

Identifying High Potential Talent

The unmistakable markers that identify future-ready leaders



Strong leaders can be the key differentiator for an organization—or a limiting factor, when in short supply.

Korn Ferry's research on organizational transformation shows that confidence in senior leadership explains 25% of the difference in revenue growth between highly transformational companies and less transformational ones (Korn Ferry, in press). But even with the right leaders, it is important to prepare a pipeline of high potential talent who can take on new growth opportunities or step in when people move up—or on.

How can organizations predict who will become a successful leader? After all, research shows that a person's current job performance is not a good predictor of potential. And none of us can see into the future. The best bet? Look for the strong rudders that steer leaders steadily through uncertain, unpredictable, and changing situations.

This idea is not revolutionary. In fact, in a survey Korn Ferry conducted in 2019, the vast majority (98%) of human resources professionals said that identifying high potential talent is critical for success. Moreover, 82% said more emphasis was placed on their high potential development programs compared with five years ago.

Yet, knowing doesn't equal doing. Although many organizations have a formal process to identify high potential talent, few professionals are confident that their organizations have the future leaders they need (29%) or are selecting the right people for their high potential programs (14%), the same Korn Ferry survey found (Korn Ferry, 2020).

This disconnect may be fueled by how organizations typically find high potential talent for their leadership pipelines. Managers or other champions often nominate employees as high potential based on their performance. But this is problematic—not only because it is based on a vague definition of "high potential," but also because it conflates potential and performance.

In order to be ready for the future, organizations will have to evolve their approach to identifying high potential leadership development *today*. This includes using science-based assessment.

All high potential talent have essential markers that indicate their likelihood of future success. Overall, the clearer the signal on the greatest number of attributes, the better the odds that a person will be a high-performing leader.

Drawing on our databases and expertise, Korn Ferry refined our understanding of what these attributes are (Korn Ferry, 2018–2019). We measure 18 qualities that are strong indicators of leadership potential, falling into these six key areas:

- **Leadership Traits:** The building blocks of who we are
- **Learning Agility:** The willingness and ability to learn from experience
- **Drivers of Leadership:** Key motivators that propel us
- **Key Experiences:** A track record of developmental roles, assignments, and challenges
- **Capacity for Problem Solving:** The aptitude for logic and reasoning
- **Managed Derailment Risks:** The awareness and mitigation of potential risk factors

