaders, will propel the organization toward success. This requires specific inputs and directions from the executive team on how the business is going to shape up in future. This also calls for revisiting the model every year to account for new challenges and seek out external factors.

Criteria used to define High Potentials

Organizations are considering the **ability and willingness to learn and grow (*learning agility*)** as the most prominent criteria for defining high potentials, **alignment with organizational values and culture (Fit)** are other prominent factors for defining high potentials.

Fig.4(d) Criteria used for defining High Potentials

Criteria	Value
Others	6
Mobility	29
Personality	40
Emotional Intelligence	43
Intelligence (IQ)	47
Ambition	53
Engagement	54
Culture Fit	55
Values	63
Learning Agility	88

*Others includes Ability, Competency, Niche Skills, Influencers, Integrity and Commitment

Our point of view:

General intelligence (roughly equivalent to intelligence quotient) has up to 25% impact on employee's performance, this factor should be considered while designing any high potential definition along with other factors such as personality and culture fit.[5] Culture fit has multiple benefits, it helps in:

- **Increased performance**
- **Increased commitment**
- **Higher satisfaction**

Proven Science about Potential

Intelligence 25%
Unknown 55%
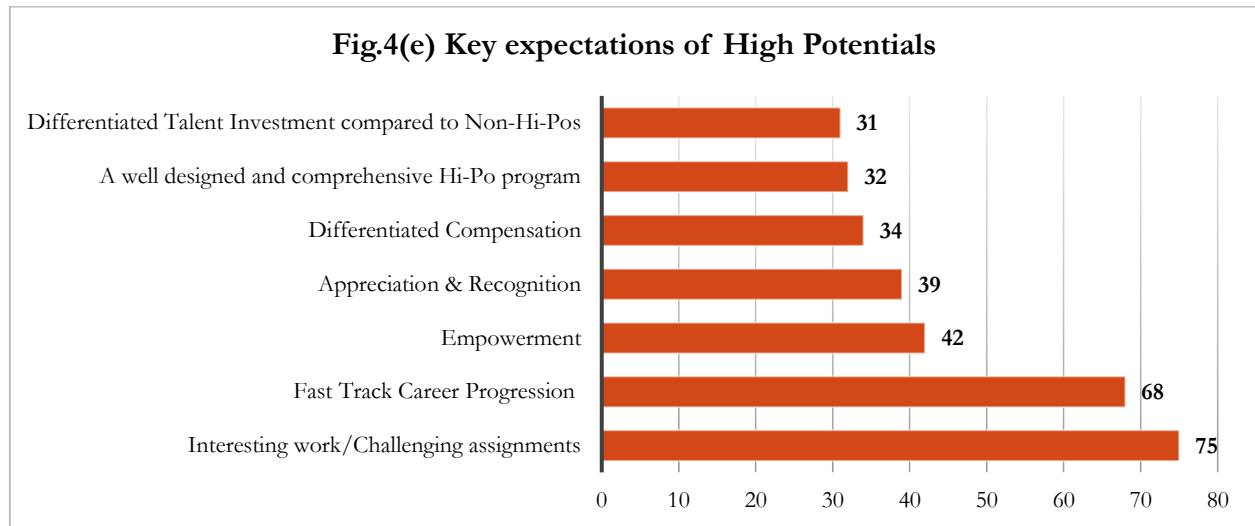Personality 20%
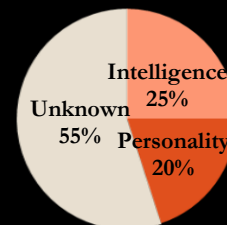
The correlation between fit and outcomes like retention or satisfaction is modest but statistically significant, so it is worth considering fit when trying to predict an individual's long-term performance.[5]

What do High Potentials expect from their Organizations

Negating the general notion that high potential employees demand high compensation to stay with the organization, the majority of high potentials focus on **knowledge and experience gathering by having challenging work/assignments** and **faster career progression to get exposure** before filling the top spots in the organization.


Fig.4(e) Key expectations of High Potentials

Category	Value
Differentiated Talent Investment compared to Non-Hi-Pos	31
A well designed and comprehensive Hi-Po program	32
Differentiated Compensation	34
Appreciation & Recognition	39
Empowerment	42
Fast Track Career Progression	68
Interesting work/Challenging assignments	75

Our point of view:

Development plans should be written by the high potential with support from the manager in order to make them personally fulfilling. A few things to keep in mind while writing a plan[6].
- **Engage high potential employee in creating his/her development plan**
- **Align development plan with the individual's career aspirations**
- **Include realistic development goals and career expectations**
- **Focus goals on no more than one or two development areas**
- **Include a plan of action to achieve each goal**

Involvement of Leadership in development of the potential program

The research clearly shows that in most of the organizations the leadership team is involved in developing the potential program in one way or the other. Also, in almost **half of the organizations, the leadership team is taking an active interest in creating the models which define and identify the high potentials.**

