

the ultimate guide to

high-potential identification

welcome to brighter



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Introduction

It is a well-accepted maxim that the greatest asset of a company is its people. Employees play a critical role in driving organizational growth. The primacy of continual employee growth and development opportunities has been a chief concern for human resource professionals. Not only is continuous growth beneficial for the individual, but it is also in the best interest of the organization. L&D professionals often stand on opposite ends of the spectrum - the ones who believe that learning and development opportunities should be available to all, and the others who feel that special programs or attention should be accorded to high-potentials of the organization for better returns. It has thus become essential for organizations to be future-ready, with a talent pipeline prepared to take on more senior responsibilities and face future challenges, irrespective of their stance on the subject.

While organizations expect all their employees to function to the best of their caliber, it is a generally accepted premise that an organization is driven and sustained by a select few high-potential employees.



“The top 20% of your workforce accounts for 80% of organizational output”, as stated in Harvard Business Review in its case study titled ‘What Science Says About Identifying High-potential Employees,’ 2017.



Thus, identifying employees who drive the organization towards success is becoming crucial for optimizing the workforce and better people management. With an increasing need to continually evolve in times of rapid transformation and limited resources, identifying and developing your star performers is a pressing priority for HRs and line managers.

Who are High-potential employees?

A high-potential is an employee who possesses the intellect, drive, agility, and leadership orientation to successfully undertake broader and complex roles in the future. High-potentials are part of the larger pool of top talent in any organization.

HiPo employees drive the overall business performance by making significant and consistent contributions, delivering superior levels of performance while outperforming others, and exhibiting behavior and skills that align with the company's culture and vision.

Mercer | Mettl's High-potential assessment framework

Identify HIPOs who possess intellect, drive, agility, and leadership orientation to successfully take broad and complex in future

	Intellect	Drive	Agility	Lead
Definition	High intellect to successfully handle challenges & take effective decisions	Relentless determination to learn, grow and succeed.	Ability to move quickly and easily, effectively handling ambiguity and not giving up.	Potential to lead both internal and external stakeholders to achieve organizational goals.
Competencies	<p>1. Strategic Thinking</p> <p>Ability to think long term and take a broader perspective while setting priorities and the way forward.</p> <p>2. Critical Decision Making</p> <p>Ability to solve problems and make critical decisions after considering all available data and derive valid conclusions based on evidence and logical relationship.</p>	<p>3. Drive to Excel</p> <p>Strong will to achieve excellence in what one sets out to do.</p> <p>4. Learning Orientation</p> <p>Tendency to internalize a learning mindset & constantly seek opportunity to learn.</p> <p>5. Initiative Taking</p> <p>Tendency to take the initiative and seek responsibility without being forced to do so.</p>	<p>6. Navigating Ambiguity</p> <p>Ability to handle unclear or unpredictable situations comfortably & demonstrating the ability to manage one's work even without having all the necessary details.</p> <p>7. Adaptability</p> <p>Ability to adjust & adapt oneself to change, not allow oneself to get bogged down when situations are dynamic and constantly evolving.</p>	<p>8. Propensity to Lead</p> <p>Predisposition to lead others by consistently motivating and inspiring them to achieve their personal and organization goals.</p> <p>9. Stakeholders Management</p> <p>Ability to build professional networks & personal relationships within and outside the organization to ensure individual as well as organizational success.</p>

What is High-potential identification?

High-potential identification is a process that intends to discover individuals who possess competencies that are essential to succeed in more evolved roles for personal and organizational advancement. The process aims to find employees who demonstrate a higher possibility of outperforming other role holders and depict a differentiated leadership/role potential. High-potential employees display not only high levels of competencies for their current role but also exhibit a high future propensity for taking up bigger responsibilities and challenges.

It plays a significant role in making your workforce future-ready, enabling your organization to prepare for plugging in future talent gaps.



Major roadblocks to HiPo identification

To classify employees as highly capable and carry out a successful HiPo identification process, organizations typically rely on individual performance coupled with manager feedback. While these might be conventional practices, they are not without limitations.