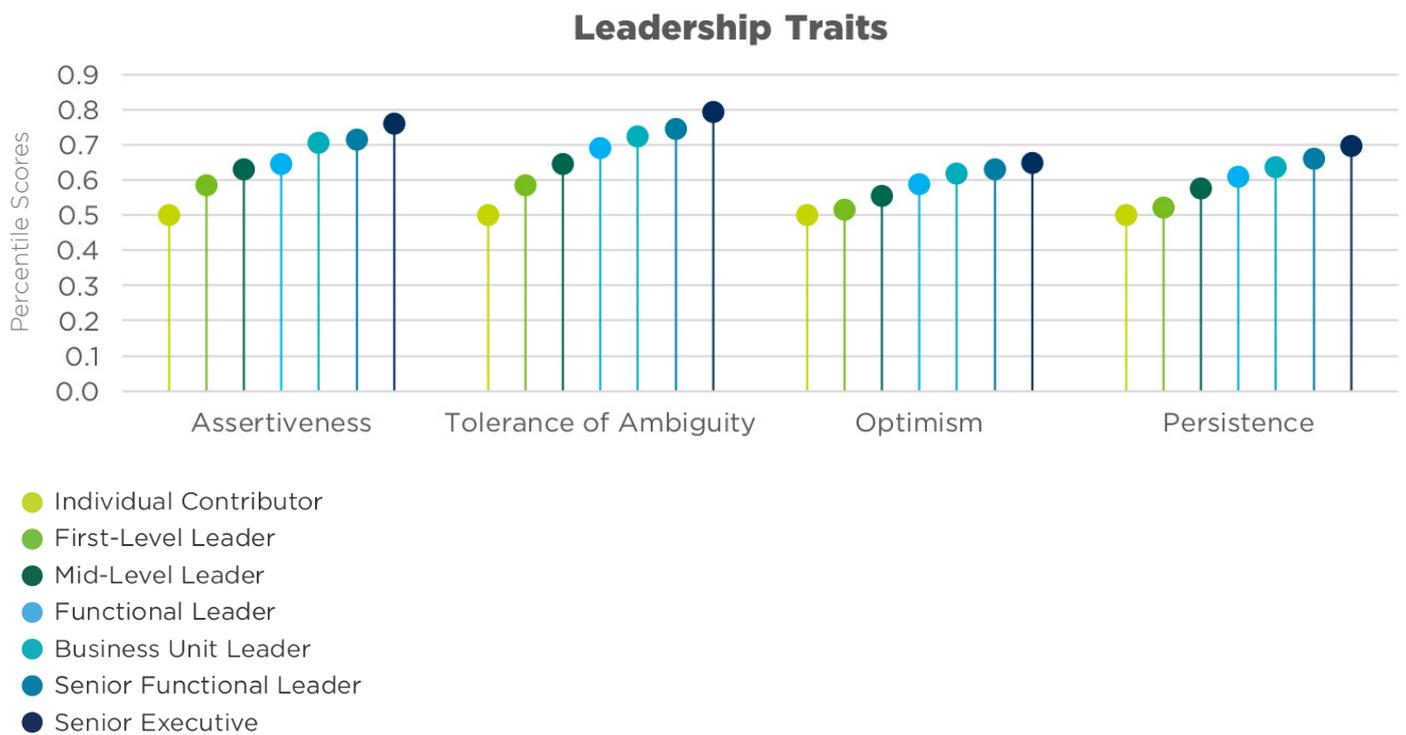


Leadership Traits: The building blocks of who we are

All of us are disposed to behave in certain ways. We have underlying tendencies or preferences that inform our actions and decisions. These personality traits are part of our identity, helping to define who each of us is. Extroverts tend to seek social engagement. People who are achievement-oriented are likely to set very challenging goals. And people with high leadership potential show a tendency to act like leaders.

The more a person's traits align with what is required for leadership success, the greater the potential for superior performance in the future. Senior leaders stand out in terms of their *Assertiveness*, *Tolerance of Ambiguity*, *Optimism*, and *Persistence* (see Figure 1). So, when identifying high potential, organizations should pay close attention to these traits. People early in their career may show they can take charge, are comfortable with uncertainty, remain upbeat despite setbacks, and continue to pursue long-term goals. These are all signs that they will excel as leaders, given the right opportunities to develop.

Figure 1. Senior leaders stand out in terms of their *Assertiveness*, *Tolerance of Ambiguity*, *Optimism*, and *Persistence*.



Learning Agility: The willingness and ability to learn from experience

When one considers what it will take to lead organizations into the future, the ability to navigate the uncertainties and complexity of the globalized economy looms large. To succeed, leaders will have to tackle the new, never-before, and yet-unknown, while also driving positive results.

Responsibilities change as people move from being individual contributors to helping others contribute. There is a further shift as people progress to leading strategically. They tackle more complex problems with broader scope, and increasingly work through others to get results. And as the scope of work expands, they take on new, more complex opportunities—ones they must handle effectively for their organizations to thrive.

Learning agility—the willingness and ability to learn from experience—is essential to succeeding in new conditions. It helps people extract lessons from their experiences and effectively apply those lessons to unfamiliar situations. It’s no surprise, then, that learning agility is a core asset of leadership—and consequently, the facets of agility are key markers of potential.

Study after study has underscored the importance of learning agility to leaders. Not only are leaders who are more agile more engaged in their current roles (Korn Ferry, 2019), but also average levels of learning agility increase with each level in the

Facets of Learning Agility

People with high...

...*Mental Agility* are inquisitive and enjoy tackling new, complex challenges.

...*People Agility* are insightful about interpersonal situations and adept at getting things done with and through others.

