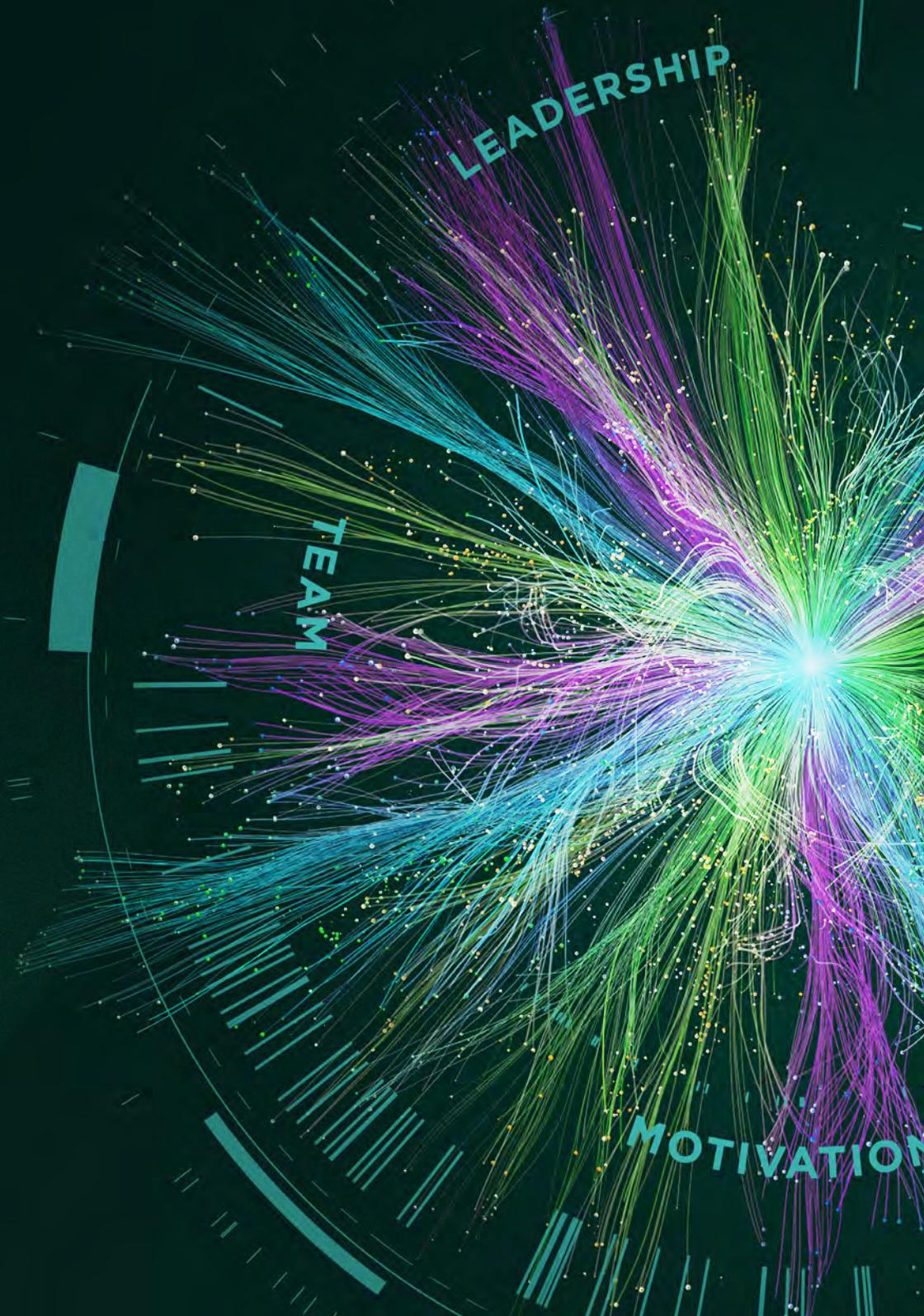




THE POTENTIAL CODE

We've spent years surrounding
the simple but confounding puzzle:
How to help people be their best.