Unclear definition of a ‘High-potential’

Organizations often don’t focus on future competencies. Their competency framework, if at all they have one in place, usually focuses on present business requirements and fails to acknowledge the changing business landscape and future competencies aligned to it. The absence of a clear definition of a HiPo employee for your organization, and it could vary based on the industry, size, etc., leads to ambiguity on who and what competencies qualify as a high-potential. Most organizations arrive at a loosely defined competency framework based on the subjective opinions of only a handful of people within the organization. They, therefore, struggle to objectively identify specific attributes/competencies they would need their high-potentials or future workforce to demonstrate. As a result, no one has a clear picture of the characteristics required for assessing the potential.

Performance versus potential

Yet another commonly found method of identifying HiPos is evaluating the current performance. Many organizations confuse performance with potential, two concepts that are often used interchangeably but don’t always mean the same thing. While performance takes into account past accomplishments, potential, on the other hand, is forward-looking.



9 Box Model

Considering that the expectations and demands of the future role might be starkly different from the one being currently performed, organizations can put their high performing employees in a position that might lead to unfavorable results. These results may stem from their inability to cope with the transition or the lack of skills required to excel in that particular role. While performance and potential are not mutually exclusive in a way that potential includes elements of performance, a high performer doesn't guarantee a high-potential.

Confusing performance and potential can be an expensive miss for an organization, pushing high-potential employees to look for alternative roles or even switch jobs, due to the absence of challenging roles and associated recognition or placing high-performers in positions they might not be equipped to handle.

Assessing Candidates Subjectively

Organizations often rely on the manager's feedback to assess an individual's performance for appraisals and promotions. That this practice is mostly subjective and prone to bias is known and can be detrimental to the process of high-potential identification. Relying solely on the manager's feedback means that candidates are being nominated for subjective reasons rather than scientific and standardized tools.

The amalgamation of these factors has left many organizations struggling while designing a successful strategy for high-potential identification for organizational planning and talent development.

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The need for High-potential employee identification



Regularly assessing your internal talent pool is critical for better people management. While new talent could be recruited for the same positions, instead of training existing employees, there is a caveat that recruits would take longer to understand the business needs before being productive for their companies. From an organizational perspective, recruitment is always more expensive than development.

HiPo Identification, Succession Planning, Leadership Development, and Training Need Identification go together with the broader construct of future readiness. While the objectives may differ based on the organizational requirement at a given time, all of them stem from the same need, which is the identification of a talent pool and deployment of developmental interventions to ensure organizational success in the long run.

High-potential employees prefer to be challenged at the workplace and are often aware that they are outperforming their peers. Often, acknowledging their contribution in one way or the other - providing them better learning opportunities, promoting or appraising them, placing them in strategic or more challenging roles, training them to be future leaders, etc. - can help retain these individuals.

High-potentials make sizable contributions to the present and future success of the organization. It is thus incumbent upon organizations to ensure that they nurture and utilize this talent pool appropriately.

Build a High-potential talent pool

Investing in your high-potentials can help you build a talent pipeline in case of loss of talent owing to attrition, retirement, or any other such issues. A high-potential talent pool can be accessed when the need arises to fill a critical business position, create a new business unit or team, consider employees for leadership pipeline, or carry out succession planning.


Develop High-potential employees

HiPo identification provides organizations the opportunity to develop their HiPo employees by placing them in advanced developmental programs to prepare them for future roles, expose them to better opportunities, put them on fast track training programs, or assign them to special assignments that provide advanced growth opportunities.

Retain High-potential employees

With attrition being one of the most prominent challenges confronted by organizations, losing a high-potential employee can be a significant setback for any organization. High-potential identification provides organizations with objective data to focus their efforts on retaining the right people.

By engaging high-potential employees, organizations take note of their need for achievement and advancement, giving them a reason to stay in their current organization.



“When performance is the only criteria employees are evaluated on, high performers will be the only ones moving up - and your high-potentials will be moving out.”

Brian Kight

Director of Performance
at Focus 3



Reward High-potential employees

Promotions and appraisals are powerful tools to reward high-potential employees and keep them motivated. Traditionally, performance has been the central focus of appraisals. While performance has and should always be rewarded, identifying and rewarding potential is equally critical. Potential data serves as an enabler to better people's decisions. Since high-potential employees are often driven, agile and ambitious individuals, promotions become an extremely effective tool in ensuring that they are motivated to work to the best of their ability, delivering consistent results. The addition of potential to already existing performance parameters, thus, allows you to make appraisal decisions objectively and accurately.

