

# Is Your Talent Pipeline at Risk?

## Engaging High Potentials



### TALENT DEVELOPMENT

#### HCI White Paper

By DBM & HCI

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## Executive Summary

Organizations that effectively engage employees realize a significant advantage over competitors — including performance gains that lead directly to improved financial results. Without a strategic approach to talent that includes a focus on employee engagement, many companies fail to ensure employees are satisfied in their roles and committed to achieving key strategic goals — risking turnover of key players and the inability to meet overall business objectives. Adding to this challenge is the fact that many disengaged workers are actively seeking new opportunities as the economy grows, while competitors are looking for ways to gain an edge by actively pursuing your high performers.

Growth remains a top strategic priority for nearly half of all organizations, while many organizations continue to focus on profitability. Innovation, efficiency and high quality performance will be key to success. But a lack of engagement and loss of talent will seriously impact your organization's ability to meet strategic objectives. Organizations need strong performers, working smarter and more productively, with competent leadership who will engage and motivate them to meet growth goals.

Are you at risk for losing top talent? Are your employees engaged in their work and with the organization? New research has given us clearer insight into key issues that impact an employee's decision to leave his or her current employer. Not surprisingly, the top five drivers cited by employees as most important to engagement include: base pay, stress levels, promotion opportunity, work/life balance and confidence in senior leadership.

Organizations cannot afford to neglect employee engagement. The costs to the organization can be significant. Losing key players means spending money to recruit, train, and get new employees up and running as contributors. It could also mean declines in productivity, lost business opportunities, and weakened customer relationships. Employee turnover impacts other employees, as well, contributing to increased workloads and stress, further eroding engagement and creating an environment of discontent.

Companies are making smart, strategic investments in developing key talent as they seek to engage and retain employees, while also ensuring they have the skilled workforce needed to grow. [A recent Hewitt study](#) found that 3 out of 4 reported career development as more important today than it was five years ago, while 9 out of 10 reported it is one of the most important drivers of engagement and retention.

This paper draws on a recent discussion between three experts in the employee development field: Margaret-Ann Cole, Vice President for DBM's North America Talent Development Practice; Angela Scalpello, Global Senior Vice President of Human Resources for PR Newswire; and Mike Atcovitz, Vice President of Human Resources for ADT Commercial Security Services.

After reading this paper, you will understand key strategies to:

- Ensure your high potentials are really engaged
- Identify opportunities to create engagement “touchpoints”
- Understand the difference between high performers and high potentials and how to develop them differently

## Why Focus on Engagement, Especially Now?

Engagement impacts business results, and giving it more focus may give you a critical market advantage. According to [a 2009 study by Watson Wyatt WorkUSA](#), employees with high engagement work at companies with:

- 13 percent higher five-year total returns to shareholders
- 50 percent higher market premium
- 26 percent greater employee productivity

PR Newswire and its parent company, United Business Media (UBM), administered employee surveys to measure the drivers of engagement. The goal of the surveys was to look at what their companies were doing to enable engagement and what they were doing to disable engagement. From the results, company leaders began developing plans to reverse disengagement.

One of UBM's engagement initiatives included a business leaders program. PR Newswire participates in a leadership program run by the UBM group that targets high potential employees around the globe. Members of the business leaders program become connected to the greater whole of the business and become part of a network, which further drives engagement, Scalpello said.

In addition to the business leaders program, PR Newswire also placed a strong focus on the role of managers in the organization. "If we could build a better boss and strengthen the skills of our managers, then we could have a tremendous compounded impact on the rest of the organization," Scalpello said. Making sure you have engaged managers is the first step in looking at employee engagement because managers model the behavior, they drive performance, and they measure performance. If there is anything that has proven to have a return on investments relatively quickly, it is making sure that you are focusing your engagement efforts on employees who manage one or more individuals in the organization.

### **What's at Stake**

If you do not engage your employees, there are significant repercussions. A recent study from the Corporate Leadership Council studied thousands of employees, and those employees were identified as emerging stars. The findings revealed that most management teams stumble when they try to develop the next generation of leaders. Senior managers often make misguided assumptions about their employees and take actions that actually hinder development.