EBOOK



Every person, at every level in your organization has potential: the ability to go beyond the role you hired them for, to rise to new challenges and achieve more than you (or they) imagined. Do you know how to unleash it?

We've seen the difference between good organizations and great ones. And time and again, we've seen the same theme: the organizations with the strongest growth and highest returns are the ones that empower employees to reach their highest potential.

Yet too many businesses only support a select few. By favoring recent high performers over everyone else, high potential initiatives may inadvertently overlook potential¹ in the rest of your organization.

¹ [Identifying Future Leaders](#)

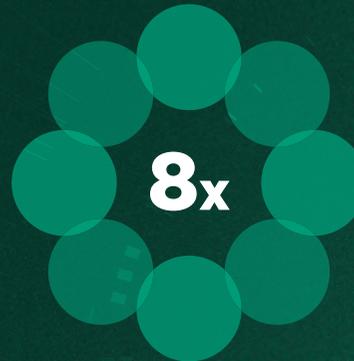


WE KNOW THAT
POTENTIAL IS THERE
AND OFTEN HIDING IN PLAIN SIGHT

If you tap into it, you can expect to reach new heights of success.



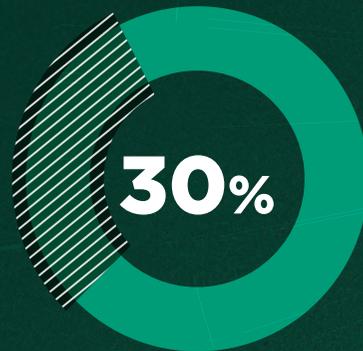
Increase
EBIDTA by as
much as 16%²



Create
8x higher
engagement³



Get 2.5x higher
revenues (compared
to competitors who
engage their teams less)⁶



Add as much
as 30% on your
bottom line⁴



Boost performance
by 40% among
your teams⁵

**And the more potential you unleash, the further it spreads:
strengthening teams and rippling through your entire
organization to boost results in every corner.**

- ² [Getting Clear about Why](#)
- ³ [The ROI of Hiring Stronger Performers](#)
- ⁴ [How the World's Most Admired are Shaping Culture](#)
- ⁵ [The Secret Sauce of Team Performance](#)
- ⁶ [Fit Matters Thought Leadership](#)

TO UNLEASH POTENTIAL

YOU NEED TO RECOGNIZE THE BLOCKERS HOLDING PEOPLE BACK

Potential focuses on knowing your traits, drivers and experiences so you can use them to prepare the skills you want to develop for future roles. We've found four specific reasons people don't always thrive in their roles and teams.

1

LACK OF OPPORTUNITY:
high performance and high potential aren't the same.

How well someone performed last year won't show you if they have the skillset or mindset they need to perform well as your business evolves. Nor will it tell you how well they could perform in a different role. That's because, despite them overlapping, high performance and high potential aren't the same, yet many conflate the two.

As a result, organizations focus all their efforts on nurturing the people who've already performed well and overlook others who could easily shine if they had the right support.

2

LEARNING GETS LOST:
theory only works with practice.

Even if you're offering training to all—are you giving everyone an equal chance to apply what they've learned? For people to get the most out of learning, we know they need to transfer that theory into the real world and, ideally, their own roles as soon as possible. On average, we need to spend 10,000 hours practicing a new skill for it to stick. If people don't get the chance to regularly put new skills into practice, there's a risk all that learning will go to waste.

3

POOR ALIGNMENT:
people are in the wrong roles to showcase their skills.

If people are in roles that align with their behaviors, skills and motivations, they'll be more engaged—which automatically increases their chance of success. Matching people to roles matters at every level. Amongst senior teams, we've found leaders with a high match for their role, based on their traits and drivers, were 250% more likely to be highly engaged than those with only an average match⁷.