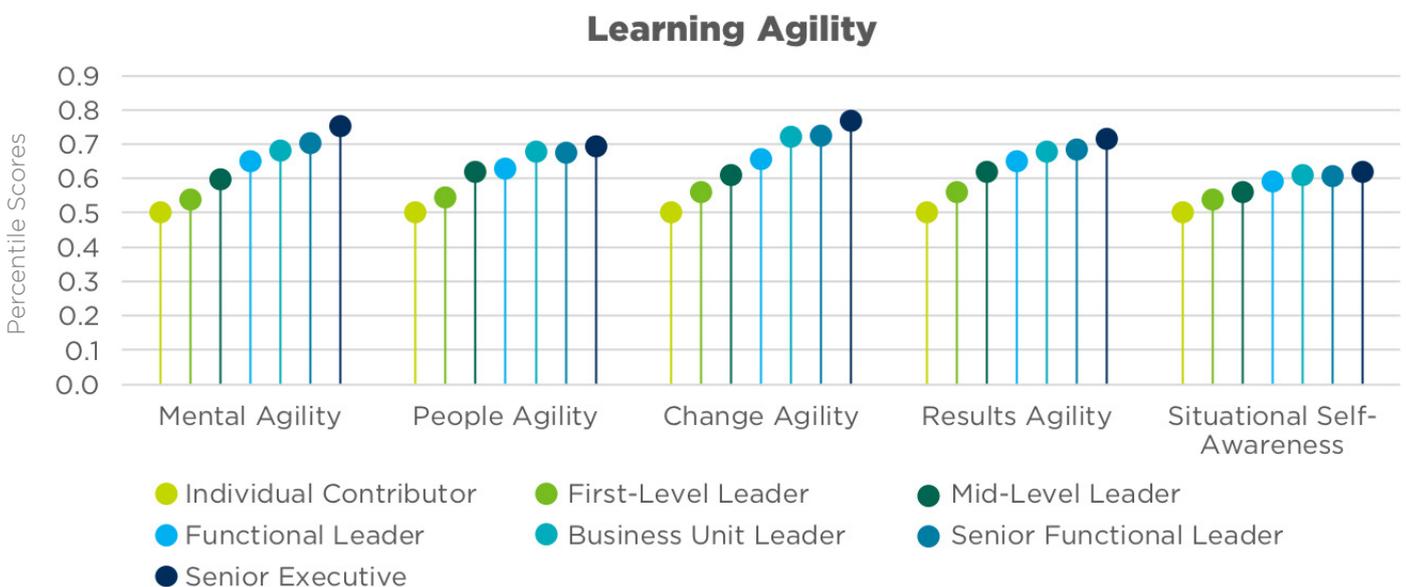
...*Change Agility* relish change, exploring possibilities, and building new approaches.

...*Results Agility* overcome obstacles and deliver results on challenging stretch assignments.

...*Situational Self-Awareness* focus on the present with awareness of the impact people have on them (and vice versa), adjusting their approach in new situations.

organization (see Figure 2). What’s more, research shows that learning agility predicts learning and performance (Laxson, 2018), as well as promotion rate and salary growth (Dai, De Meuse, & Tang, 2013). And organizations with highly agile executives have 25% higher profit margins than their peer group (Swisher & Dai, 2014).

Figure 2. Scores across leadership levels for *Mental Agility*, *People Agility*, *Change Agility*, *Results Agility*, and *Situational Self-Awareness*.