Fig.4(f) Involvement of leadership in develpoment of potential program

*n=120
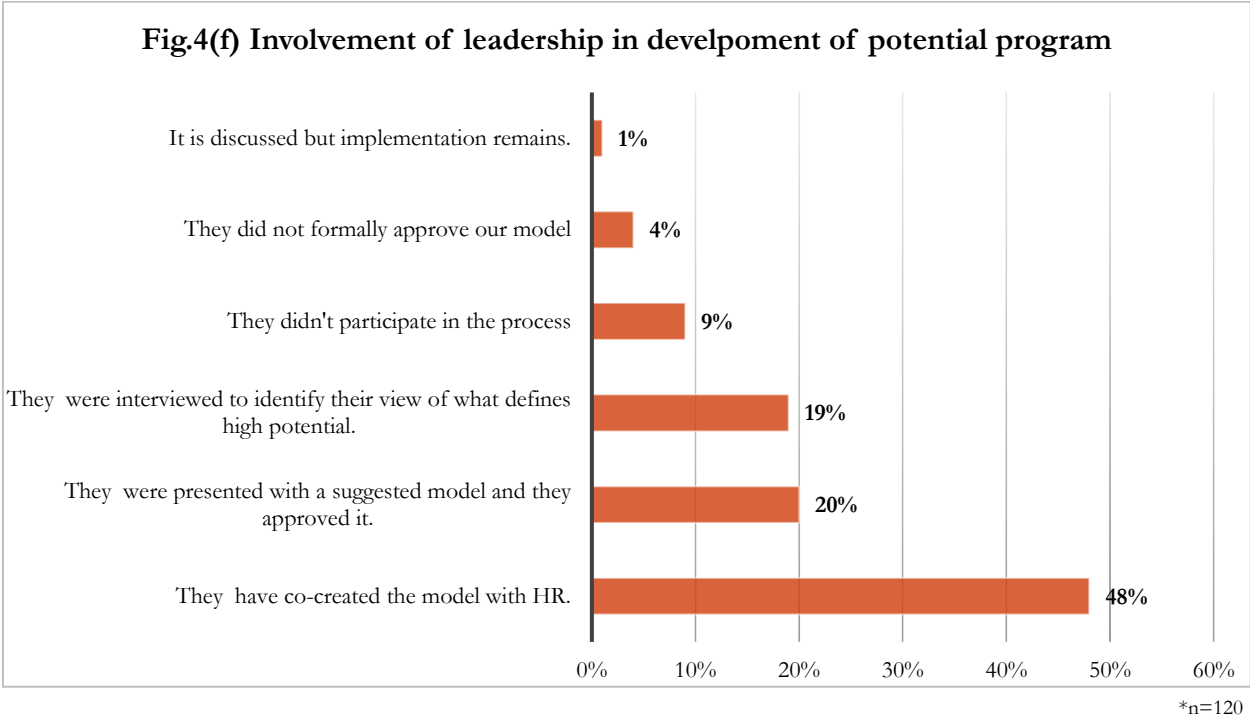
Identification of High Potentials

CEB's report on identifying high potentials says that **1 of every 7 employees are wrongly put in high potential program[7]**. This eventually turns out to be a loss of time and resources for the organization. Despite these reports, there are **only 64% of organizations that have a formal process in place to identify high potentials**.
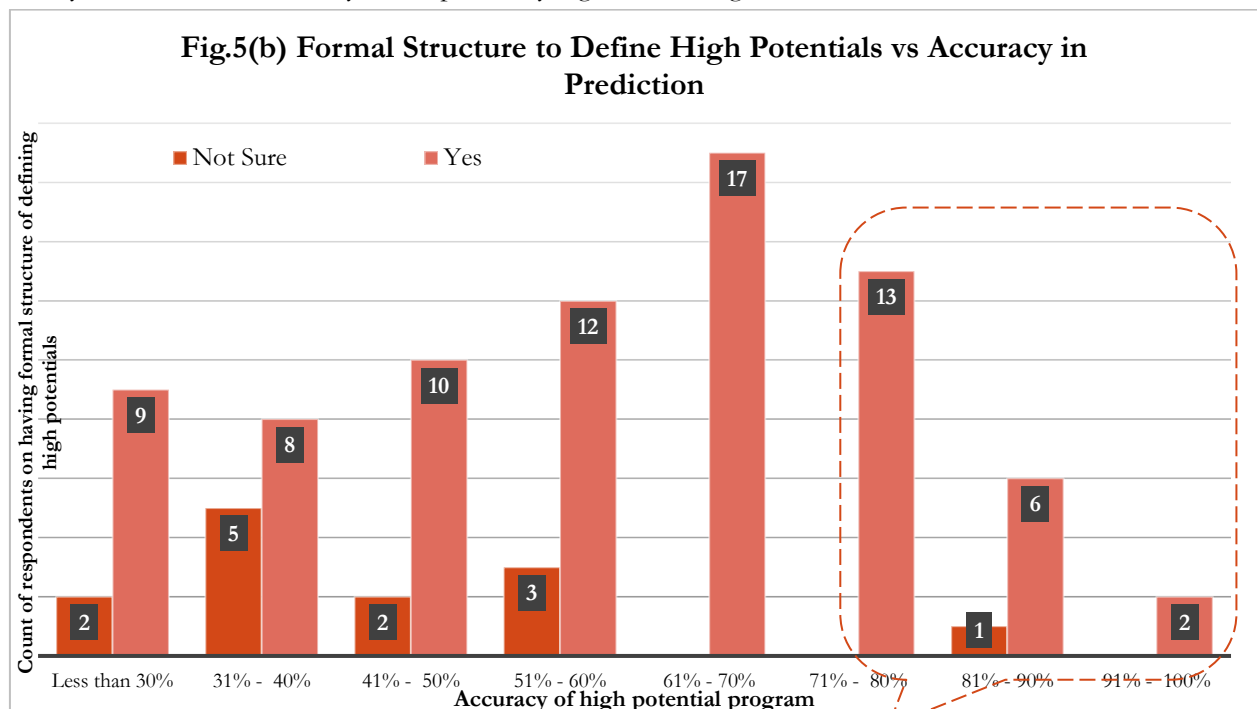

Fig.5(a) Does your organization have a formal process for Identifying High Potentials?

