

Virtual Working
Group:

Managing
High
Potentials
and Star
Performers

Managing High Potentials and Star Performers February 7, 2022

In the ongoing war for talent – and in recent periods of increasing employee mobility – engaging and retaining high potentials and star performers is at the forefront of companies’ most pressing HR priorities. While high potentials and star performers offer extraordinary value to their employers, they also enjoy the greatest attention from their employers’ labor market rivals, posing a significant threat of turnover. To help partner companies think through these challenges and to learn from one another, Professor Rebecca Kehoe hosted a virtual working group to explore how CAHRS companies are addressing the challenges of managing and developing high potentials and star performers. Below is a summary of the key themes and best practices from the working group.

DISCUSSION TAKEAWAYS

1. Organizations are operating leadership programs designed for recruiting, managing, and developing high potentials and star performers. These programs are linked with organizations’ talent management frameworks to guide the categorization of employees into different talent segments, which serves as the basis for investments in developmental activities and succession planning.
2. Many organizations are experiencing transitions in managing high potentials and star performers. In the past, high potentials were considered to be those individuals deemed capable of adapting across cross-functional experiences and thriving in expanded roles as future leaders. Recently, many organizations have realized the critical need to also invest in technical experts whose deep expertise may position them as ideal leaders within their areas. Accordingly, these organizations have begun to adapt their talent management frameworks to acknowledge this shift in perspective (with some even moving away from the “high potential” label).
3. Organizations are increasingly employing action learning programs to develop high potentials’ problem-solving skills. By assigning high potentials to projects that address current organizational or community challenges, organizations find a mutual benefit in high potentials’ gains from experiential learning and development of valuable professional networks and organizational gains from the actionable solutions that result from these assignments.
4. Organizations have realized the importance of ensuring transparency in managing high potentials and star performers. Also, there is a recognition of the importance of viewing the talent management process as a two-way conversation in which both leaders’ perspectives and individuals’ aspirations are considered.

21
participants
from
13
CAHRS Companies:

Boeing
Bristol Myers Squibb
CDW
Cigna
Dell
E&J Gallo Winery
General Electric
IBM
Johnson & Johnson
Medtronic
Otis
Terex
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Attracting, Identifying, and Socializing High Potentials and Star Performers

Participants shared insights related to their organizations' approaches to bringing high potential talent into and up through the organization. For instance, many organizations maintain rotational programs for which they recruit high-caliber talent from selected universities. Recruitment strategies for these programs are often distinguished from the recruiting of other employees in terms of recruiting cycle, target schools, and the intensity of screening processes.

Participants also discussed the dimensions used within their organizations to identify top talent among current employees, including performance, potential, promotability, and role scalability, with these attributes serving as the basis for categorizing employees into different talent segments. Often the evaluation and tracking of these individuals takes place using organizations' internal human resource information systems (HRIS), which provides prompts for HR managers to connect with people leaders to encourage selected employees' participation in leadership development programs.

Recent Transitions in the Management of High Potentials and Star Performers

Many participants shared recent transitions in their organizations' approaches to managing high potentials and star performers. These transitions include changes in the language and the talent management framework. In terms of language, many companies are moving away from using the term "high potentials" due to its traditional connotation with individuals capable of taking on broad roles. Organizations are starting to realize that both individuals with broad expertise and competencies, as well as specialists who have in-depth expertise within particular business functions, are critical for their success.

The transition of the high-potential management framework is a result of this mindset shift. For example, some participants recently introduced new talent management frameworks where employees are categorized into (a) Broad, (b) Deep, and (c) Versatile classifications. Individuals in the "Broad" category are viewed as capable of moving across functions, whereas "Deep" employees are viewed as technical experts within their business functions. Likewise, employees in the "Versatile" category may become technical experts or take on broader roles. This transition has enabled leaders to see the value of technical experts in a way that was more difficult under the traditional notion of high potentials which primarily valued breadth in competencies. Another benefit of this transition is that it better positions organizations to ensure a tight linkage between talent management and developmental activities. For example, individuals who have the potential to take broader roles may receive more generalist training with an emphasis on cross-functionality and leadership skills. In contrast, training for those with deep technical expertise may focus on the requirements for development specific to a particular business function.