On the flip side, if people are in roles that don't suit them, it's less likely they will perform well. Managers will overlook them for the promotions or sideways moves that could match their abilities and motivations more, so their wellbeing suffers.

4

TOXIC LEADERSHIP:
a bottom-line mentality in leaders lowers intrinsic motivation in teams.

When leaders put a blinkered focus on the bottom line above supporting their teams, working cultures turn toxic. Without a clear purpose or nurturing leaders, people feel less intrinsically motivated to give extra in their roles—so they never push the limits of their potential. We've found that 60% of employees who exceed performance expectations are motivated by their organization's overall purpose and vision, compared to 48% who aren't⁸.

⁷ [Fit Matters Everywhere](#)

⁸ [The Power of Line of Sight](#)

TO TAP INTO POTENTIAL AND HELP EVERYONE THRIVE, IT'S VITAL TO LOOK AT HOW YOUR ENTIRE **BUSINESS IS CONNECTED**

Are your people motivated by your purpose? Does your culture and structure give them everything they need to hit their own career goals?

Not everyone wants to become a leader. But everyone can play their part in making yours a leading business.

Based on decades of experience working with the most successful companies in the world, we've distilled the six elements leading organizations focus on to find and nurture the potential in their people.

These are the qualities we've seen on the ground, working inside and alongside many of the world's most successful organizations.

By addressing each element, you have a powerful recipe for bringing out the best in your people and your business.



WE CALL IT
**THE
POTENTIAL
CODE**

THE POTENTIAL CODE

*Six simple elements,
one powerful
combination for
unleashing potential.*

*Tap into these core elements to
unleash the potential in your
people, teams and organization.*



1

Leadership

IT STARTS WITH YOU

As a leader, you have the power to unlock the potential in others, setting off a positive chain reaction across teams and, ultimately your entire organization.

Whether you succeed depends on your style.



of people said their business leader influenced their personal energy the most⁹

⁹ Great Power, Great Accountability

¹⁰ How can we Increase Collaboration Across our Teams

¹¹ Boards, Reimagined

Leaders with visionary, participative and coaching leadership styles build productive, engaged teams. They also stay in their own roles for longer.

Visionary leaders see the big picture...

...and communicate about it constantly. They use their company purpose to guide decisions, rally teams and help everyone make the connection between their role and the bigger impact they have on the business. They also clearly articulate a shared mission and use it to give long-term direction to everyone around them.

Toxic leaders lose their balance

Leaders who only focus on hitting targets might be effective in the short-term. But over time, they rarely bring out the best in their teams—or business. If your approach is too focused on the

bottom line, without balancing the needs of individuals in your teams, you risk pushing people out of your business. We've found that in organizations where leaders create poor climates, 18% of people say they plan to leave within two years. That's compared to 7% in teams working in strong climates.

Whatever your leadership style, you'll also be more likely to unlock potential if you're driven by a readiness to challenge and be challenged. And if you understand that you can't do it all alone: collaboration¹⁰ makes your whole business stronger. There are certain traits that set the leaders who nurture potential apart too¹¹. As well as being assertive when they need to be, they also tolerate ambiguity and are optimistic in outlook. That optimism in turn helps create positive workplaces, where people are energized to succeed.

2

Purpose KNOW YOUR WHY

In the height of the Space Race, President Kennedy visited NASA and asked an off-duty janitor what he did. The janitor famously replied, “I’m helping to put a man on the moon.”

That’s the power of purpose.

8.1%

increase in average return on assets over three years seen by organizations that tap into discretionary energy¹²

¹² Korn Ferry Institute

¹³ The Business of Business is Purpose

Moving the degree of purposefulness in your organization from ‘moderately purpose-driven’ to ‘very purpose-driven’ could increase your EBITDA by as much as 12-16%¹³.

