

COMMENTARIES

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 who 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 quite *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 thoroughly summarized 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 focal article: confusing performance with potential and, in turn, how to effectively guide a discussion of talent that considers both.

When leaders rely on the adage “the past tends to predict the future,” recent job performance tends to trump all else when determining in whom to invest or advance. Still, we know that performance and potential should not be linked too closely; a phenomenon that Silzer and Church refer 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 are partitioned out. In practice, however, 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 is not the case. Although we would not suggest the nine-box be abandoned, we do believe that its traditional use should be revised, given the significant problem it continues to perpetuate. There may never be a clear right or wrong answer for every organization, but most would undoubtedly benefit from a more rigorous guide for making these crucial predictions.

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Current job 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 both variables. All of us have been confronted with the example of a high-performing employee who does not do well when he/she takes on more responsibilities, due in part to an incomplete assessment of their actual potential. We suggest treating 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* job performance, guiding more robust and constructive discussions about promotional decision making.

The *potential pyramid* (see Figure 1) presents an ascending hierarchy of decision steps or checkpoints. If an employee meets or exceeds the criteria at one step, he/she is then considered against the next. When an employee fails to 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 mission, values, and culture, and the extent to which an employee's behavior reflects these. The bar is deliberately set high—an emerging talent should *exemplify* company values and contribute to its culture. Failure to consistently *promote* these attributes should cause serious concern about an employee's future within the organization. Regardless of whether or not the company has formally established values, the premise still holds true: If an employee does not embody what the company stands for then all the "potential" in the world may not prove worthy of actualizing. Options at this point include taking action to coach the employees, giving them an opportunity to adjust their behavior, or, barring a complete turnaround, facilitating a quick exit.

The next area for consideration is the employee's performance in their current role. Does the employee consistently exceed expectations, fulfill all commitments, and drive impressive results? Does he/she have the enthusiastic support of peers? Does his/her staff eagerly follow? Performance reviews and first-hand

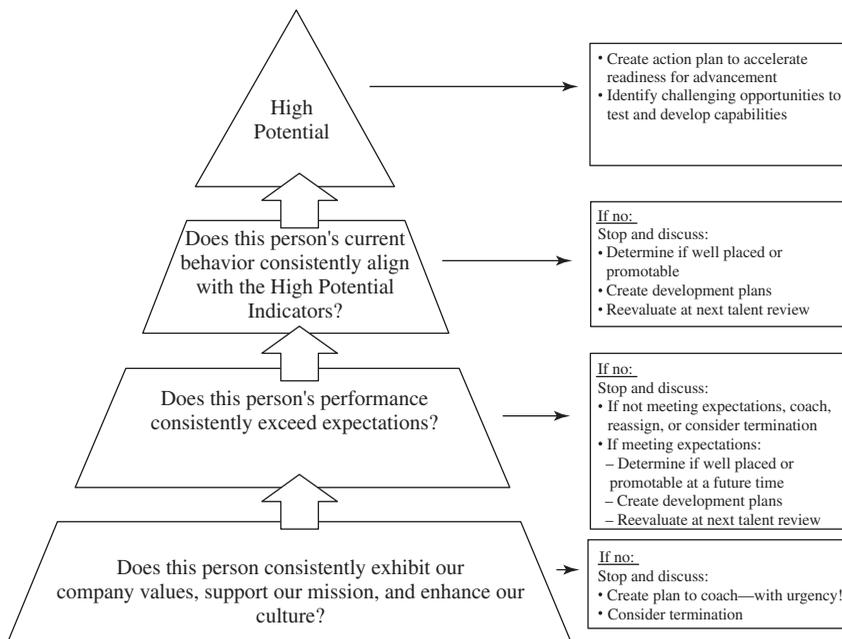


Figure 1. Potential pyramid.

observations of past behavior should be rigorously discussed in this part of the talent review, and we again suggest doing this against a high bar. If there is evidence that an employee is truly exceeding expectations, then it is appropriate to consider the individual against an additional set of *high potential indicators*—the next level in our hierarchy.

As noted in the focal article, there are several inventories of high potential and a variety of indicators worth consideration. In our experience, the most reliable are *observable* and *complimentary* rather than independent. For example, some indicators are more internally focused, such as thinking agility and natural curiosity. Others are externalized behaviors, as in demonstrating a continuous quest for self-development and showing resilience in the face of adversity. Regardless of the label used to capture these indicators, the utility of our model is that it describes potential in terms of actual behavior that may well be reflected even early in one's career.

Thoughts on Applying the Model

A rigorous application of the sequential process we are suggesting leads to more consistent, disciplined, and calibrated discussions around talent. One of the primary benefits of our model is that it minimizes the chance that an assessment is based on quick judgments, favoritism, or vague generalities. In practice, we have seen that it breaks the conversation free of subjectivity or fuzzy intuition. Further, this does not place an excess burden on those in the talent review process, and in fact, heightens the efficiency and efficacy of the conversation while increasing confidence in the final decisions.

Despite its success, however, we have occasionally seen a number of *missteps* that can quickly throw off even the best talent management game plan, including the following:

- 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. Although personality is an important component, potential is not a function of that 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.

It is critical, particularly in challenging times, to get the right people in line for 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 individuals “waiting in the wings.” Applying the *potential pyramid* will allow organizations to sharpen their focus on those worth “betting the future on.”

Reference

- Silzer, R., & Church, A. H. (2009). The pearls and perils of identifying potential. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 2, 377–412.