

# HIGH POTENTIAL SURVEY

**2019-20**

## Report Outline

In the ever-dynamic era, resources seem to be shrinking, yet the demand from them is at its peak. At this moment organizations, with their restricted budgets, are forced to be selective in investing – training, remuneration etc. - in the right talent. For this reason, identification and development of high potentials (referred to as HiPo) is of paramount importance. This is also what 92% respondents of our 2019 High Potential Survey believe.

This report draws its findings and analysis from the High Potential survey conducted in India by Salto Dee Fe Consulting Service in the month of October - November 2019.

The main objective of the survey was to understand how High Potentials are managed across organizations in India- including definition, identification, management, and development of this pool.

Over 100 leaders, primarily representing the Human Resources function, responded to the survey, across organizations from various industries including BFSI, Consulting, Manufacturing, FMCG. The organizations' size varied from 50 to more than 10000 employees.

The survey questionnaire focussed on policies, processes and best practices followed by leading organizations for managing high potentials.

This 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.





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# Executive Summary

## Defining high potentials



92% respondents believe that a high potential program has direct benefit to an organization's performance. Yet, just 31% respondents' organisation have a formal model to identify and develop high potentials.



Leadership team **co-creating the definition** of high potential along with HR is the most common approach by organisations (47%).



**Learning Agility** (78%), **Personality Traits** (56%) and **Culture Fit** (50%) are the top 3 parameters used by organisations to define their high potentials.



More than half (56%) of the organisations have 10% or less of their employee strength as high potential talent.

## Identifying the high potentials



63% organisations explicitly tell their high potential employees that they are considered as high potential.



**Department/Function Head** is responsible to identify high potential (81%) and responsibility to develop them lies with Human Resources (78%).



**Performance Rating**, **Continuous Feedback**, **Manager Recommendation** are the top 3 assessments used to identify high potentials across levels.



For most organisations (71%) the **accuracy for prediction** of high potential ranges from 50% to 75%.



For CXOs, **360 feedback model** is the most common tool to identify high potentials.



**Lack of managers' involvement** is the biggest reason (69%) for any high potential model to fail.

## Developing in high potentials



**Interesting work/Challenging assignments** (81%) is the most common expectation of high potentials of which 50% picked it as top priority.



53% respondents' organisations have a well-structured plan to develop their high potentials.



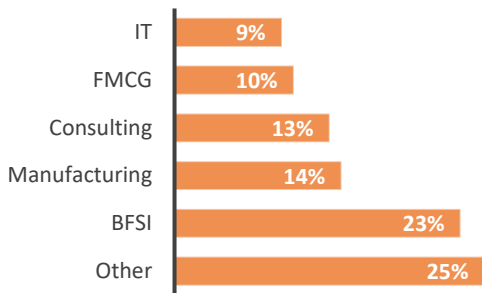
Experiential learning is the most common tool used by organisations Organisation are treating their high potentials differently by providing **Special Assignments** (91%), **Greater Responsibility** (88%).



Most of the organisations (56%) spend less than 1.5 times in developing a high potential compared to an average employee.

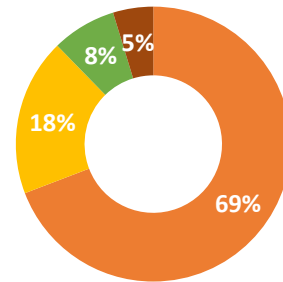
# Survey Demographics

## Industry Distribution



\*Others include Real Estate, Telecom, Aviation, ITES, Media, HR Consultancy, Hospitality, etc.  
\*n = 103