Having a strong purpose can also:

- > **galvanize your teams:** when your teams get behind a common goal, you’ll unlock their discretionary energy, or that desire to go above and beyond to see the company get ahead.
- > **give work more meaning:** being part of something bigger makes people feel happier and in more control of their own lives. Individuals who have meaning and purpose in their work get more out of it personally. When they see other colleagues feeling the same way, purpose boosts camaraderie, too.
- > **establish a standard of excellence:** a clear purpose gives teams something to measure themselves against. This also saves time and resources as everyone knows what’s expected of them and teams make decisions faster, with less conflict and more collective effort.
- > **create a common language:** with everyone using purpose as their starting point, there are fewer misunderstandings, it’s also easier to debate and incorporate opposing views—generating solutions together.
- > **generate perseverance:** without a purpose, it’s easy for people to get caught up in the crises of the day and lose sight of where they’re heading. But a clear and compelling purpose helps teams stay focused on the long game—making them more hopeful, optimistic and resilient and setting them up to reach their full potential.

PURPOSE (CONT.)

THE PURPOSE CHECK

01 / Does your organization have a purpose?

If you're still crafting your organization's purpose, decide if it's going to:

- > be outward-oriented (focusing on your bigger impact to customers and society)
- > be inward-oriented (focusing on business ambition)
- > focus on the things your organization will do
- > focus on who you are as an organization

Bear in mind that outward-oriented purpose statements are generally the most common. There's also some research¹⁴ that says organizations with purpose statements that go beyond maximizing profit perform best.

As you craft your purpose¹⁵, consider your values and culture too—making sure all three are in sync. People should never have to choose between fulfilling your purpose or living your values. To that point, it's important that management spends time reflecting on how day to day projects connect to your purpose and help fulfill it.

¹⁴ [Getting Clear about Why](#)

¹⁵ [Shift your Mindset—Define your Leadership Purpose](#)

02 / Are your people living and breathing your purpose every day?

To find out if people are clear on your purpose, and how it relates to them, ask whether they:

- > understand what's expected of them?
- > have the support, training and chance to do what you're asking of them?
- > find meaning in their work?
- > see the connection between their roles and your organization's mission?

And can they explain:

- > your vision and mission without looking it up?
- > how management plans to reach those goals?

Answer 'yes' to every question to fuel discretionary energy in your teams—helping them realize their full potential.



3

Culture

THE SPACE TO THRIVE

The culture you create can increase the productivity, innovation and motivation in your business. The World's Most-Admired Companies¹⁶ agree:

Culture is the most underrated success factor



or more of their market value is driven by a strong culture

¹⁶ How the World's Most Admired are Shaping Culture
¹⁷ How the World's Most Admired are Shaping Culture
¹⁸ Create a Performance Driving Environment
¹⁹ Great Power, Great Accountability
²⁰ Every leader a Chief Culture Officer

If your current culture stifles potential, here's how to let it breathe.

Prioritize psychological safety

When people feel psychologically and physically safe, they'll be in a better position to push themselves. It's that sense of safety that sets the World's Most Admired Companies¹⁷ apart from the rest. Their leaders know how important it is to experiment and improve, which is why they value testing and adapting more than getting things right first time.

For individuals and teams to perform at their best, combine freedom to experiment with positive feedback¹⁸. When people don't fear feedback, it's easier to hear—and they'll actively seek more of it. In turn, they'll keep on improving, making their performance skyrocket.

The reverse is also true—and costly. Organizations with toxic cultures, driven by

unsupportive leaders, saw increased absenteeism and healthcare costs and reduced productivity. It all added up to an estimated \$23.8 billion of avoidable expenses¹⁹.

Make every leader a Chief Culture Officer

If there's currently only one person in your organization who's officially in charge of culture, cast your net wider. One of the biggest benefits of making everyone a Chief Culture Officer²⁰ is the collective stewardship it creates.