Drivers of Leadership: Key motivators that propel us

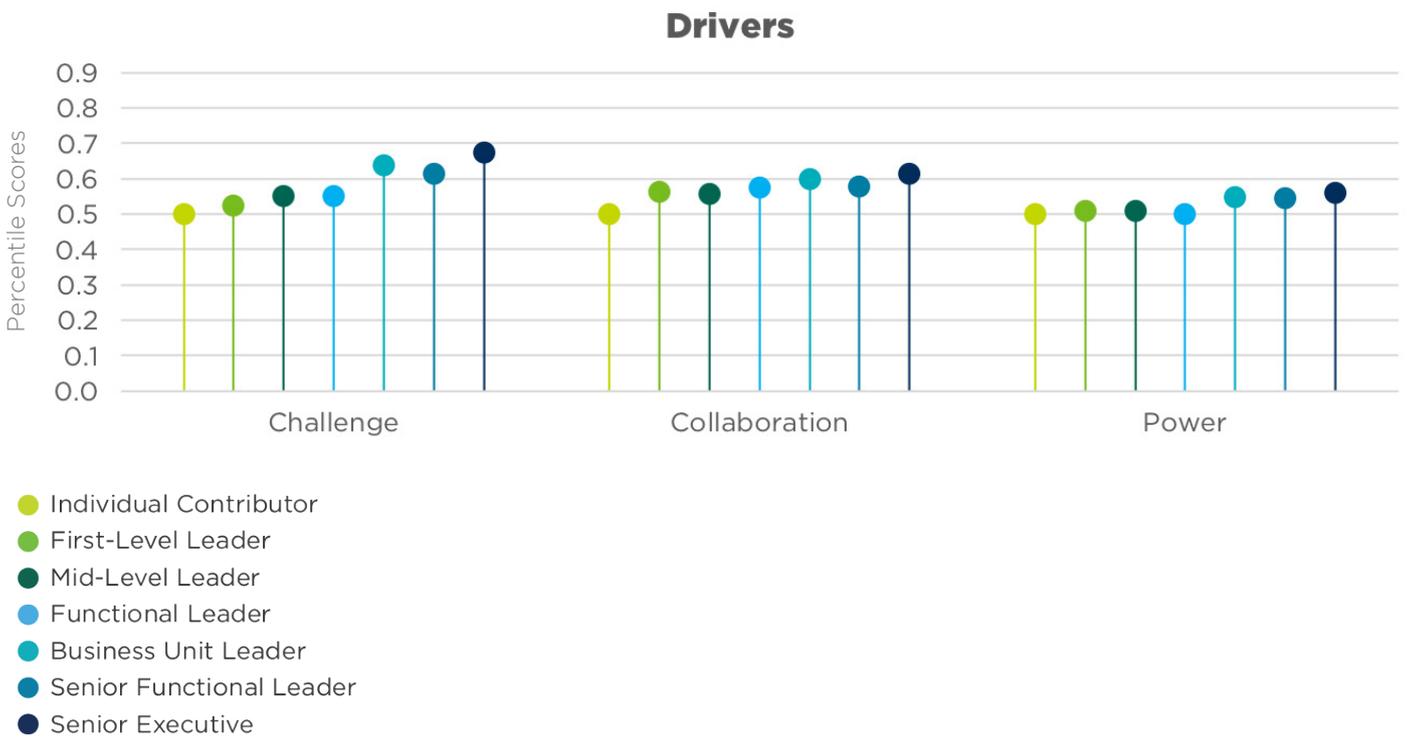
Talk to mid-level managers, and you will quickly discover many are happy where they are, with no desire to move to roles at higher levels (“*There is no amount of money that would get me to take my boss’s job.*”). You also will discover many who would do the work even if you didn’t pay them (“*I love this job. I can’t believe they pay me to do it.*”).

Drivers are the preferences, values, and motivations that shape professional aspirations. They help us answer questions around what we find rewarding and important. People with leadership potential find the role of a leader interesting and the work of leading motivating and fun, which is crucial to

success. Leadership becomes progressively more challenging at every level, and the demands on time and energy increase. If the work doesn’t align to what drives them, it is unlikely that any leader will have the energy and resilience needed to thrive—or even survive.

People with less leadership potential typically cite the perks of the role (think title, pay, prestige) as their primary drivers. High potential leaders, on the other hand, cite the nature of the work as what drives them: the opportunity to make a difference (*Challenge*), to work with their co-workers to achieve shared goals (*Collaboration*), and to have greater scope of responsibility (*Power*). And as leadership rank increases, the average scores for *Challenge*, *Collaboration*, and *Power* do as well (see Figure 3).

Figure 3. Three drivers stand out for senior leaders: *Challenge*, *Collaboration*, and *Power*.