Tools to measure HiPo employees

With the focus shifting on combining potential and performance, the conventional methods are giving way to more dynamic ones. High-potential employee identification is an essential component of the shifting global work environment filled with new challenges and uncertainties.

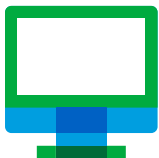
These High-potential identification tools are designed, keeping the present business environment in mind. While high-potential identification is often carried out for select employees based on seniority, these highly flexible and customized tools allow your organization to implement HiPo identification at scale across all employee levels (frontline and managers) timely and cost-efficiently.

Assessment & Development Centers (ACDC)

Often confused with one another, assessment centers and development centers, both use tasks, assessments, and exercises to assess the workforce. While assessment centers primarily match an employee to a particular role, development centers are used for employee development. Together, they make an excellent tool for identifying high-potential employees.

Assessment and development centers combine roleplays, situational judgment tests, presentations, group discussions, interviews, simulations, psychometric and aptitude tests, and other such techniques to make critical people decisions. This allows assessors to objectively evaluate candidates in situations that imitate real-life workplace scenarios and observe skills and behaviors specific to the defined competencies.

ACDCs can be undertaken in the following ways:



Virtual ACDC

A complete suite of online programs that simulate traditional ACDCs for a holistic understanding of employees, they are time and cost-efficient without any logistical hassles. The biggest USP of virtual ACDCs is their instant and automated reports, along with reduced overhead expenses. These are best suited for mid-level managers and individual contributors.



Traditional ACDC

Conducted in an offline setting with a dedicated team of assessors, traditional ACDCs are on the decline because of high costs, complex logistics, and the time taken in implementation and obtaining results.



Blended ACDC

A better alternative for traditional assessment centers - blended ACDCs combine the best of technology and human touch by bringing together on-field programs and online assessments for an integrated approach to talent management. These are best suited for mid to senior-level leadership profiles.

