



White Paper

HOW TO IMPROVE THE EFFECTIVENESS OF HIGH POTENTIAL (HiPo) PROGRAMS?



TABLE OF CONTENTS

Introduction

1

Define the Purpose and Objective

2

Define and Identify “High Potential”

3

Build a Flexible Program

4

Communicate

5

Establish Objective Measures

6

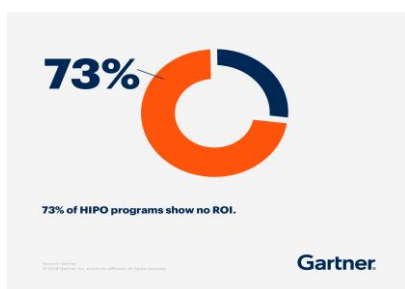
Measure the ROI of HiPo Programs

Conclusion

Bersin by Deloitte describes a high potential employee as one who has ‘the potential, ability, and aspiration to hold successive leadership positions in an organization’.


HiPo programs are increasing in popularity as over 80 percent of organizations in India face leadership talent shortage. The impact is a shortage of qualified leaders, quality of leaders not meeting business needs, and critical roles not filled because prospective leaders aren't ready. Another reason for their popularity is because most organizations expect that over 40% of today's leadership roles will look dramatically different five years from now.

HiPo's are 91% more valuable to a business than non-HiPo workers. These selected individuals can raise the performance bar of other workers; simply adding a star performer to a team alone boosts the effectiveness of other team members by 5-15%. Yet many businesses struggle to effectively identify, develop, and retain high-potential talent in their organizations. These people are organization's most capable, most motivated, and most likely to get promoted to positions of responsibility and power. To help these employees, prepare for future leadership roles in a structured manner and incubate the talent, companies often institute formal high-potential (HiPo) programs.



But very few companies seem to have much of confidence whether their High Potential (HiPo) program is successful and is paying off. A vast majority of HiPo programs are underperforming as per a study by Gartner.

Research data suggests that only about 15% of individuals in HiPo programs have the potential to drive the organization and lead the teams and organization. HiPo's are frequently not easy to manage. They are self-driven, difficult, and will not accept NO for an answer. If they are enrolled in HiPo programs, it does not challenge them and meet their expectations, they will not waste any more time. They will look for opportunities with competitor organizations who they believe will better recognize their capabilities. Without having the right HiPo program in place you may be wasting your efforts and actively chasing away your best people.



6 steps to improve the effectiveness of your high potential (HiPo) programs

STEP 1

Define the purpose and objectives of HiPo program

There are many organizations that encourage the promotion-from-within strategy and are clear about the needs and business justifications for HiPo programs. If the organization wants to gain maximum out of the program, they need to be very clear about the purpose and the objectives of the program.

Answers to the following questions help clarify and explicitly state the objectives of HiPo program

1. What is the need for a HiPo program?
2. How will it support the business strategy and competitive advantage?
3. How will it help the succession planning and future leadership needs of the organization?
4. How will it improve the retention and productivity of teams overall?
5. How will it impact the business outcomes for the organization?



STEP 2

Define and Identify “High Potential” objectively & clearly



Many HiPo programs fail to deliver on the objectives and provide the managers and leaders needed to drive growth and performance for future, because these HiPo programs focus their efforts on wrong set of people. Often, the opinion or past performance as an individual contributor is used as a criterion for selecting someone as part of the HiPo program. Just because someone is a fantastic individual contributor does not mean they'll be a good leader. Leadership requires an altogether different set of competencies than the individual contributor roles.

Ignoring this, results in a HiPo pipeline filled with the talent selected because of their culture fit, or because of their high-performance as an individual contributor.

Just relying on subjective evaluations will not yield the right candidates for HiPo programs. As per a recent study, only 1 in 3 organizations use assessment data to identify employees for HiPo programs and nearly 50% lack a structured process for identifying, developing and managing HiPo's. Relying on scientific assessment and objective evaluation to systematically and accurately measure potential ensures fair and valid identification of HiPo talent.

But how do you measure the potential objectively? There are psychometric assessments that measure leadership potential. The [Thinking Pattern Profile™](#) for instance outlines competencies like, developing a strategy, deciding what needs to be done, planning and organizing, achievement drive, as key indicators of high-potential globally. And, it reduces the entire turn-around-time of running through an Assessment-or-Development Center.

Psychometric assessments are able to measure the leadership competencies in HiPo candidates and moves beyond subjective selection and instead quantifies individuals' HiPo dimensions. While a majority of organizations are deploying such psychometric assessments at the time of hiring, many others are leveraging these assessments to make other decisions across the employee life cycle including promotions, professional development, and career 'succession' planning.

Some organizations also use the [360-Degree surveys](#) to get an overall view of an employee's behavior, performance, and attitude. A combination of psychometric assessments with 360-Degree feedback should be used for most accurate selection for HiPo program.