Key Experiences: A track record of developmental roles, assignments, and challenges

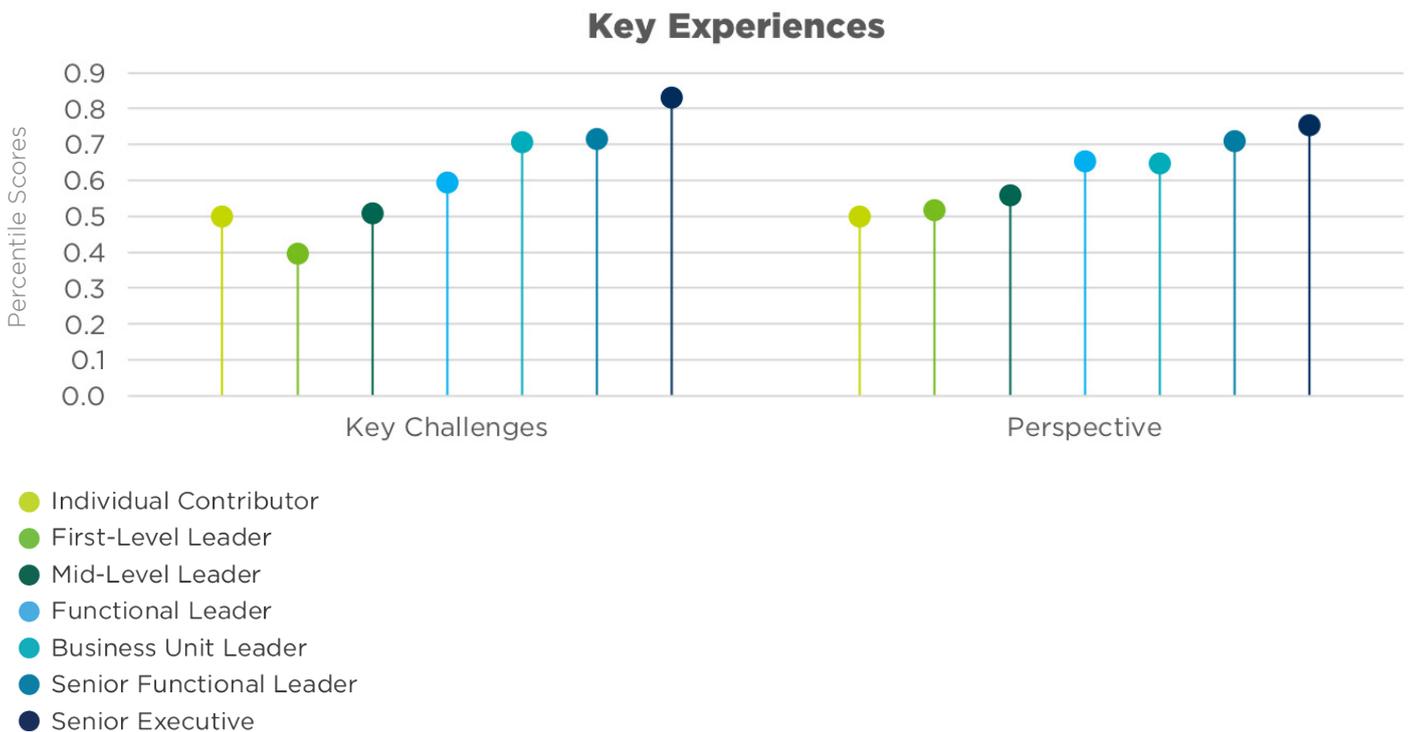
New experiences are at the heart of learning to lead, making them an important marker of potential. Key career experiences build the abilities of high-performing leaders, and the more developmental experiences leaders accumulate, the greater the likelihood they will succeed after promotion to the next level.

Two types of experiences stand out: *Key Challenges* and *Perspective*. *Key Challenges* are critical stretch assignments that allow people to handle responsibilities with “heat,” often with broad scope, high visibility, substantial ambiguity, and a significant risk of failure. These assignments offer

deep developmental opportunities that get people out of their comfort zones and into unfamiliar territory (think managing a turnaround, leading during a crisis, heading a start-up). *Perspective*, on the other hand, involves experiences working in various settings (think different industries, different functions, different countries). These diverse encounters expose people to different knowledge, approaches, and ways of getting results.

A leader who is behind the curve, who lacks one or more relevant experiences, will have to learn these lessons while they are also learning the job. This extra demand, at a time of rapid change, makes the transition risky and more likely to go awry. Too much challenge can hinder performance and development (Hezlett, 2016), illustrating the value of having the right experiences at the right time.