When all your leaders and managers are in charge of culture, they'll model the behaviors that make your business strong and they'll coach others to do the same. This quickly generates a 'see something, say something' effect, where people are more likely to speak up if things aren't working and learn from mistakes. When everyone wants to work better, it's even easier to unleash potential right across your organization.

4

Motivation

HIGHER EMPLOYEE ENGAGEMENT LEADS TO HIGHER REVENUES

What sets the best companies apart? The motivation in their teams.



Our recent research with the World's Most-Admired companies²¹ showed that 39% had top scores for engaging and getting the most out of their people (compared to 23% of other companies). That higher motivation also brought 2.5 times higher revenues compared to those organizations with lower scores.

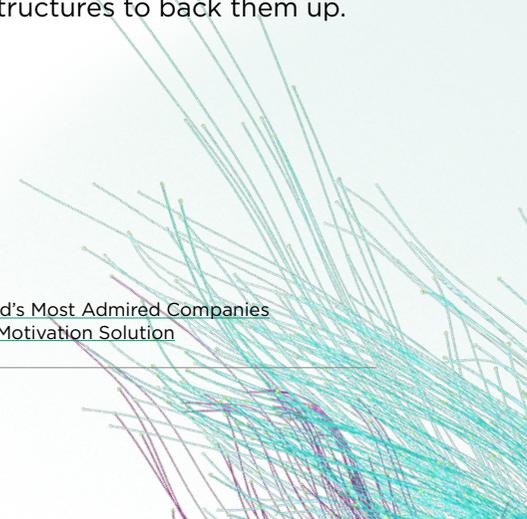
Where does that motivation come from? As you've already seen, leaders have a huge part to play. Among those working in organizations with the best climates—which are largely created from the top—34% said they felt motivated to go above and beyond their formal responsibilities, unleashing their own potential as well as their organizations' in the process.

Only 17% of people could say the same in organizations with poorer climates.

Motivated teams don't just feel good, they also do great work. In companies with the highest engagement scores, over half of all employees said their job brings out their most creative ideas, making them more innovative, too.

The good news is motivation is already high in many businesses. Our data²² shows that 70% of people feel intrinsically motivated to go above and beyond in their roles. To inspire the other 30% your words need the systems and structures to back them up.

²¹ [World's Most Admired Companies](#)
²² [The Motivation Solution](#)



MOTIVATION (CONT.)

Here are four ways to boost motivation in your business

1 Create the opportunities

Give your people challenging, interesting work and they'll be more engaged, stretch their skills and have the chance to develop new ones—fueling their potential even more.

2 Cut the bureaucracy

Don't let anything stand in the way of potential—especially poorly designed processes or institutional schemes that give some people more opportunities than others.

3 Let your people lead the way

If the old ways of working aren't working, empower your people to devise alternatives. They'll feel even more invested to go the extra mile.

4 Don't move the goal posts

If an employee has shown they have potential and risen to the challenges you set them, be quick to reward them for it. Continually testing someone who's already proven themselves instead of giving them a bigger, more rewarding challenge to face will erode their motivation and stifle their potential over time.



5

Teams

BUILD CHEMISTRY

If you want to go fast, go alone. If you want to go far, go together. This African proverb neatly sums up our view on the power of teams for unleashing potential.

We're stronger together.



of variance in team performance comes down to team chemistry²³

When you unleash potential in one person, they inspire and unleash potential in others, too. When an entire team has great chemistry, they're likely to perform better and exceed their potential.

But what makes a team a team? Simply assembling a group of competent individuals isn't enough to guarantee success. In fact, in one study, less than half of executives believed leaders in their organizations were highly skilled in collaboration²⁴ (Criswell & Martin, 2007). And some (Parisi-Carew, 2011) estimated that up to 60% of teams failed to accomplish their performance goals.

So what moves a team on from a collection of individuals to a cohesive, high-performing group? Having a common purpose, goal and mission to bind everyone together. That glue creates a shared commitment, camaraderie and a long-term vision. It stops people simply reacting to daily events and keeps them focused on a bigger mission. But this only part of the equation.