Defining and objectively measuring potential are key elements for identifying the right candidates for HiPo programs. HiPo employees are mostly strong performers and highly in demand in the market and with the competitors. Their flight risk is a significant issue, and if dissatisfied with the returns or the investments from the organization, they will seek those opportunities outside. It comes as no surprise that 1 in 4 organizations cannot retain their HiPo's.

With limited budgets and resources available, organizations need to ensure that they are directing investments to the employees, that are most likely to stay long terms with the organization. Yet, only a little over 11% of organizations require a formal commitment from employees selected in HiPo programs. Asking for a promise of commitment or a formal contract ensures that the investments the organization is making will provide a strong return.

...more than 40% of individuals in HIPO programs may not belong there.

HBR

STEP 3

Build a flexible program based on individual need



Create differentiated development experiences for selected HiPo's. Coaching, leadership preparation programs and assigning mentors for long-term must be the foundation of a Hi-Po Program, since it helps build the desired competencies and attitudes and one always has a go-to person beyond the formal reporting structure. Try to include other developmental initiatives with specialized leadership career planning initiatives, including rotational stints amongst multiple departments and mobility opportunities across geographies that offer cross-dimensional exposure and experience.

STEP 4

Communicate

Communicating clearly and timely with HiPo's makes them feel good about their HiPo status, at the same time exerting more pressure on them to perform.

The communication should be both to the individual and to the larger audience across the organization. HiPo specific communications to the individual should specify the reasons, they were selected, expectations from them during the program, progression path, feedback mechanism and success criteria. The feedback mechanism from program stakeholders as well as mentors should include objective feedback on the strengths and areas of improvement. External communications to the larger audience must include the objective of the program, a list of HiPo's and expectations from the wider audience to make the program successful.

STEP 5

Establish objective measures of high potential



The programs that have a measurement criterion perform better at meeting the objectives and the same applies for the HiPo programs. Some metrics used to measure the success of HiPo programs include:

1. HiPo Retention
2. Number of key managerial and leadership positions being fulfilled internally
3. Performance rating immediately after the program finish

End of the day, the key criteria can be how big and diverse your HiPo pipeline is and how many candidates are readily available to take over the leadership roles getting available

...24% of organizations aren't measuring the effect of HiPo programs on promotion rates, and 21% aren't even measuring the impact on retention.

Gartner

STEP 6

Measure the ROI of HiPo programs



Image Courtesy : ATD

The key to doing the most effective and efficient ROI measurements is using the [Cognitive and Skill Assessments](#) & [Training Effectiveness Survey](#). A good assessment methodology is the key to success. The assessments should be designed to measure the combined mix of effectiveness, job impact and the business results.

L&D leaders have for long invested in methodologies like Kirkpatrick model or the Jack Phillips model for training ROI evaluation. A high-level look at three levels of measures

a) **Learning Measures**

Learning effectiveness provides proof that learning did, in fact, occur. The question will typically ask the learners to what extent they experienced gains in knowledge and skills as a result of the course.

b) **Work Impact Measures**

Job impact measures gather the ability of the learner to apply the learning on the job and to what extent it has improved their job effectiveness. Also, gather the time it takes for the learners to apply new learnings.

c) **Business Results Measures**

Gather specific information related to specific desired outcomes and by measuring the extent to which the learning impacted them. All the data gathered should be quantitative and aligned to the pre-assessment KPI's and measures.

Data for measures of effectiveness should be captured in a [post-course survey](#) delivered 30 to 90 days after the course was delivered. The learner's manager must be surveyed to substantiate and validate the findings. Of all three surveys—the course effectiveness Survey must be conducted immediately after the intervention, the post-course learner survey, and the post-course manager survey—should be structured so that the data can be corroborated among them.

The ROI analysis starts with preparing a cost basis. Understand and tabulate all the direct & indirect costs

- a) L & D costs of development of the program
- b) Courseware, logistics, licensing, technology, etc.
- c) Salary of learners, time spent

Try to be as close to the actual as possible but don't get bogged down by trying to reach an exact number at the cost of delivery or follow up.

ROI is calculated as the return of training (Business Result) divided by the cost of the training. For further insights on the process of ROI calculation read our [E-BOOK: 7 Steps to Measure ROI of Training Programs](#)

Conclusion

As per CEB research, even after investing a lot of precious time, resources and funds, more than half of the HiPo's will change over to a new organization and nearly half of those who stay do not meet business objectives in the first leadership role. However, investing in a structured and objective process of HiPo identification and development creates high-performing teams and also strengthens succession pipeline, reduce attrition risk, and propels the organization on a path to success.



Empowering Improvement through Innovation.

Intelligent Assessments + Actionable Analytics

Armezo is the "arm that measures", talent, potential and performance for organizations through our Assessment and Survey Solutions. With a decade of experience in delivering Assessment, Examinations and Survey solutions to over 100 delighted customers.



www.armezo.com