Not Sure 11%
No 25%
Yes 64%

*n=120
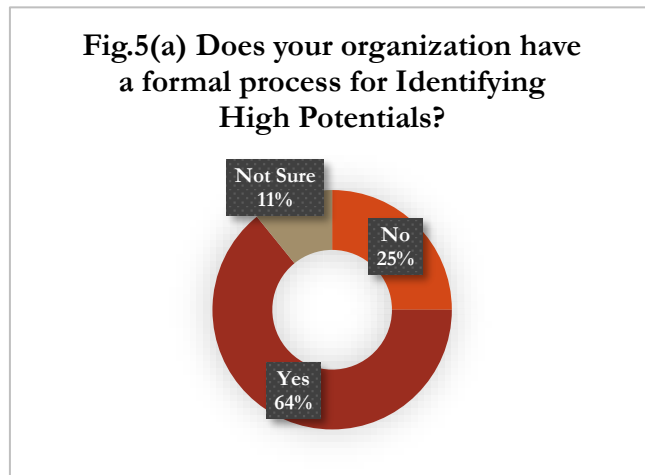
Our point of view:
Lack of a structured formal process to identify high potentials today will not only produce the wrong talent tomorrow, but also likely harm some of the right talent along the way. A high potentials selection process that accurately assesses the capabilities, traits and fit of an individual is key to success for any high potential program. So not only "What" to assess is important but "How" to assess is equally critical.

How having a Formal Structure to define high potentials affects the accuracy of the program

A comparison between having a formal structure to identify the high potential and accuracy of prediction clearly shows that the accuracy is comparatively higher when organizations have a clear formal structure.

Fig.5(b) Formal Structure to Define High Potentials vs Accuracy in Prediction

Count of respondents on having formal structure of defining high potentials

■ Not Sure ■ Yes

Accuracy of high potential program

Companies whose **accuracy of prediction of high potentials is over 70%** are using **Learning Agility, Values and Ambition** as the criteria to identify high potential in their organization.

Current Trends of Assessment Tools Used to Identify High Potentials

The top three assessments used for each level of employees (Entry Level, Middle Manager, and Senior Executive) are as follows:

Fig. 5(c) Level wise top three assessment tools used to identify high potentials

Entry Level
1. Performance Ratings
2. Manager Recommendations
3. Assessment/Development Center

Middle Manager
1. Performance Ratings
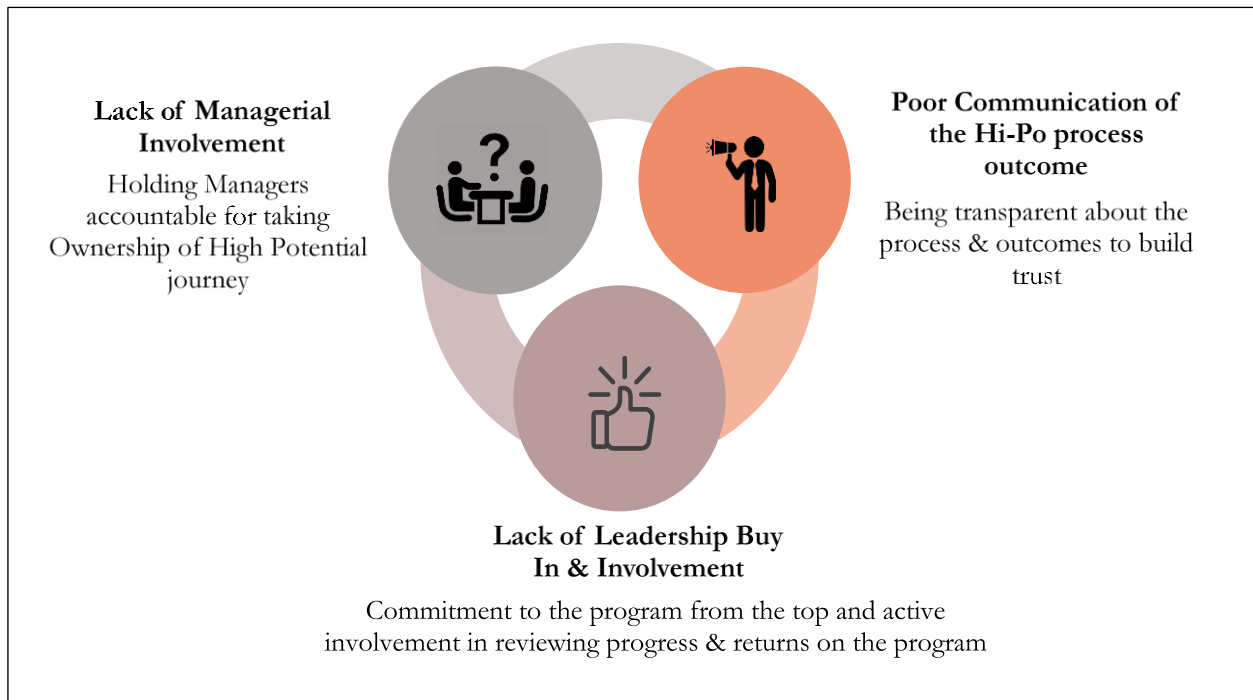2. Manager Recommendations
3. Behaviour Interviews