²³ The Secret Sauce of Team Performance

²⁴ How can we Increase Collaboration Across our Teams





TEAMS (CONT.)

How you structure your teams is as important as how you inspire each person within them.

Right now, lots of organizations are falling short. Our research shows that 49% of employees give their organizations low marks for being effectively organized and structured. And 47% of people say they struggle to get enough support from other teams to reach their goals. This is less of a problem in the World's Most Admired companies²⁵, where leaders agree collaboration boosts performance—if everyone does it. The most successful organizations²⁶ are 11% more likely to effectively share their ideas and resources (69% do it well) and 9% more likely to cooperate well between departments.

If your teams aren't supporting each other, there are things you can do to fix it.

You can build chemistry

Teams with less turnover naturally build more chemistry²⁷. But you can fast-track that process by making the space for people to have vulnerable conversations, and by getting creative.

We've found team-building events actually help create synchrony in teams, even after the event.

And, when you're not actively team building, remember the basics. Make eye contact, listen, and create psychological safety by giving your people clearly defined roles and the space to experiment and make mistakes without repercussions.

Embrace the power of all

The greater the mix of people in your team, the greater your team and business. When you structure your organization for inclusion—giving every person an equal chance to progress—the results speak for themselves. Our research²⁸ shows diverse and inclusive teams make better decisions 87% of the time. 75% of inclusive innovators are more likely to see ideas become productized. And companies with above-average diversity report a 19% higher innovation revenue. For this to work, leaders need to remove any barriers that get in the way of inclusion or slow fresh thinking down.

²⁵ [World's Most Admired Companies](#)

²⁶ [Why Collaboration is Crucial](#)

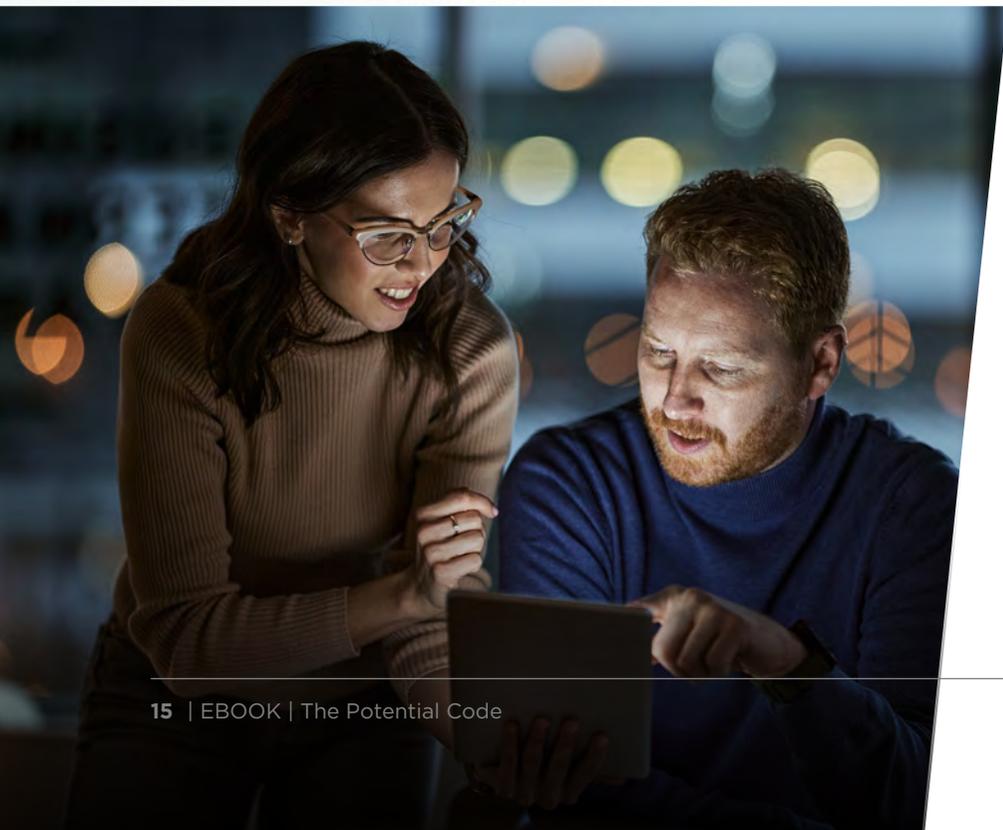
²⁷ [How to Increase Collaboration Between Teams](#)

