

THE PARADOX OF POTENTIAL: A SUGGESTION FOR GUIDING TALENT MANAGEMENT DISCUSSIONS IN ORGANIZATIONS

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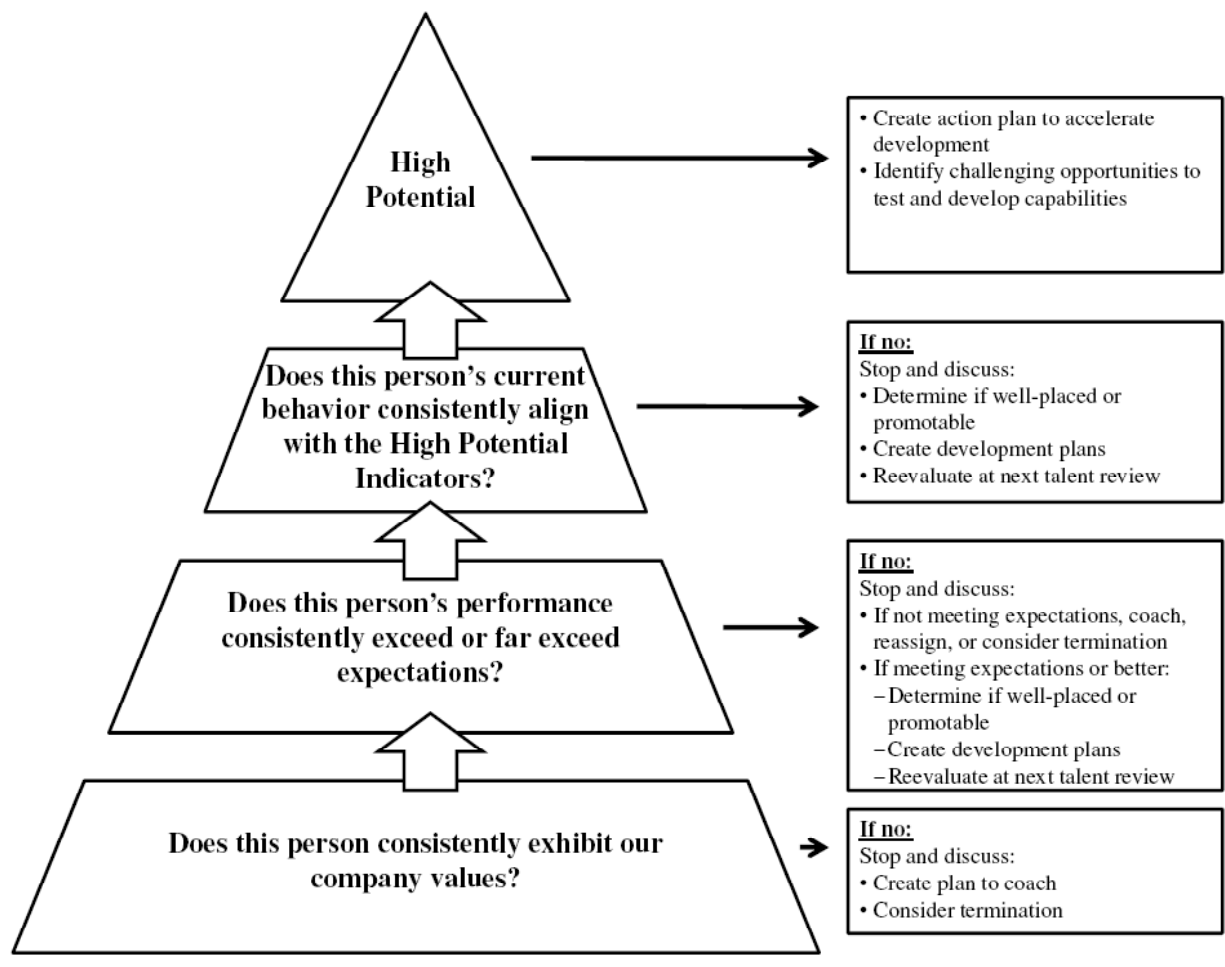
One of the most relevant yet misunderstood questions within talent management is how to successfully identify high potential employees—people that will, when called upon, step up and actually deliver in larger roles with more responsibility. Almost every organization is faced with this dilemma, and often, the only source of information to predict future success is past job performance. But this information is not enough to go on; in fact, it is terribly incomplete. We know that to succeed at the next level, particularly if this is not a simple expansion of one’s existing role, it may take something *different*. And, of course, the cost of *getting it wrong* can be devastating in today’s environment of fast change and economic recession.