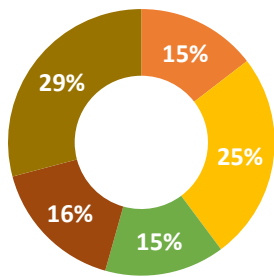
## Type of Organization



Indian Private Company MNC (Foreign origin)  
Joint Ventures Indian PSU

\*n = 103

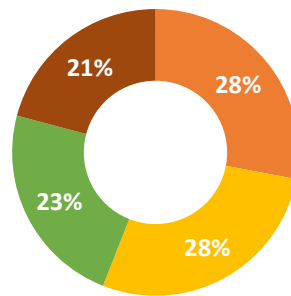
## Number of employees



1 - 100 101 - 1000 1001 - 5000  
5001 - 10000 >10000

\* n = 103

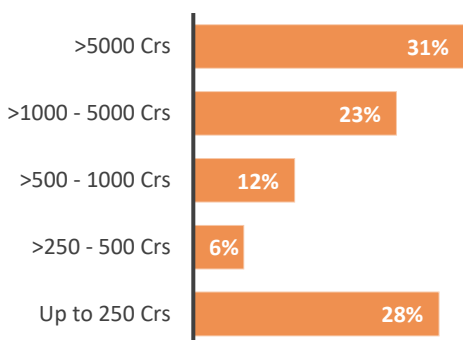
## Level of Respondents



Middle Management Senior Management  
CXO/CHRO First Level Manager

\*n = 103

## Annual Revenue of Organization



\*n = 103

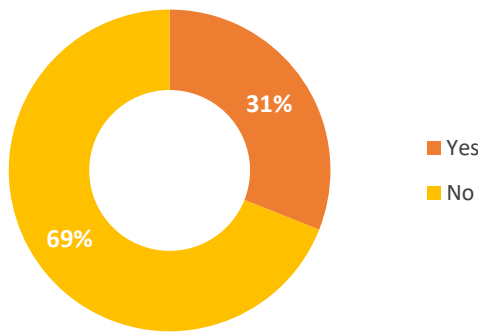


## Definition of High Potential.

### Models used for Defining High Potentials

According to this study, of all the respondents only 31% of organizations had a formal model to define high potential.

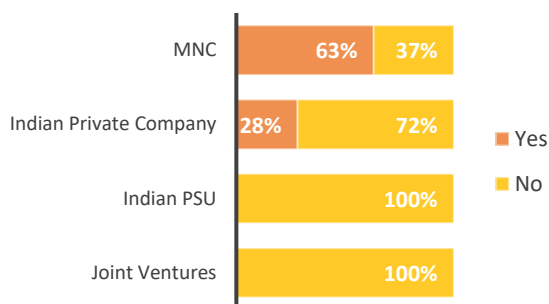
#### Whether organizations have a formal model



\*n = 103

It is interesting to note that 63% of Multinational Companies have a formal model to define and identify high potentials whereas none of the Indian PSUs and Joint Ventures have any formal model for the same.

#### Industry Distribution of organizations having a formal model



\*n = 32

This research indicates that 53% organizations are using standard models (i.e. Hogan, DDI, OPTM) whereas over 47% of organizations are using a custom model with major emphasizes on learning agility, ambition, and values.

## SDF POINT OF VIEW

A talent philosophy is a foundation for every talent practice in your organization. A talent philosophy says there's a "better" way to manage talent to achieve business strategy.

Without a talent philosophy,

- Individual biases determine how employees are managed
- Employees with similar performance and potential have very different experiences
- Organisation unintentionally develops different capabilities in employees
- People aren't clear on the "rules of the road" for success
- People decisions may appear to be "unfair" or "political"

## HOW SDF CAN HELP YOU?

Using our deep experience in assessing and creating talent management philosophies (TMP) we can help organisations define the following:

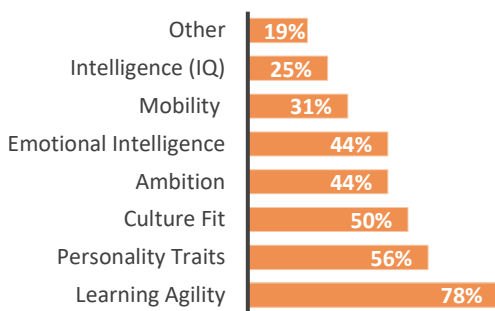
- Performance: What are the consequences of higher or lower employee performance?
- Behaviours: How much do behaviours matter for managers and individual contributors?
- Differentiation: How should we allocate Company X's resources and rewards across varying levels of performance and potential?
- Transparency: How open should we be, and with whom, about our talent processes and their outcomes?
- Accountability: To what extent should managers be responsible for the execution of talent building processes?
- Development: What is the preferred method/approach for building talent?



### Criteria used to define High Potential

Organizations use various criteria to define high potential in addition to or instead of a high potential model. This study shows that learning agility i.e. willingness and ability to learn is the most prominent criterion for the same. Personality traits and Culture Fit are a few other prominent criteria. Figure shows the detailed analysis.

#### Criteria used for defining HiPo



\*Others include employee engagement, flexibility, performance, courage, etc.