Figure 4. Scores on *Key Challenges* and *Perspective* tend to increase as leadership levels increase.





Capacity for Problem Solving: The aptitude for logic and reasoning

The research is clear: High performing leaders are effective analytical and conceptual thinkers (Judge, Colbert, & Ilies, 2004). They spot patterns and trends in data that others miss. And they solve problems adeptly—first individually, and then as leaders—by marshaling and focusing resources on the right challenges.

But there is an important consideration as someone progresses in leadership: a person's role changes from being the primary problem solver

to ensuring that the problem gets solved. Leaders who are able to shift out of individual problem-solving mode and into the job of coaching others to analyze problems will be more likely to succeed in senior leadership roles.

Likewise, organizations that rely on individual problem-solving as their sole or even primary indicator of high leadership potential risk flooding their pipeline with people who will peak in mid-level roles. For this reason, it's risky to assess a person's capacity to solve problems without also considering how this ability is deployed in a leadership role.

Managed Derailment Risks: The awareness and mitigation of potential risk factors

A perennial topic for the cover of business magazines is the high-level leader who self-destructs, sometimes ruining not just their career, but also sabotaging the entire organization.

The higher the job level, the greater the risk of derailment. Expectations are higher and the consequences of failure can have far-reaching impact. At the same time, some behaviors don't become a career risk *until* a leader reaches a higher-level position.

Organizations are infamous for tolerating “quirky but high-producing” sales representatives or “eccentric but brilliant” professionals in technical roles. But these positions depend almost entirely on individual performance. Success as a leader, on the other hand, stems from the energy and commitment of the people being led.

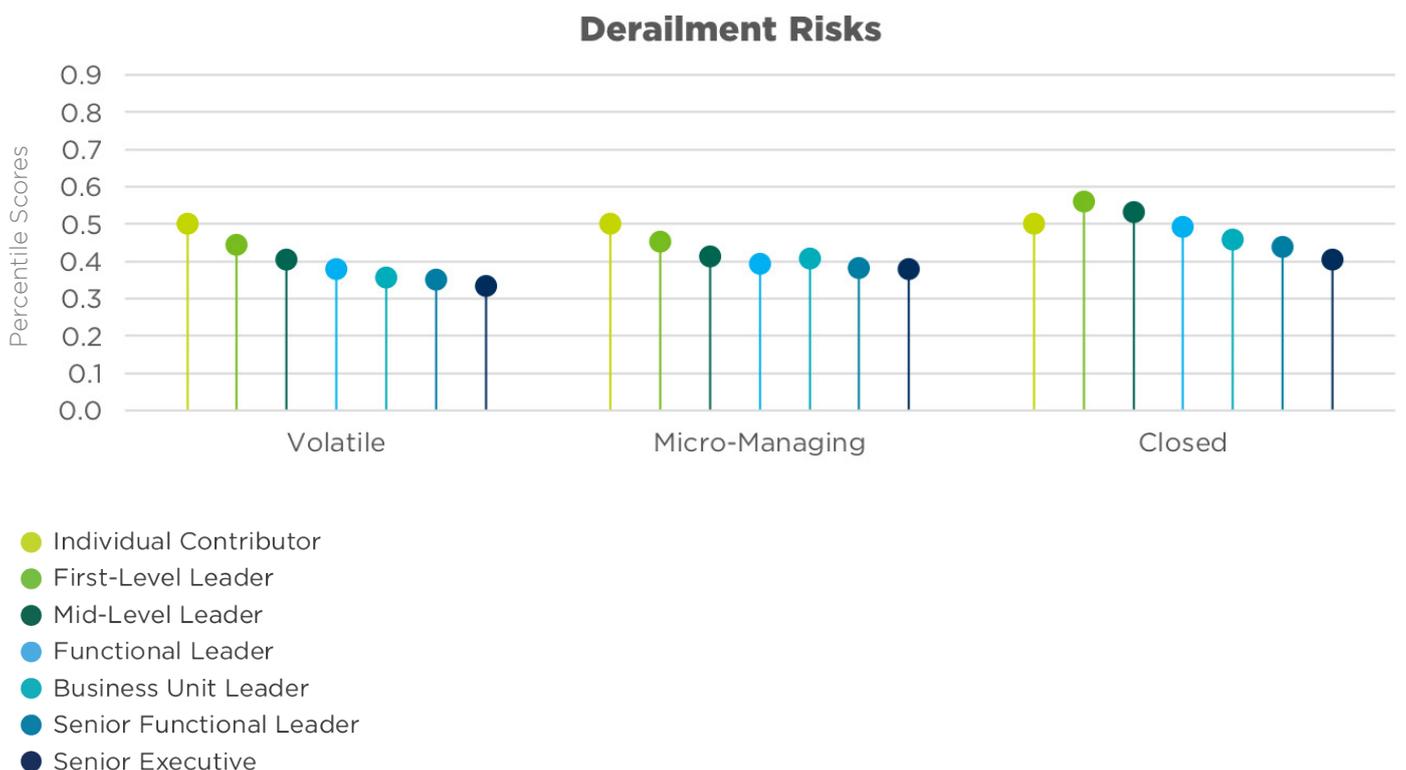
What may be tolerated in a high-performing individual contributor can undermine trust in and