Silzer and Church (2009) have done a thorough job of summarizing the current state of the literature and practice on potential. There are, however, still quite a few unanswered questions. We hope to address one key point that was briefly addressed in the lead article: confusing performance with potential and how to effectively guide a discussion of talent management that considers both.

When leaders rely on the adage: “the past tends to predict the future,” job performance tends to trump all else when it comes to determining who to invest in or advance. However, we know that we should not link performance and potential too closely, a phenomenon that Silzer and Church referred to as the “performance-potential paradox.” In talent discussions, where the nine-box is typically the tool that is used—potential is plotted against performance, resulting in a matrix of slots where employees can be placed. In practice, the borders are actually quite blurry. The nine-box is a useful tool, as it requires leaders to differentiate the capabilities between employees. The result is a separation of so-called “A players” from the “B and C players.” However, one of the fundamental problems with the traditional nine-box is that, in separating performance from potential, we are assuming that they can be treated as two independent and distinct variables, which of course they are not. While we are not suggesting that the nine-box should be abandoned, we do believe that this tool should be revised given the significant problem it continues to perpetuate. Although there may never be a clear right or wrong answer for every organization, most would undoubtedly benefit from a more rigorous guide for making these tough predictions.

Performance is best thought of as a necessary, but insufficient, indicator of potential. This leads us to propose an alternative to the nine-box that accounts for the *interdependency* of performance and potential. We are often confronted with the example of a high performing employee who does not do well when he or she takes on more responsibilities, in good part due to an incomplete assessment of their actual potential. We propose to treat performance as only one aspect of potential. What sets our model apart from the nine-box is that it helps leaders make decisions based on a number of steps that go *beyond* performance, guiding more robust and useful discussions about promotional decision making.

Figure 1. Potential Pyramid



The *Potential Pyramid* guides leaders through a series of decision steps, or checkpoints. If an employee meets or exceeds the criteria at one step, he or she is then considered against the next step. If an employee does not meet the requirements to move on, we offer suggestions regarding the individual's role within the company and their development.

The base of the pyramid represents the organization's underlying values. Failure to consistently *reflect and promote* the company's values and support its mission should cause serious concern about the employee's future at the organization, regardless of their talent. If an employee does not embody what the company stands for, then all the "potential" in the world may not prove worthy of actualizing. We recommend a stab at an attitude adjustment and, barring a miracle, a quick exit.

The next area for consideration is the employee's job performance. Does the employee consistently meet or exceed expectations, fulfill all commitments, and drive impressive results? Performance reviews and first-hand observations of past behavior should be rigorously discussed in this part of the talent review, and we suggest doing this against a very high bar. If there is evidence that an employee truly exceeds expectations, then it is appropriate to consider the individual against a set of high potential indicators—the next level in our hierarchy.

As noted in the lead article, there are several inventories of high potential and a variety of indicators worth consideration. In our experience, the most reliable are observable and tend to build on one another. Thinking agility, natural curiosity, a continuous quest for self development, and resilience in the face of adversity are all markers for potential that can be looked at in terms of actual behavior, even early on in a career.

The process of identifying potential against these observable indicators is superior in that it breaks the conversation free of the subjectivity and fuzzy intuition so often applied in talent decision making.

Final Thoughts on Applying the Model

There are a number of missteps which we've seen can quickly throw off even the best talent management game plan. The most common include:

- Becoming caught up in quickly formed first impressions or dramatic single case examples. True potential must be observed over time and across situations.
- Allowing a *big personality* to carry the day. While an important component, potential is not a function of personality alone. There are many high potential employees who are more reserved or understated and easy to overlook.

- Looking for potential among a limited pool of *usual suspects*. Some organizations have had certain employees on the fast track for years. Look beyond the obvious, broaden your radar, and continually refresh your list of high potentials.

In these challenging economic times, it is even more critical to get the right people in the right roles at the right time. Organizations need to make the most out of their existing talent, as they may not have the luxury of slowly developing many individuals “waiting in the wings.” Our *Potential Pyramid* should help you focus on the people who are worth betting your organization’s future on.

References

Silzer, R., & Church, A. H. (2009). The pearls and perils of identifying potential. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 2 (4), 1-73.