²⁸ [Supercharging Innovation through Inclusion](#)

6

Alignment DRIVE ENGAGEMENT

Putting people in roles that match their behaviors, skills and motivations unleashes their potential. And it has a ripple effect on business by tripling ROI.



On average, those who have a strong alignment with their role are up to eight times more likely to be highly engaged than those with a low alignment. Leaders with the best alignment to their roles are up to 13 times more likely to be highly engaged. And organizations that make better matches between people and roles over time could see the number of highly engaged employees in their business increase by as much as 29%.

Yet in a recent study²⁹ of over 100,000 employees, we found that only 10% of people had an optimal match with their role—it's a big missed opportunity.

3x

ROI with clients who hire strong performers using our assessments.

To make better alignment between your people and their roles, be objective. Take a science-based approach to recruiting and promoting: relying on Success Profiles³⁰—Korn Ferry's dynamic benchmarks for traits your people need, assessments, interviews or simulations, not gut instincts. It sounds simple enough, yet our research shows that only 13% of HR professionals do it³¹. Too many leaders still have a preconceived idea of what success looks like, meaning they often ignore the data and miss the potential that's in front of them.

29 [Fit Matters](#)
30 [Success Profiles](#)
31 [Identifying High Potential Talent](#)





ALIGNMENT (CONT.)

When you maximize alignment, you unlock potential. Next, you need to nurture it.

Unlocking this potential in their current role also opens up potential for the future. If they are able to succeed in their role today, leaders will be more likely to consider them for career progression as opportunities arise.

To spot long-term potential (and decide if someone will be right for a bigger role in 3-5 years), look out for and nurture the people with these traits.



Flexible learners

People who learn from experience and apply their skills in new situations or rise to unfamiliar challenges are likely to evolve with your business.



Problem solvers

Look out for the logical thinkers, the pattern-spotters and the people who spot trends in data that others miss. They'll be invaluable in solving future challenges.



Personal reflectors

Most people think they're self-aware, yet studies show only around 10-15% of people actually are. Successful leaders are more likely to be aware of how their emotions impact their work. And they'll use that emotional intelligence to build high energy, high performing teams.

READY TO CRACK

THE POTENTIAL CODE?

To see potential spread throughout your people, teams and entire organization, ask these questions first:

- 1 Purpose**
Does your organization have a purpose—and have you communicated it clearly?
- 2 Leadership**
Are your leaders sharing an inspiring vision—or creating a toxic culture that holds people back?
- 3 Culture**
Does your culture give teams the space to thrive?
- 4 Motivation**
Are teams motivated to give their best—how are you fueling that intrinsic motivation?
- 5 Teams**
Are your teams cohesive—and do your structure and processes make it possible for them to shine?
- 6 Alignment**
Are your people the perfect match for the roles they're in?

As organizational consultants with over 50 years' experience, we know that when people are empowered and working at their best, teams work at their best too. And when those teams operate at their peak, their businesses go on to change the world.

At Korn Ferry, the impact we create spans entire organizations, but it always starts with people. We can help you with these six specific elements of the Potential Code, or by addressing your broader business challenges.

Your organization is full of potential. We're here to unleash it.

LEARN MORE



Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers.

Business advisors.

Career makers.