Senior Executive
1. Manager Recommendations
2. Performance Ratings
3. Formal Talent Reviews
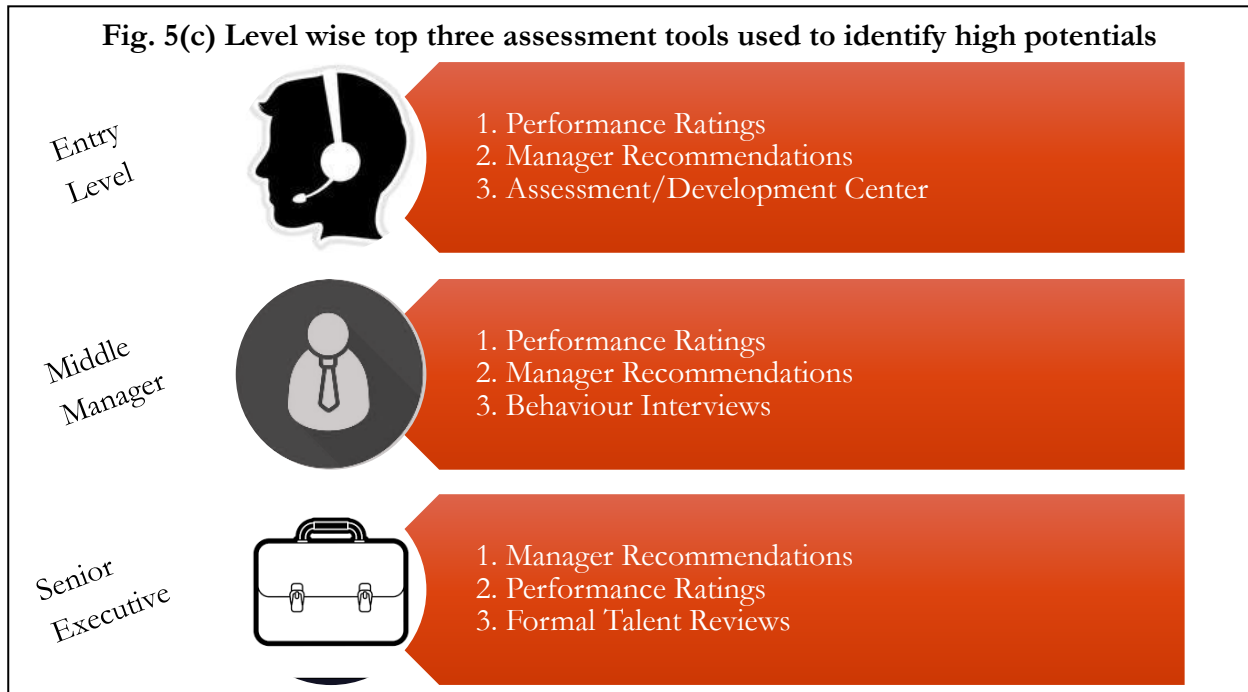
Our Point of View:

Our recommendations[8] to design effective potential models:

1. **Stop using potential assessments: There is no objective proof and many questions about the current models. If you're using potential assessments to help select high potentials, you're playing fast and loose with your leaders' careers.**

2. **Create a success model: A Success Model captures leader's point of view about the "outcomes" that define a high potential leader. It's four or five differentiating, direct, emotionally compelling statements that allow you to more easily assess potential that's unique to your company's strategy.**

3. **Run brilliant talent reviews: This means using simple tools, training HR/talent leaders to flawlessly facilitate talent reviews and supporting full transparency about the results.**

Top 3 De-Railers of a High Potential Program

Lack of Managerial Involvement

Holding Managers accountable for taking Ownership of High Potential journey

Poor Communication of the Hi-Po process outcome

Being transparent about the process & outcomes to build trust

Lack of Leadership Buy In & Involvement

Commitment to the program from the top and active involvement in reviewing progress & returns on the program

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Our Point of View on Managing Derailers

Managers Involvement

- Clearly communicate to managers their responsibilities in the high potential development journey
- Managers to hold regular conversations with every high potential in the journey
- Managers to regularly follow up on development activities agreed on
- Managers to structure challenges to allow experience business cycles, handle financial and people problems, communicate with diverse audiences, and address tactical as well as strategic needs.

Communication

- Manage high potential conversations effectively
- Clearly communicate & discuss commitments and investments in the high potentials and what they need to do to remain in that pool
- Balance the conversations with the benefits they will receive & the additional expectations & accountabilities to which they will be held
- Be open and transparent to address all doubts and concern around the program

Leadership Buy In

- Active involvement and contribution of the leadership team in defining potential and what sets high potential's apart from the rest
- Commitment and Investment in terms of time & resources from the leadership team
- Leadership reviews in assessing progress & outcomes of the high potential program helps build bottom up accountability