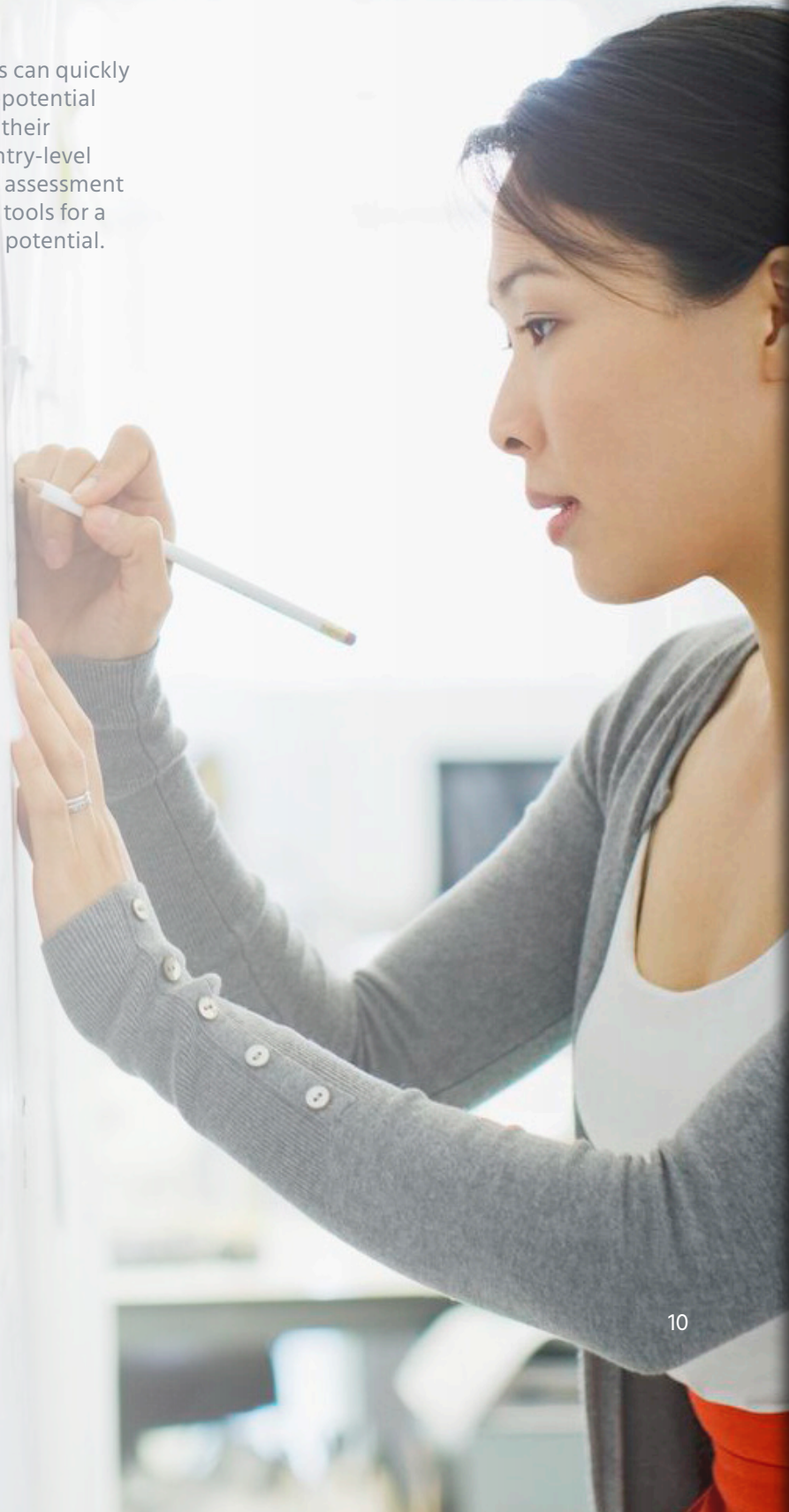
360-Degree feedback

A holistic process where an employee's superiors, peers, direct reports, and, sometimes, even customers, evaluate an individual's performance and potential. 360-degree feedback tools are often used for performance appraisals and promotions but can be adapted to look at potential as one of the metrics, through additional indicators of potential that stakeholders use to evaluate employees on.

Assessment battery

A comprehensive battery of assessments can quickly help organizations zero in on their high-potential employees by evaluating employees on their personality and ability. Best suited for entry-level employees and first-time managers, the assessment battery can be used as part of advanced tools for a holistic understanding of an employee's potential.

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Conclusion



High-potential identification contributes heavily to the future readiness of organizations and hence is critical to the overall organizational strategy.

Identifying, developing, and retaining future potentials can significantly add to an organization's capacity to cope up with a transition in the present and future. High-potential identification needs to be driven by a comprehensive view of performance while taking into account an extensive understanding of a person's future role in the organization.

With skillsets, roles, and technology becoming obsolete in less than three years, businesses realize the significance of high-potential employees in a volatile, uncertain, complex and ambiguous (VUCA) world. The current war on talent due to the shortage of skills makes high-potential identification of existing employees even more crucial. The right strategy, tools, processes, and partners can help organizations to identify untapped potential and make high-potential identification an indispensable part of their business strategy.

Mercer | Mettl Can Help?

A Structured process for identifying HiPo employees

The process of HiPo identification can be different for different organizations, just like the meaning of HiPo. Organizations need to undertake a twofold approach for HiPo identification programs - one that enables them to reflect inwardly for their business vision and goals and the second that takes into purview the business environment.

Mercer | Mettl's solution for high-potential identification helps organizations in the accurate recognition of high-potentials through a structured process:



Sensing Exercise

A sensing exercise is the first step towards a coherent high-potential identification process. It involves understanding the building block of the program, the roles, levels, and competencies under consideration.

Mercer | Mettl handholds organizations by interacting with key stakeholders who are vested in the high-potential identification process. Focused group discussions and visionary workshops are an integral part of the sensing exercise to identify essential competencies and tool composition.





Employee evaluation

Once competencies have been identified, our suite of tools is best matched to the organization's complexity and cost requirements. Mercer | Mettl's customizable and scalable tools, namely virtual and blended assessment and development centers, 360-degree feedback, and a comprehensive battery of assessments, etc. can be used independently or in conjunction to identify untapped potential.