According to the Corporate Leadership Council Study:

- 1 in 4: intends to leave within a year
- 1 in 3: admits to not giving 100 percent
- 1 in 5: believes personal aspirations are different than the organization's
- 4 out of 10: have little confidence in co-workers or senior team

No organization can afford to lose so much productivity from its top talent. Organizations have experienced a variety of unintended consequences because they stood still on the sidelines. "Financial goals are tougher than ever to hit, and they're not optional," Cole said. "If you only have a few critical leaders, and they fail, or they leave, and there's no talent to fill the gap, those goals are at risk."

If employees are leaving because they did not have development and career growth opportunities, there are serious retention implications if you do nothing. If you are held responsible for having the right talent and keeping the right talent, failure could jeopardize the credibility you've worked so hard to build as a strategic partner. Companies must assess engagement, but they also have to do something about it.

## Leveraging 'Touchpoints' to Create Engagement

Companies can use one-on-one situations, practices, and programs to drive engagement in a thoughtful and ongoing manner. The following are touchpoint opportunities that can be leveraged to create engagement:

- Coaching and mentoring
- Onboarding
- Training
- Managing change
- Senior leadership communication
- Surveys
- Goal setting
- Ongoing performance feedback
- Annual performance reviews
- Career development
- Personalized communication
- Recognition programs

Engagement is an ongoing effort, and the measurement of engagement is just the starting point. Once you measure engagement, and find out what employees really want, you create an expectation, and they expect you to then take action. One of the most meaningful actions you can take is to make better use of the activities and programs that you already have in place. The strength in these programs is to use them in a very thoughtful way to drive engagement.

Improving engagement is not an easy task. It takes time and focus, and often in business, the urgent overcomes the necessary. Many of the touchpoints to create engagement are necessary, and it is important to instill in managers the need to focus on the necessary tasks before they become urgent.

At PR Newswire, focusing on onboarding is extremely important. They make sure that as soon as people come into the organization, they feel they have the network, the support, the information, the tools, and the resources to hit the ground running. When new employees are properly onboarded and quickly assimilate, they are more likely to perform at higher levels and will feel good about their contribution to the company. This is critical to retaining new employees and not losing your investment.

At the interview stage, employers must determine whether a candidate could be successful with the company, and if the company would be a good choice for the individual. Scalpello compares the employee-employer relationship to marriage. "I say to the person, just like a marriage, you can't go around telling the world you have a happy marriage if the other person is miserable," she said. "It takes two people."

In addition to focusing on onboarding, PR Newswire also focuses on recognition and rewards. When people think about recognition and rewards, they often think of programs. Recognition and rewards also include the cultural message that a company sends to employees about what behaviors will not be tolerated, and more importantly, what behaviors the company chooses to recognize and reward. At PR Newswire, a program called "Above & Beyond" allows employees at all levels of the organization to give someone a shout-out that is heard around the globe, saying, "I know who you are, I saw what you did, it has impact and meaning, and I want to recognize and reward you," Scalpello said. A cash reward or gift card is also included.

The touchpoints of developing career paths and global capabilities are linked. To create a global capability, companies have to help people work in different parts of the business. They must also develop managers who have general skills and capabilities across the enterprise. One challenge in developing global capabilities is helping managers accept short-term pain for long-term organizational gain. For example, it may benefit the organization as a whole to move a really strong manager in one department of the organization to another department. But this is not an easy task because people often want to hold on to their best talent, even internally.

PR Newswire uses the touchpoint of blended learning to create new ways of facilitating training throughout the organization. Employees often rely on old methods of spreading knowledge across the company instead of utilizing new channels. "As we look at social media and we look at an employee group that is much more accustomed to learning from peers and learning by doing, we have to think of more creative, non-traditional ways to seed knowledge, experience, and learning throughout the organization that doesn't look like traditional training programs," Scalpello said.

### **Career Development as a Touchpoint for Engagement**

A lack of career development is cited as a key reason why top performers leave. Development is a shared responsibility between managers and employees. It is important for the manager to provide these developmental experiences and opportunities while the employee takes responsibility for creating his or her own development plan.

ADT already had a number of career development programs in place when it began focusing more on employee engagement. The company has a robust job posting and global mobility program and documents career paths across most of its major disciplines.