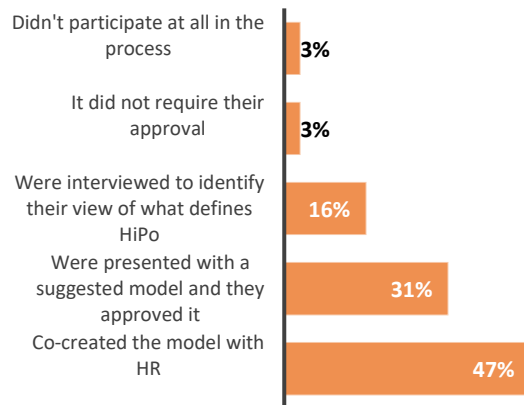
\*For each criterion, n = 32

### Participation of Leadership Team in defining High Potential

Choosing a criterion to define HiPo is contingent to what kind of business the organization is into. To identify such criteria, participation of leadership team is necessary so that the high potentials are in line with the overall goal of the organization.

This research suggests that in most of the organizations, Leadership team (CEO and its direct reports) were actively involved in the process of creating a definition of high potentials.

#### Participation of leadership team in defining HiPo



\*n=32

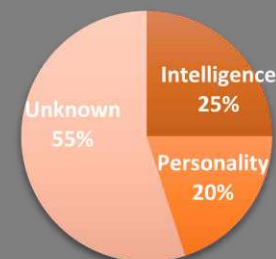
### SDF POINT OF VIEW

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.

Culture fit has multiple benefits, it helps in:

- Increased performance
- Increased commitment
- Higher satisfaction

#### Proven Science about Potential



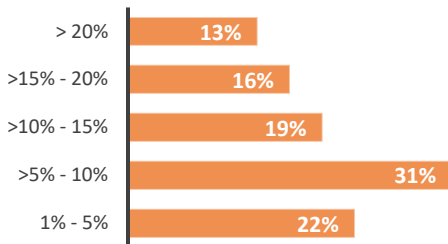
The correlation between fit and outcomes like retention or satisfaction is modest but statistically significant, so it is worth considering fit when trying to predict an individual's long-term performance.

## Identification of High Potential.

To put employees wrongly in the high potential program can be both expensive and time consuming to the organization.

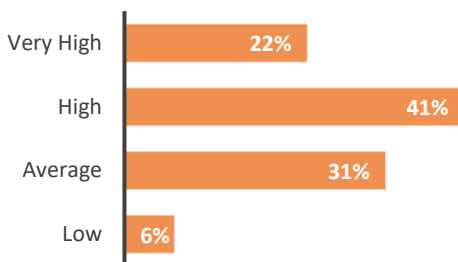
We studied the high-potential employee percentage in organizations and the accuracy of that prediction in the following figures.

**Percentage of HiPo in the organization**



\*n = 32

**Accuracy of prediction of HiPo in the organization**



\*Where, Very high: greater than 75%  
 High: 61% - 75%  
 Average: 51% - 60%  
 Low: less than or 50%

\*n = 32

### Assessments used to identify High Potential

We understand that the choice of assessment depends on the level of employee in the organization.

Employee Level	Assessment Methods
CXO	1. 360-degree Assessment 2. Performance Rating 3. Continuous Feedback
Senior Executives	1. 360-degree Assessment 2. Performance Rating 3. Continuous Feedback
Middle Management	1. Performance Rating 2. Manager Recommendation 3. Continuous Feedback
Entry Level	1. Performance Rating 2. Continuous Feedback 3. Manager Recommendations

### Elements adversely impacting the High Potential Program

- Lack of manager's involvement**  
 Holding managers accountable for taking ownership of the High Potential journey
- Lack of Leadership buy-in**  
 Commitment to the program and active involvement in reviewing process and returns on programs
- Lack of communication to the High Potentials**  
 Being transparent about the process and the outcome to build trust



## SDF 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 SDF CAN HELP YOU?

We have enabled organisation to objectively identify high potentials by using following principles:

**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. Creating 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 assess potential easily that’s unique to your company’s strategy.