Talent pool finalization

Mercer Mettl's swift and automated reports help organizations identify the accelerated talent pool, initiate talent mobility, and implement developmental strategies.



Organizational & individual developmental plans

Given that potential cannot be equated with readiness, the organization must invest in developmental initiatives through Individual & Organizational Development Plans (IDPs/ODPs) for the identified pool to equip them to take on future roles and responsibilities. Mercer Mettl provides organizations with ODPs that pronounce the way forward and IDPs that help bridge the gaps obtained from employee evaluations.



Result validation

Mercer | Mettl's end-to-end solution for high-potential identification of employees helps organizations validate results through predictive modeling and correlation exercises.

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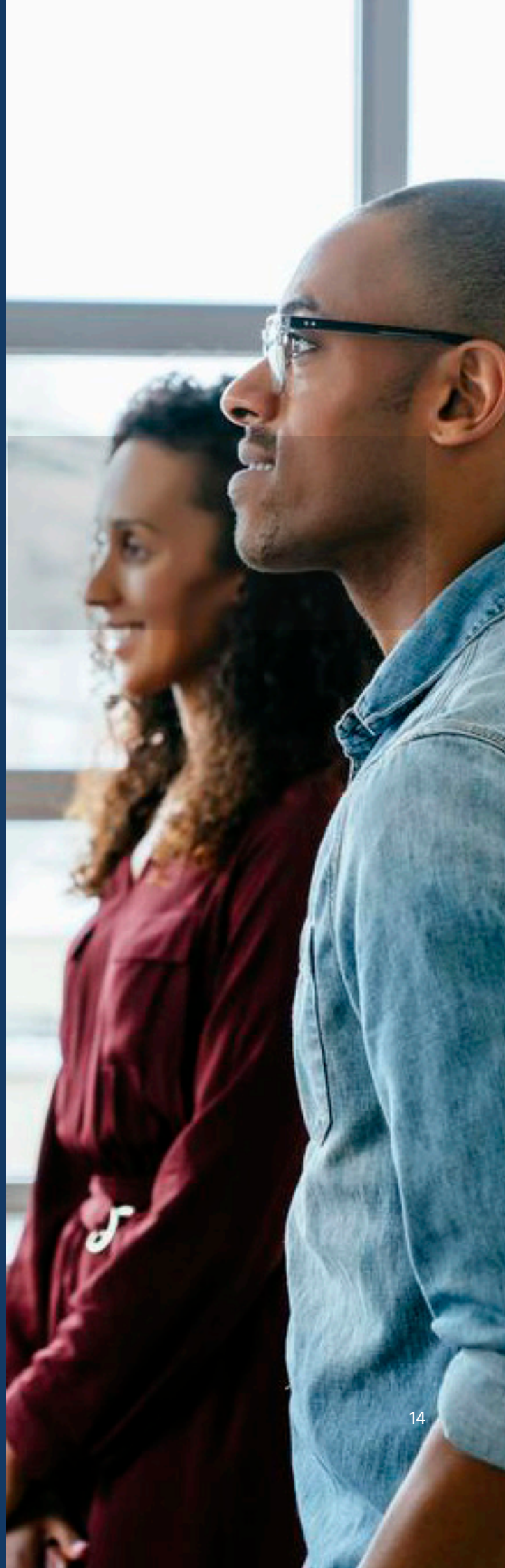
Why choose us?

Mercer | Mettl's high- potential solution is scalable.

It can be customized for all levels of your employees throughout their employee life-cycle, starting from frontline employees to managers and other senior positions.

With a variety of tools to offer, Mercer | Mettl designs quality assessment solutions tailored to your organization's needs of complexity that are quick, reliable, and cost-effective.

Mercer | Mettl's deep analytical rigor and specialized expertise come together to provide every organization with a developmental plan for its current and future needs.



About Us

At Mercer | Mettl, our mission is to enable organizations to make better people decisions by making credible people decisions across two key areas: Acquisition and Development. Since our inception in 2010, we have partnered with 2900+ corporates, 31 sector skill councils/ government departments, and 15+ educational institutions across 90+ countries.

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