"We have career interest and mobility baked into our performance management systems," Atcovitz said. "But there was a recurring theme in the feedback we received from our associates that career development was still a big frustration, even though we were filling more than half our vacancies using internal resources." He admitted that employee perceptions of ADT's effectiveness in career development were lukewarm at best.

Leaders at ADT decided to approach the challenge by expanding touchpoints and giving more focus to managers. ADT found that many managers simply were not comfortable having conversations about career development, because many of them have not had the benefit of formal career coaching themselves. ADT began providing training and tools to managers to coach employees on managing their careers, the resources available, and how to link opportunities with their personal strengths and interests. Part of the goal in human resources at ADT is to continually improve the quality and capability of its talent, so managers help employees understand how the bar will move.

“ADT is looking to drive career coaching deeper in the organization and to touch more of its employee base. Most of the associates at ADT struggle with validating their strengths, particularly if strengths are not used regularly in current assignments,” Atcovitz said. While managers can help associates navigate their career paths, ADT found that many associates still had not identified their personal career passions. The company also found that if employees did not know what they wanted to pursue, they would be more likely to end up leaving the organization. Driving the coaching process deeper in the organization will ensure greater learning and advancement.

### **Benefits of Career Development as a Key Engagement Driver**

Career development addresses individual development and career goals, balances the needs of the organization with the needs of the individual, and enhances skills and competencies that drive individual and organizational performance.

PR Newswire has developed its measurement of leadership capabilities in conjunction with input from CEOs, members of the leadership program, and external consultants. As the company develops people to rise through the organization, managers are focused on the unique competencies and skills needed in the company and have a clear strategy about how they will help employees develop them.

It is vital to engage employees in development early in their careers with a company. When asked to identify what is most important in moving up in the organization — ability, aspiration, or engagement — overwhelmingly, new employees say aspiration and engagement. However, ability, or proving that you can do a job well, goes much further than the other two attributes, Scalpello said.

“If you have aspiration without ability, then you are an incompetent dreamer,” Scalpello said. “If you have engagement without aspiration and ability, then you have a good connection, but we don’t know if we want to be connected to you.” It is important that all three come together for an employee, because then you have a high-performing high potential in the workplace.

## Three Common Traps to Avoid

When considering how you plan to engage high potentials, avoid these three common traps.

1. **Don't assume high potentials are engaged.** It is vital that employers understand what drives engagement for this key group. High potentials generally have higher expectations for how they should be treated — starting with simply being identified as a high potential. Senior leaders should double or triple their efforts in keeping young stars engaged by:

- Recognizing them early and often
- Linking individual goals to corporate goals
- Giving them opportunities to help solve the company's biggest problems
- Regularly taking the pulse of valued employees

While it's important to acknowledge high potentials, you must be cautious not to disenfranchise the rest of your organization. Consider how you recognize and reward other members of your workforce, including offering career development opportunities to other key segments of your employee population.

2. **Don't confuse high performance with future potential.** More than 70% of today's top performers lack critical attributes essential to their success in future roles. The bulk of talent investments are being wasted on individuals whose potential may not be that high.

There are three attributes that best define stars: **Ability + Engagement + Aspiration.**

- **Ability:**  
Intellectual, technical and emotional skills to handle increasingly complex challenges
- **Engagement:**  
Level of personal connection and commitment the employee feels toward his or her role and to the firm and its mission
- **Aspiration:**  
Desire for recognition, advancement and future rewards

3. **Avoid delegating down management of top talent.** Top talent is everyone's responsibility. It is a long-term company asset. Responsibility for high potentials' development must be shared by general managers. There is often an assumption that line managers know their people best, but they should not have the sole responsibility of managing top talent. What happens when management of top talent is not shared?

- Candidates are selected solely on the basis of recent performance.
- Candidates are offered narrow development opportunities limited to their own business units.
- Managers focus mostly on skills required now rather than tomorrow.
- Employees are hoarded by line managers and not shared throughout the organization.

### High Performers vs. High Potentials

Performance is linked to ability, but potential is a combination of aspiration and engagement in addition to ability. Current performance does not necessarily predict an employee’s future performance. Understanding an employee’s level of performance and potential will be important in helping you make strategic investments in talent so that you identify the right employees for development opportunities.