Development and Management

Way organizations treat High Potentials

There is conclusive science on talent management which suggest having differentiated treatment for high potentials keeps them motivated and retain them in the organizations[9].
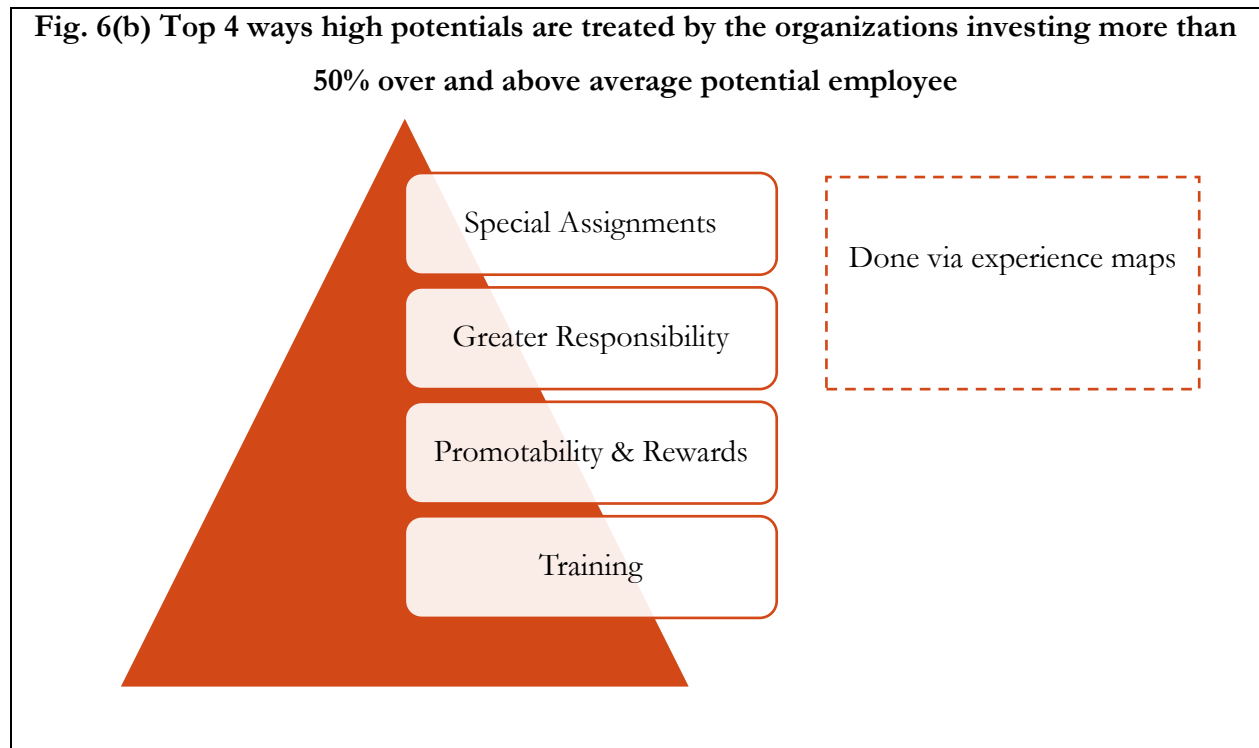

Fig.6(a) Way Organizatins treat High Potentials
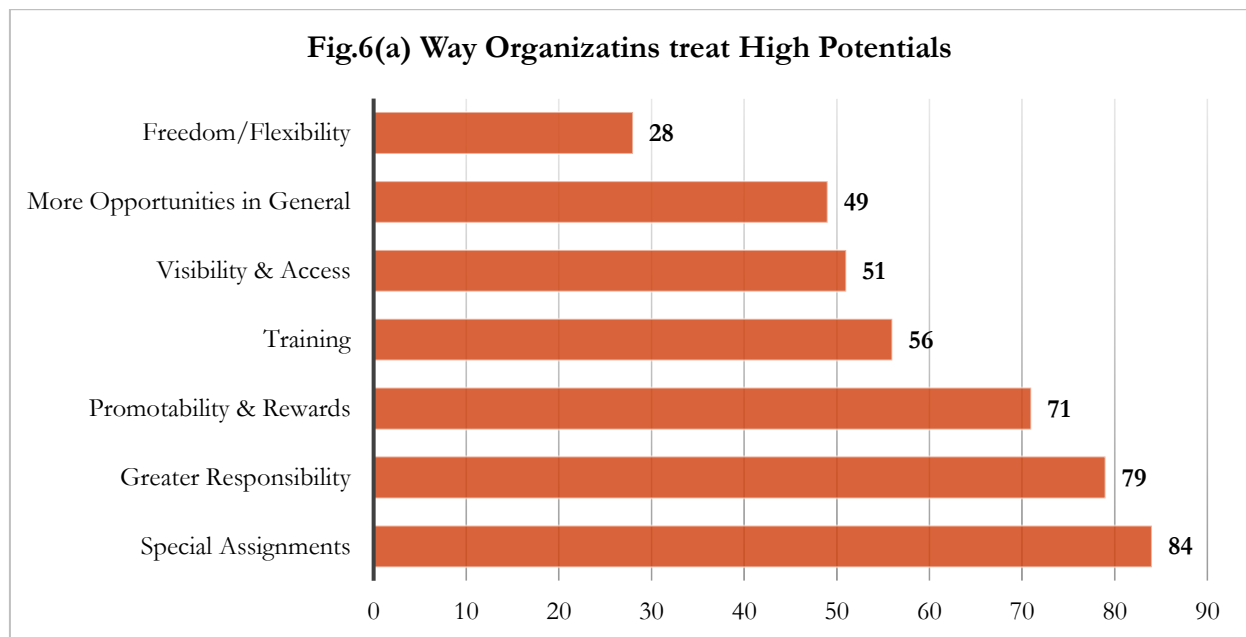
Survey clearly outlines that organizations focus on giving better **learning and developmental opportunities for high potentials by creating special assignments and giving greater responsibility**, this helps high potentials to be ready for the future responsibilities.