willingness to follow a leader—and therefore, be considerably more damaging. For these reasons, it is imperative that both organizations and high potential leaders understand and manage the potential hazards associated with derailment risks.

Careful assessment of derailment risks offers insight into propensities that may cause trouble for otherwise successful leaders, particularly when they face stressful, ambiguous, or complex situations. People who are highly *Volatile* may be easily provoked or rattled when stressed. Those known for *Micro-Managing* may monitor work too closely, giving people too little say over *how* they work. And people who are *Closed* may tend to dismiss different perspectives and be rigid in their approaches to work (see Figure 6).

Derailment risks are not fate. Some people who score high on derailment risks may not experience situations that trigger potentially problematic behaviors. Others equipped with early awareness of these risks may develop and deploy strategies to mitigate the possible issues. Derailment risks offer powerful insights for proactive development and risk management.

Figure 5. Scores across leadership levels for *Volatile*, *Micro-Managing*, and *Closed*.



Conclusion

Many factors—retirements, organizational growth, new strategic challenges, restructuring—fuel the need to identify and cultivate a pipeline of talent. Identifying high potential talent early, then, lets an organization deliberately develop future leaders so that when a need arises, someone with the requisite ability is prepared to step up to the challenge. This is the only truly proactive way to manage a talent pipeline.

What, after all, is the other option? Wait and see who has the skills to succeed only after they've stepped into leadership, then replace them if they fail? This is time consuming, expensive, and fraught with pitfalls.

To succeed in this hyperdemanding, hyperchanging world, having the right leaders at the right time becomes a key differentiator. Yet, only 13% of HR professionals surveyed reported using science-based assessment to identify high potential talent (Korn Ferry, 2020). This is a miss for the rest, particularly because the science of assessing for high potential continues to advance.

High potential employees can sometimes hide in plain sight. Or they may not fit a preconceived

mold. That's why we recommend organizations take a methodical and objective approach to assessing potential in conjunction with their talent reviews: to increase accuracy and remove bias.

Those without the traits of leaders will have to work even harder to manage the stress of leadership. Those who aren't agile learners won't take away valuable lessons from their experiences. Those who don't have the drivers for leadership will find their jobs draining rather than energizing. Those short on key experiences won't hit the ground running. Those with high derailment risks will need to dedicate time to evading challenges or learning workarounds. And those who aren't quick to reason out solutions with their teams will struggle to be effective.

Our research has honed what we know about the key attributes that drive success—and those traits, drivers, experiences, and agilities are clear. Find high potential talent who are motivated to lead, can learn from experience, have a knack for solving problems, and are ready to tackle derailment risks, and you've found those people on the fast track to becoming high-performing leaders.

Or, put another way: the leaders you need tomorrow are right in front of you *today*.

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Authors

J. Evelyn Orr
VP, COO, Korn Ferry Institute

Sarah Hezlett
Senior Director, Korn Ferry Institute

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Korn Ferry is a global organizational consulting firm. We work with organizations to design their organizational structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward, develop, and motivate their workforce. And, we help professionals navigate and advance their careers.

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The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.