



## Finding your 'high-potentials'

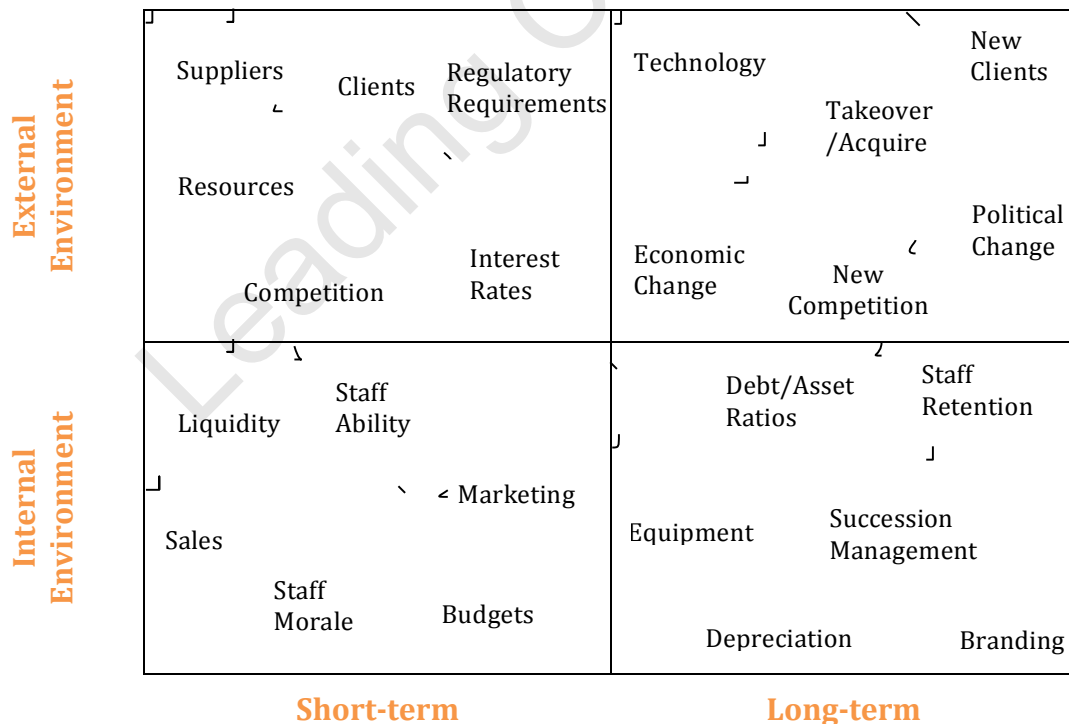
By Simon Tedstone

An organisation – regardless of industry, age or stage – will not enjoy future success unless it has the right leadership. An organisation’s leadership, particularly its senior leadership, is its most important asset, bar none.

The simple reason is that the environment in which we operate is always evolving and changing. If our environment changes we need to change with it, and proactively, rather than reactively. As Pritchett comments “If the rate of change inside an organisation is less than outside it, then disaster is inevitable.”

This requires two things: a decision to change, and for change to be implemented. These two things cannot happen without the right leadership.

There are four quadrants of environment a leader needs to consider, and a board and equity holders need to ensure their leaders can effectively consider: long term, short term, internal and external. The diagram illustrates some of the complex issues senior leaders need to be aware of in each of these quadrants.



Today’s leaders, and even more so tomorrow’s leaders which will often come from within the organisation, face an increasingly dynamic, competitive and unpredictable environment. Globalisation, evolving technology, highly skilled



and knowledgeable staff, instantaneous and low cost communications, and a move from meeting customer expectations to anticipating their wants and needs are driving this complexity. Competition is intense, not only with products and services, but to staff recruitment and retention as well. These challenges, with the right leadership, can become a huge opportunity.

The potential for an organisation's leaders to influence performance is highest when situations are complex, fluid and contain many options. In this environment, staff make decisions further down the organisation to facilitate the speed of change and evolution, showing leadership is important throughout and not just at the top of an organisation.

So if leadership is the critical success factor, how does an organisation make sure it has the leadership capacity at the top and within, both now and in the future?

Taking this question from the top, a board and equity holders must ensure they have the right CEO and senior management team to take the organisation from its current position to the intended future state. Every organisation is different. Some are on the brink of failure, others are start-ups, some have positive cultures and others are geographically diverse. The differences are limitless. Therefore the leadership ability an organisation requires of its senior team is unique. Understanding this leadership requirement is the starting point to ensuring the senior team and their board are set up for mutual success. The other side of the equation is to understand the leadership abilities of the incumbent or prospective senior leaders. How do they match the leadership requirements, what is the gap? Can the gap be closed?