- A Success Model captures the few behaviors/capabilities that will differentiate your highest potential employees
- Written in five or less succinct, crisp & emotionally connecting statements
- Integrated into selection, development and evaluation processes
- Avoids typical stilted, overly complex, “HR speak” competency models

**3. Enabling organisations to 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.

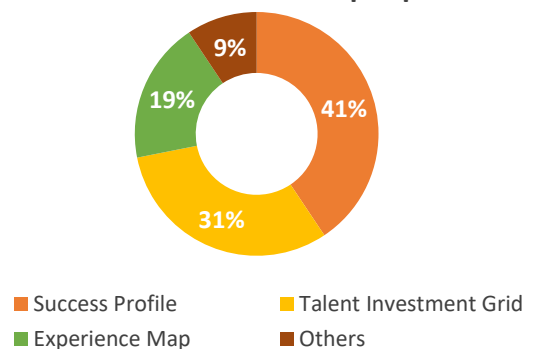
## Development of High Potential.



## Leading/Progressive tools used to develop High Potential

Organizations are using various leading and new age tools to develop their high potential employees. This study found out that the most famous among them is Success Profiles replacing the traditional Job Descriptions.

### Tools used to develop Hipo



\*n=32

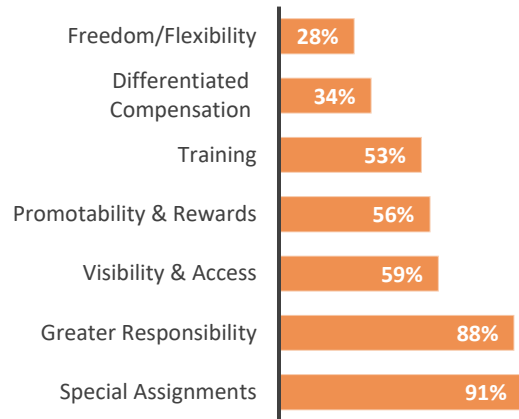
## Accountability of Identification & Development

It is found through this survey that although, the department/function head is responsible for identifying high potentials but it's the Human Resources department along with direct supervisors who are responsible to develop them.

### People involved in identifying and developing HiPo



## Treatment of HiPo in the Organization



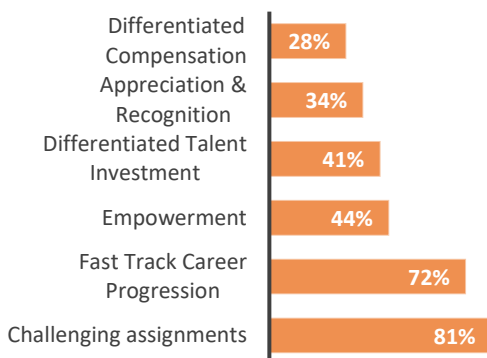
\*n=32

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.

## Expectation of High Potentials vs Reality

While it is generally believed that high potentials expect a higher compensation to stay with their organization, our study shows otherwise. 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.

### Expectation of HiPo from the organization



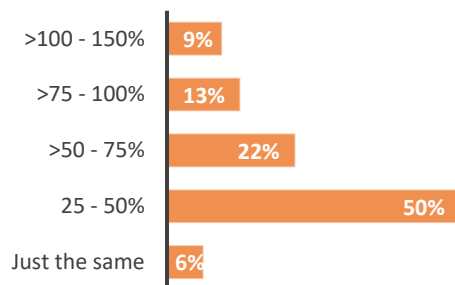
\*n=32

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

## Investment on High Potentials

Organizations are investing more on high potentials to not only improve their performance but also retain them.

### Investment on HiPo in comparison to other employees



\*n = 32

It is observed that around 50% of the respondents' organization invest 25%-50% more on high potentials than on non-high potentials.

## 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.



## SDF POINT OF VIEW

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

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

Talent Investment Grid\* Illustration:

		POTENTIAL TO ADVANCE		
		LOWEST POTENTIAL	MIDDLE POTENTIAL	HIGHEST POTENTIAL
AVERAGE PERFORMANCE OVER 3 YEARS	HIGHEST PERFORMER	<b>Compensation Targets:</b> Base 50th, Bonus 75th <b>Development Investment:</b> 1.5x average <b>Hi Po Program:</b> No <b>CEO/Board Exposure:</b> Maybe <b>Global Move:</b> No <b>Special Projects:</b> Yes	<b>Compensation Targets:</b> Base 50th, Bonus 75th <b>Development Investment:</b> 2x average <b>Hi Po Program:</b> Consider <b>CEO/Board Exposure:</b> Yes <b>Global Move:</b> Yes <b>Special Projects:</b> Yes	<b>Compensation Targets:</b> Base 60th, Bonus 90th <b>Development Investment:</b> 5x average <b>Hi Po Program:</b> Yes <b>CEO/Board Exposure:</b> Yes <b>Global Move:</b> Yes <b>Special Projects:</b> Yes
	MIDDLE PERFORMER	<b>Compensation Targets:</b> Base 50th, Bonus 50th <b>Development Investment:</b> .75x average <b>Hi Po Program:</b> No <b>CEO/Board Exposure:</b> No <b>Global Move:</b> No <b>Special Projects:</b> No	<b>Compensation Targets:</b> Base 50th, Bonus 50th <b>Development Investment:</b> Average <b>Hi Po Program:</b> No <b>CEO/Board Exposure:</b> Maybe <b>Global Move:</b> Consider <b>Special Projects:</b> Yes	<b>Compensation Targets:</b> Base 60th, Bonus 60th <b>Development Investment:</b> 2x average <b>Hi Po Program:</b> Consider <b>CEO/Board Exposure:</b> Yes <b>Global Move:</b> Yes <b>Special Projects:</b> Yes
	LOWEST PERFORMER	<b>Compensation Targets:</b> Base 50th, Bonus -- NONE <b>Development Investment:</b> None without TM approval <b>Hi Po Program:</b> No <b>CEO/Board Exposure:</b> No <b>Global Move:</b> No <b>Special Projects:</b> No	<b>Compensation Targets:</b> Base 50th, Bonus -- NONE <b>Development Investment:</b> None without TM approval <b>Hi Po Program:</b> No <b>CEO/Board Exposure:</b> No <b>Global Move:</b> No <b>Special Projects:</b> Maybe	<b>TALENT INVESTMENT GRID</b> <i>Example</i>

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

We believe it is important for organisations to measure the success of the high potential model.

## HOW SDF CAN HELP YOU?

We have enabled organisation to differentiate investments in their high potentials by:

1. **Conducting a comprehensive evaluation of potential:** By interfacing with multiple stakeholders, we analyse your high potential's needs, and the key motivations of the different segments
2. **Creating a TIG:** The Talent Investment Grid will map the expectations of the different performers with the organisation, to provide a stop solution. Using organisational psychology and the varying needs of the target groups, we capture:
  - The incentives (exposure to leadership, projects, variable pay, etc.) for differing potential levels
  - The range of investments required
3. **Governance Framework:** By enabling organisation to setup a talent council with requisite protocols and formats, we ensure a successful implementation of the model. We also believe in measurement and create a comprehensive framework to evaluate the progress and success of the model.

## Impediments to High Potential Program

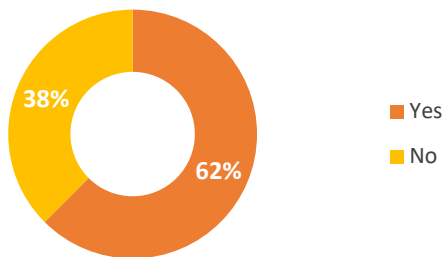
Once high potentials are defined and identified, there is a dilemma among managers to whether explicitly tell high potentials that they are considered or not. Besides that, there is also a conundrum regarding making the criteria for being selected as a HiPo as transparent.

We've found out that 62% of organizations explicitly tell the HiPo employees that they are HiPo. See figure. Also, in 41% of organizations, the criteria for being selected as a HiPo is transparent. See figure,

achieve more and the employee who is not in the high potential program might leave because they no more feel valued in the organization.

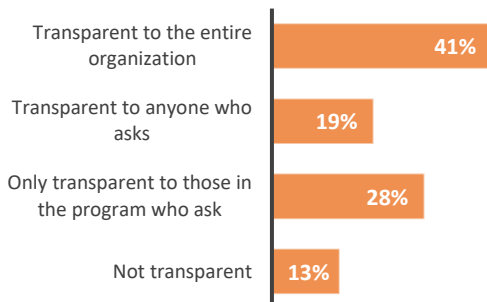
To overcome this double bind, the organization must disclose the criteria for selection in the high potential program for employees to know their areas of development. Additionally, they must openly communicate the expectations and commitment needed from high potentials to remain in the program.

**Whether explicitly told about being HiPo**



\*n = 32

**Transparency of criteria for being selected as HiPo**



\*n = 32

This survey found that there are still 13% 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.