Many organizations utilize a “Nine Box” approach of some kind to help them identify and calibrate their talent. Using an approach like this helps an organization structure the way they think about their talent and how they develop their talent. The chart below, adapted from APQC 2001 Succession Management, is designed to give a sample of where to start. Companies spend a tremendous amount of money on employee and leadership development. Using tools like this one to chart and calibrate talent helps identify where and on whom those dollars would have the most impact for the organization.

		Potential		
		Low	Medium	High
Performance	High	<b>Solid Performer</b> <ul style="list-style-type: none"> <li>Gets all important things done</li> <li>Excels in position</li> <li>Is recognized as a functional expert</li> <li>Has reached potential</li> <li>Is in the right job</li> </ul>	<b>Strong Performer</b> <ul style="list-style-type: none"> <li>Gets all important things done</li> <li>Acts as a leader and role model</li> <li>Exhibits leadership competencies beyond current role</li> <li>Some leadership issues</li> </ul>	<b>Star Performer</b> <ul style="list-style-type: none"> <li>Gets all important things done</li> <li>Recognized leader and role model</li> <li>Exhibits leadership and organizational competencies</li> <li>Has widespread influence beyond current role</li> </ul>
	Medium	<b>Questionable Performer</b> <ul style="list-style-type: none"> <li>Gets most important things done</li> <li>Is proficient in position</li> </ul>	<b>Solid Performer</b> <ul style="list-style-type: none"> <li>Gets most important things done</li> <li>Shows signs of being a leader and role model</li> </ul>	<b>Strong Performer</b> <ul style="list-style-type: none"> <li>Gets most important things done</li> <li>Acknowledged as a leader and role model</li> </ul>
	Low	<b>Low Performer</b> <ul style="list-style-type: none"> <li>Isn’t getting most important things done</li> <li>Difficulty performing in position</li> </ul>	<b>Questionable Performer</b> <ul style="list-style-type: none"> <li>Isn’t getting most important things done</li> <li>Capable of making a greater contribution</li> <li>May be in the wrong position</li> </ul>	<b>Solid Performer</b> <ul style="list-style-type: none"> <li>Acknowledged team leader and role model</li> <li>Exemplified leadership competencies</li> <li>May be in the wrong job</li> </ul>

Source: Adapted from APQC 2001, Succession Management

## Conclusion

Organizations often seek a silver bullet. But the reality is engaging and retaining talent requires a strategic, focused approach that demands an investment of time and resources. Executed well and driven by leadership, talent development is an investment that pays huge dividends in terms of business performance and competitive advantage.

Remember to regularly assess engagement levels within the organization. Understand key drivers unique to your workforce. Gather as much information as possible on current engagement and retention initiatives and identify program strengths and weaknesses. Make incremental changes. Do not throw out what is yielding results, and modify programs that aren't working. Reward performance with innovative development programs — that really differentiate your high performers — they earned it and deserve it.

If your organization has had to cut costs and reduce investments in talent development programs, be sure employees understand the business rationale and what other initiatives will be available to support their career goals. Help employees to see how their roles and contributions to the organization fit together with the company's overall business goals.

By better leveraging key touchpoints such as senior leadership communication, goal setting, performance feedback, training and development, or mentoring, you can create engagement and retention programs that the business can support. It is also critical to involve your managers at every level. Each one-on-one interaction that a manager has with an employee is a critical and leverageable touchpoint.

In today's challenging economy, companies need to continue to manage costs while pursuing new market opportunities. With hiring expected to remain weak, growth must be driven by an organization's current workforce. It's imperative for organizations to invest in developing employee skills and competencies today — increasing productivity and performance that will drive sustainable growth into the future.

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### **About DBM**

DBM ([www.dbm.com](http://www.dbm.com)) is a leading global outplacement and talent development firm. For over 40 years, DBM has been helping organizations and individuals deal with the events and challenges of transition. With unparalleled industry experience and leadership, DBM provides career transition and talent development solutions to the individual and the organization — ensuring successful transitions and tangible improvements to business performance. DBM has 200 locations around the globe serving 85 countries and has partnered with 70 percent of the Fortune 500 and 80 percent of the Global 500 companies.



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