Our point of view:

Using an Experience Map accelerates job and career development by defining the specific experiences needed to excel in a role or function. it describes the key experiences needed to grow or evaluate one's competence. Experience Maps provide specific insights about what's needed to move up or over in an organization.[10]

Way organizations treat High Potentials vs Investment in High Potential Development

Fig. 6(b) Top 4 ways high potentials are treated by the organizations investing more than 50% over and above average potential employee

Special Assignments

Greater Responsibility

Promotability & Rewards

Training

Done via experience maps

Our point of view:

We support the OPTM philosophy which recommends that investment in the talent should be done based on Talent Investment Grid[11], which includes:

- **Compensation Targets (Base & Bonus pay mix)**
- **Development Investments**
- **Hi Po Program Exposure**
- **CEO / Board Exposure**
- **Global Move**
- **Special Projects**

Talent Investment Grid* Illustration:

		Potential		
		Lowest Potential Category	**Middle Potential Category**	**Highest Potential Category**
Average Performance	**Highest Performance**	**Compensation Targets** ■ Base 50th, Bonus 75th **Development Investment** ■ 150% of average **Hi Po Program:** No **CEO/Board Expos.:** Maybe **Global Move:** No **Special Projects:** Yes	**Compensation Targets** ■ Base 50th, Bonus 75th **Development Investment** ■ 200% of average **Hi Po Program:** Consider **CEO/Board Expos.:** Yes **Global Move:** Yes **Special Projects:** Yes	**Compensation Targets** ■ Base 60th, Bonus 90th **Development Investment** ■ 500% of average **Hi Po Program:** Yes **CEO/Board Expos.:** Yes **Global Move:** Yes **Special Projects:** Yes
	Middle Performance	**Compensation Targets** ■ Base 50th, Bonus 50th **Development Investment** ■ 75% of average **Hi Po Program:** No **CEO/Board Expos.:** No **Global Move:** No **Special Projects:** No	**Compensation Targets** ■ Base 50th, Bonus 50th **Development Investment** ■ Average **Hi Po Program:** No **CEO/Board Expos.:** Maybe **Global Move:** Consider **Special Projects:** Yes	**Compensation Targets** ■ Base 60th, Bonus 60th **Development Investment** ■ 200% of average **Hi Po Program:** Consider **CEO/Board Expos.:** Yes **Global Move:** Yes **Special Projects:** Yes
	Lowest Performance	**Compensation Targets** ■ Base 50th, Bonus -- NONE **Development Investment** ■ None without approval **Hi Po Program:** No **CEO/Board Expos.:** No **Global Move:** No **Special Projects:** No	**Compensation Targets** ■ Base 50th, Bonus -- NONE **Development Investment** ■ None without approval **Hi Po Program:** No **CEO/Board Expos.:** No **Global Move:** No **Special Projects:** Maybe	

*Copyright: Marc Effron and Miriam Ort, 2010. One Page Talent Management

Transparency of the criteria of selection in high potential program

There is conclusive science which highly recommends that high potentials should know that have high potential. They should know the development path and investment organization has planned; along with what's expected of them to remain in the High Potential talent pool.[12]


Fig.6(c) Transparency of the criteria of selection in high potential program

Not transparent
32%

Tranparent
68%
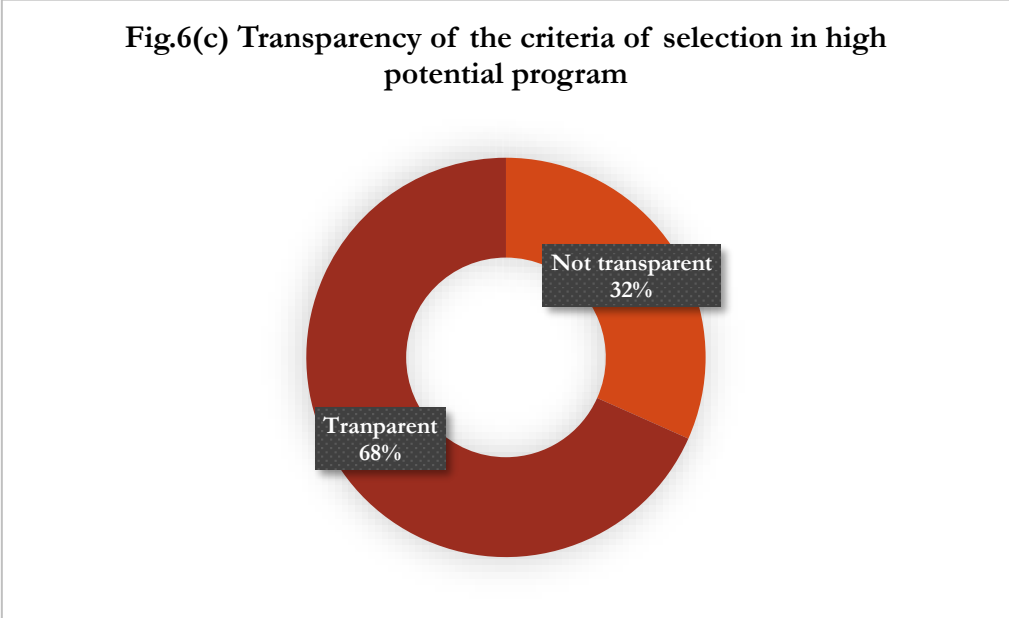
*n=120

Despite all the reports and studies, this survey found that there are still **32% of organizations that do not disclose the criteria of selection in the high potential program.** This may pose doubts over how the high potential program is received by those not making into the high potential talent pool. Additionally, it reduces the efficacy of the process since employees do not know as what makes an individual a high potential in their organizations' context.