Once the board and equity holders understand the gap between the required and existing leadership, they still only have two choices – develop or recruit. However, they will understand the extent and specifics of their leadership gap, and this clarity makes development, promotion and recruitment more effective to ensure they have the right leadership to take the organisation where it needs to go.

Clearly the CEO and the senior leadership team are going to be instrumental in achieving success, but they can only be as successful as the staff and leadership below them. There are two key factors that make the lower levels of an organisation so important. Firstly, it is this level that is going to be interacting most directly with customers. Therefore they will be the ones who add value, or not, to the stakeholder group that will ultimately affect an organisation's survival. Secondly, it is going to be from this group that the organisation will draw many of its future senior leaders. Either of these factors is going to have a very major impact on future performance and its sustainability.

Regardless of industry, profession, or location, the single greatest inhibitor of mid-level organisational leadership is the senior leadership team not letting the lower tiers perform. This is particularly the case in terms of decision-making and ownership. In mid-management, leaders are recognised for their good decisions, and the mistake they often make in moving to senior management is they



continue to try and make all the decisions. This inhibits their ability to work more effectively at a macro level and limits the capability of those underneath them they can leverage. It will also inhibit the motivation and development of lower management. This will, in turn, deprive the organisation of future leadership talent. This one failing of senior management can therefore have disastrous mid- to long-term ramifications on organisational success, not to mention the development and progression of the mid level leaders themselves.

So how do senior managers know who to share with and delegate to, how can they tell who their potential leaders are? The key ingredient to high potential for leadership is initiative. A manager who is perfect but lacks initiative will go no further. A leader who lacks certain skills and abilities yet has high levels of initiative will develop themselves and find the best ways to meet challenges. As senior leadership is all about dealing with challenge and ambiguity, initiative is essential. More specifically, when identifying high potential leaders consideration should be given to their initiative to think, their initiative to build relationships, their initiative to inspire, and finally, their initiative to achieve. If you can find junior and mid-level leaders who can demonstrate initiative across these four areas then you have a high-potential leader. If these leaders don't know they will find out, if they cannot find out they will come back and ask. Delegation to these high-potentials will benefit all.

Leadership – its identification and its development – must not be left to accident. It is too critical to success. Many organisations seem to think that their high-potential leaders will emerge as they progress, but this thinking is akin to pinning the tail on the donkey blindfolded: eventually you might get there, but at what price? The primary reason for this is that junior managers do not always have opportunities within their roles to demonstrate leadership.

Assessing potential leaders in some form of business simulation is the most valid way to identify high-potentials. These simulations may range from two hours to two days in length, depending on needs and budgets. There are two key reasons for this validity. Firstly, in a controlled environment, you can ensure that they have ample opportunity to demonstrate all of the leadership attributes you are assessing them against. It is entirely up to them whether they demonstrate these attributes or not. Secondly, again because it is a controlled environment, you can give every participant exactly the same opportunity. This means the results can be ranked and benchmarked against pre-determined expectations of what high-potentials should look like.

So now you know who your high-potentials are you need to accelerate their levels of experience and learning. How? As previously mentioned, giving younger leaders responsibility and opportunity to lead is essential to their own and the organisation's development. This might take the form of a specific project, an element of their manager's work, or even a secondment to another division or location. However, for this to be effective it needs to be supported with the agreement of specific development objectives: why we are giving you



this to do and why you would like to do it? This then needs to be followed up by another simple – but all-too-often rare action – the provision of feedback.

In the majority, organisational feedback tends to only take place when something has gone wrong. “Come into my office” is something many staff dread their manager saying, particularly in organisations that have a blame culture. You cannot expect staff and future leaders to develop if they are not given feedback as to what they have done that has gone well, has not gone well, or could have been done differently. Effective feedback is an essential part of learning and development; it is therefore an essential skill of today’s business leaders.

Feedback should be timely and relevant, it should be facts rather than personality-based and it should be driven by outcomes and potential outcomes for the individual and their team or organisation. In organisations that value and have a culture of effective feedback, the annual appraisal becomes a much more effective process for all. In this situation, surprises and debates are rare and the conversation focuses more on the future than on past actions. Again this can only be to the benefit of all parties.

In the future, the most successful organisations will be the ones that understand and manage their leadership gap. At the most senior levels they will manage this gap in line with their internal and external environmental challenges. They will also value leadership, its assessment and development, at the top and within the organisation. It is this value for leadership that is more important than any other process, training or education. Without a value for leadership specific development actions, even attendance at the best business schools, become isolated events. Organisations of the future ignore leadership at their peril. Those that encourage leaders to lead and enjoy leading will thrive in the future; the ever increasing complexity and dynamism will bring opportunity to be relished rather than threats to react to.

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