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





## Our Expertise in Talent Management

Having partnered with multiple clients, SDF has developed in depth expertise in Talent Management spectrum.

SDF in partnership with The Talent Strategy Group (Founded by #1 HR bestseller titled “One Page Talent Management”, Marc Effron) brings cutting edge talent solutions that simplify processes to remove complexity, enforce accountability and drive transparency.

We partner with organizations in effectively designing and deploying their talent management processes with an overall objective to increase productivity and enhance business performance.



### TYPICAL ASSIGNMENTS UNDERTAKEN





- Assessment Centres
- Competency Mapping
- Compensation Benchmarking
- 360 Degree Feedback & Talent Review
- ‘Certified Talent Manager’ Programs
- Building a Succession Pipeline
- Top Talent Development
- Creating a Holistic Talent Management Framework
- Performance Management System Design & Implementation

We approach any Talent Management challenge by first taking a deep dive into organization’s context to understand the existing said and unsaid talent philosophy, processes, and practices.

We use and apply an innovative Rapid Cycle Design approach to design and develop customized talent management solutions.

We help organizations with the most important part in this journey i.e. successfully deploying these processes. We then, follow through with a robust sustained manner.

Visit our website: [www.saltodeefe.com](http://www.saltodeefe.com) to know more.

 <b>OVER 100 CLIENTS IN INDIA</b>	 <b>50% REPEAT CLIENTS</b>	 <b>OVER 100 YEARS OF HR PRACTITIONERS' EXPERIENCE</b>	 <b>HR ADVISORY IN 8+ COUNTRIES</b>
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## Continuous Feedback for Performance Enhancement

# 3

## QUICK & SIMPLE STEPS TO BUILD CAREERS

Assess | Applaud | Advance

### ASSESS BEHAVIOURS

Real Time Ongoing Feedback

Feedback on Behaviours drawn from strongest academic research

Use 'Feed Forward' with 'Do More Do Less' guidance

### APPLAUD EFFORTS

Appreciate colleagues instantly for a great job

Send recognition badges to value their contributions

Helps build engagement and performance

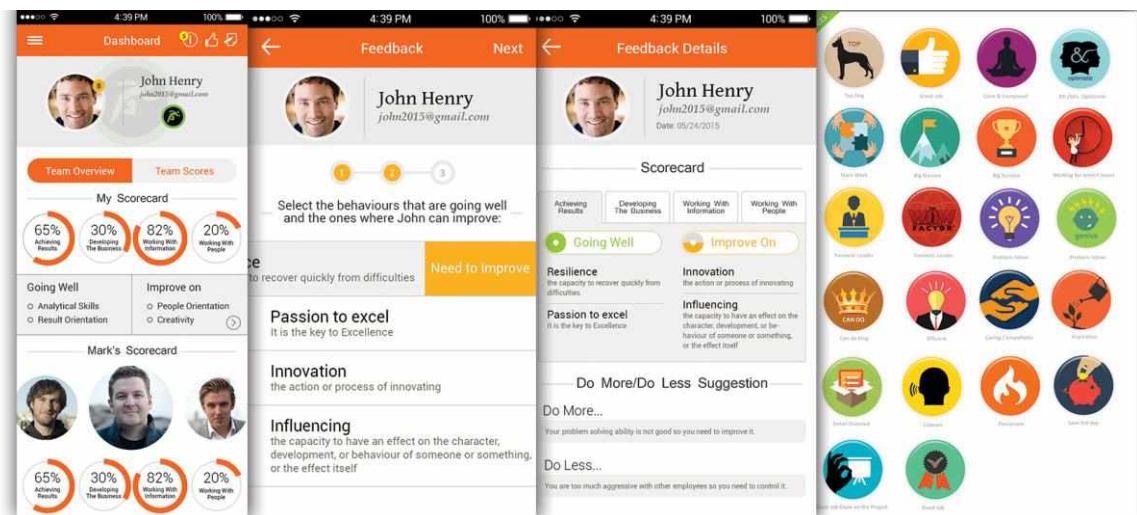
### ADVANCE CAREERS

Track progress with an insightful real time dashboard

Enhance quality of coaching conversations

Bookmark critical feedforward to take necessary actions

ALL THIS JUST TAKES LESS THAN 1 MINUTE



Experience the simplicity of Karma Notes

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