Accountability of Development

A report outlined that very few organizations consistently hold managers (7%) or senior executives (10%) accountable for developing their direct reports. Furthermore, most managers lack the basic capability to develop talent effectively. Just 5% of organizations say that their managers have the skills to grow people in their jobs.[13]

Fig.6(d) People Involved In Identification and Development of High Potentials
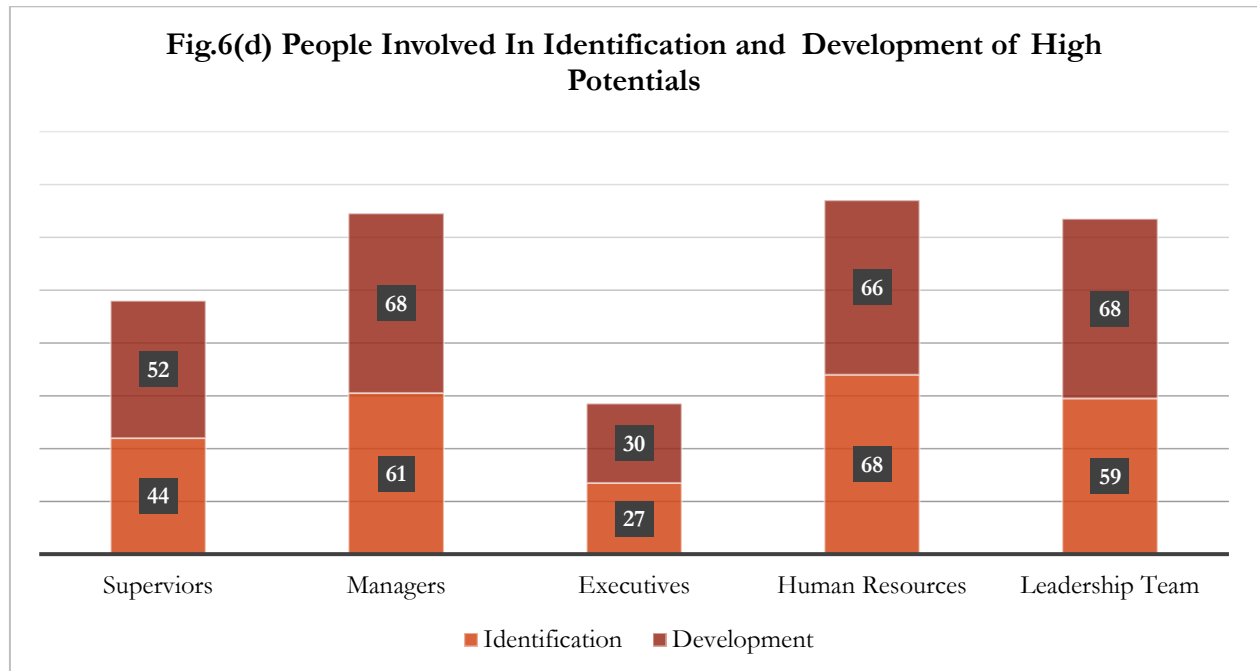
Based on our research, it becomes evident that **organizations are trying to build accountability in the system and even leadership team is taking an active interest in the same.**

Our point of view:

To build bottom up accountability in the process manager must tell the employees the results of talent reviews and follow up with them on the list of the development activities based on the talent review.[14]
Senior executives should be meaningfully engaged with the program so they can help ensure High Potentials are being developed with the right capabilities.

Resources Allocated for Development of High Potentials

To identify the resources which organizations commit to their high potentials, we divided them into three broad sections: External, Internal, and Personalized developmental opportunities.
Top 3 resources (section wise) outlined in the survey are:

Top 3 External Development Opportunities

- #1 Management Development Programs (MDPs)
- #2 Industry Seminars/Conferences
- #3 External Coaching

Top 3 Internal Development Opportunities

- #1 Mentoring with Senior leaders
- #2 Involvement in Cross Functional Projects
- #3 Action Learning Assignment

Top 3 Personalized Development Opportunities

- #1 Career Path Discussion
- #2 Informal Manager and Peer Feedback
- #3 Facilitated 360-Degree Facback

Continuous feedback tools like Karma Notes help in effectively managing feedback.

Impediments

Transparency of the program vs disclosing the criteria for selection

Fig.7 Transparency of the program vs disclosing criteria for selection

25%

75%

Not transparent
Transparent
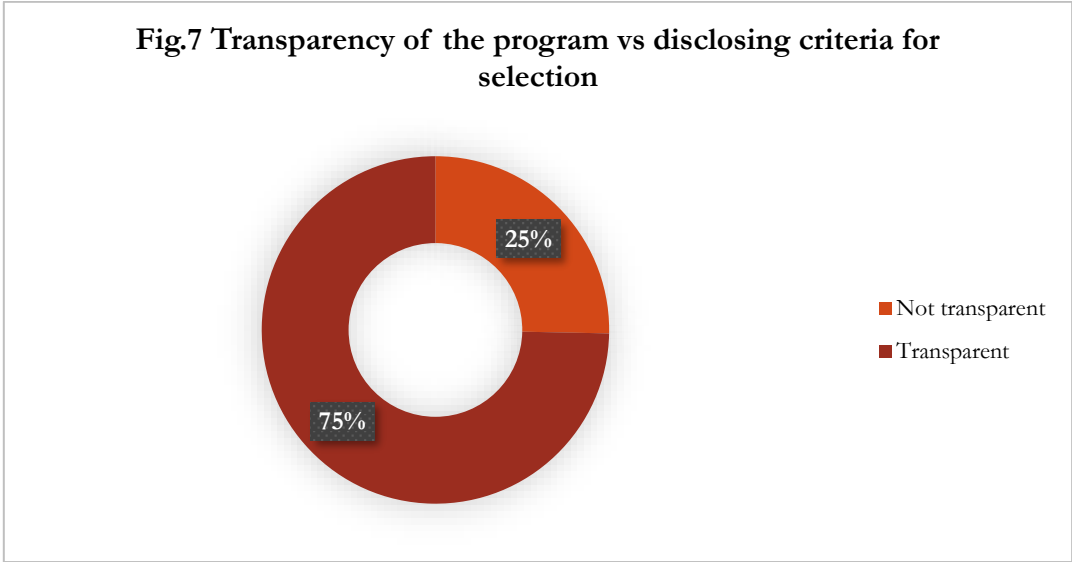
*n=79

This research shows **that 25% of the organizations who explicitly tell their employees that they have a high potential to advance are not transparent about the criteria for the same**.

On transparency of the program, organizations have a fear that the high potential employees might leave them because they know that they have potential to achieve more and the employee who is not in the high potential program might leave because they no more feel valued in the organization.

To overcome this double bind, the organization must disclose the criteria for selection in the high potential program for employees to know their areas of development. Additionally, they must openly communicate the expectations and commitment needed from high potentials to remain in the program.[15]

Summary

The business environment is rapidly changing, classic ways of doing business are becoming obsolete and new business avenues are emerging. Technology is getting in and creating ambiguity in the workplace; still, it is the employees who are the safest bet for almost every business. This brings the spotlight on high potential employees who will contribute and lead teams through these rapid transitions. When it comes to desired leadership outcomes, emergence does not necessarily equal effectiveness, and accurately identifying top talent must involve science and data.[16]

But the fact about identifying the high potentials is that it is not easy nor simple. Poorly defined or inconsistent high potential program can even cause damage to the organizational culture. Although no organization has a perfect high potential program, yet some have developed a comparatively better program by focusing on science, removing complexity and building accountability in the process.

The High Potential program is an important process to fill leadership positions in many organizations. These programs are investment decisions since it takes time, resources and money to grow high potential to actual high performance. Companies should devote time and seek professional help to design a comprehensive process to identify high potentials.

Solutions by Salto Dee Fe Consulting

Salto Dee Fe Consulting has done multiple projects in the areas of talent management and organizational transformation, our solutions are science-based and they help Remove Complexity, Enforce Accountability and Drive Transparency. We have partnered with Marc Effron, President, The Talent Strategy Group, New York. We endorse his philosophy of OPTM in our assignments.

We have successfully delivered the following projects:

- Designed and Implemented talent management philosophy for a large BFSI and Healthcare client
- Designed a success model for a large restaurant chain in the USA
- Talent Management audit
- Built Performance Management Systems

For more details contact us at office@saltodeefe.com

Acknowledgment

We would like to acknowledge our partner **Marc Effron**, **President, The Talent Strategy Group, New York** for his philosophy on OPTM and Talent Management. He continuously inspires us by his clear, succinct and scientific views on talent management. He has co-authored Harvard Business Review's bestselling book "One Page Talent Management".

His second book with Harvard Business Review "8 Steps to High Performance" has been released in July 2018.

Rajan Kalia, Co-Founder, Salto Dee Fe & Karma Notes

Rajan currently consults, advises, coaches, and innovates in Human Resources. He has invented Karma Notes, a one-minute feedback mobile application, and RF4, an employee retention tool.

Successful in working at the intersection of Strategy & HR, he is an expert at Large Scale Transformation, Organisation Development, Talent Management, Leadership Selection, Skilling & Mentoring

International Facilitator, Coach & Moderator.

Rajan is a moderator for Harvard Business Publishing and a coach with DDI, India and Stanford Seed. Rajan helps organizations with Leadership alignment and multiplying performances of Leadership Teams.

Rajan & SDF have now served 90 clients globally & in India
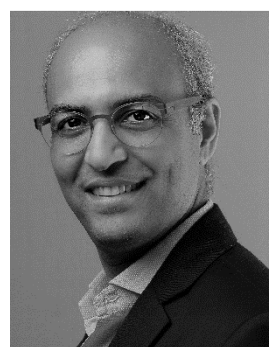
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2. Marc Effron and Miriam Ort, 2010. One Page Talent Management.
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9. Marc Effron and Miriam Ort, 2010. One Page Talent Management.
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About the Authors

Nitin Behki, Associate Partner

Nitin, an MBA in H.R. from MDI, Gurgaon brings over 18 years of experience in Operations and HR. He has led several assignments in areas of Employee Engagement, Performance Management, Competency Framework Design, and Assessment. He is certified by SHL on occupational personality questionnaire (OPQ32r) & has also developed an employee retention product (RF4).

Anurag, Management Trainee

Anurag is a Post Graduate in HRM from IMI, New Delhi. His experience includes an internship with Mercer Consulting, wherein he conducted annual compensation benchmarking survey in the high-tech industry. At SDF, he works in Talent Management practice, conducting research in areas like high potential, state of performance management, etc.

Devang Singh, HR Intern

Devang is an intern with SDF and pursuing his post- graduation in Human Resource Development from Delhi School of Economics. He has prior experience of conducting primary research on Candidate Experience for 100 candidates for Jindal Steel Works Limited. Devang helped us in conducting the research which included rolling out the survey, data analysis, and report creation.