Many participants who experienced these transitions highlighted the importance of educating and changing the mindset of leaders. For example, those leaders who are accustomed to the traditional notion of high potentials may view Broad classifications as reflective of high performers

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and Deep classifications as reflective of low performers. It is critical to change how people think about high potentials, and participants agreed that changing the use of language can be an effective tactic in this regard.

Maximizing the Value of High Potentials and Star Performers

As a way to maximize the value of high potentials and star performers, participants shared their action learning programs. For example, some companies assign projects to high potentials that involve key issues and challenges the organization currently faces. This encourages high potentials to think from CEOs' perspective and adds value to the organization as high potentials develop actionable solutions to resolve the issues. Similarly, several companies assign their high potentials to cross-functional teams to solve community issues. In addition to developing high potentials' problem-solving skills, working on community issues contributes to helping potential clients in the community where the organization may be able to create a market of new customers.

Many participants highlighted the importance of building relationships. For example, developing supportive networks for high potentials can effectively prevent their turnover because such networks cannot be replaced in other organizations. Similarly, assigning high potentials to project teams and giving them the opportunities to work and learn from others is another way to support their network development.

Some participants are also actively partnering with external vendors for coaching and training. Participating in training programs provided by external vendors can give high potentials unique experiences because such programs are not offered to all employees. It also signals that the organization cares about high potentials and invests in equipping them to become future leaders.

Problematic Behaviors of High Potentials and Star Performers

A key concern held by organizations with respect to high potentials and star performers has been the sense of entitlement. High potentials are individuals who have been constantly told that they are doing a great job, and in some cases they take license to act as elitists. As a result, some of them may have problems collaborating with others, and equity issues may arise from the population of non-high-potential employees. In response, many companies include a training program agenda for high potentials that emphasizes the importance of the ability to relate and communicate with others. The key message is that high potentials cannot be successful leaders if people refuse to follow them.

Some companies bring in performance appraisals and compensation systems to mitigate ego and entitlement issues. These systems emphasize that both the result (i.e., what) and process (i.e., how) associated with individuals' performance are important. For example, in cases where high potentials have successfully achieved target performance but have hurt or disregarded colleagues in the process, some companies provide merit increases and bonuses to compensate for the achievement of short-term goals but withhold long-term incentives in order to signal the importance of how performance is being achieved. In the same vein, some participants emphasized that both Intelligence Quotient (IQ) and Emotional Quotient

(EQ) are critical for future leaders.

Many working group participants also raised concerns about increased burnout of high potentials and star performers. In response, some companies introduced versatile coaching platforms that help high potentials with various issues that range from personal (e.g., taking care of a pet) to career/business topics. The idea underlying these initiatives is to encourage and empower individuals to take the lead in determining how they might add value to the company. Participants reported that these initiatives resonated well with high potentials. Managing burnout is critical as it significantly affects high potentials' continued engagement and retention, along with their likelihood of remaining high potentials.

Moving Forward and Tips for CAHRS Companies

Many participants raised the importance of transparency in managing high potentials and star performers. Because identifying, managing, and developing high potentials can be a sensitive issue, transparency can help organizations avoid unnecessary suspicions about the integrity of the process. In addition, transparency encourages leaders to be more attentive to their high-potential employees, which benefits the organization by linking high potential management with succession planning. However, it is worth noting that driving transparency requires organizations to manage expectations appropriately.

It is also important to view the broader process of managing high potentials and star performers as a two-way conversation. Leaders' perspectives on their members were considered critical in the past, but organizations have more recently realized that individuals' aspirations are equally or even more important. One approach used to ensure the incorporation of employees' perspectives is to encourage employees to establish their individual development plans (IDP) and use them as the basis for conversation with their leaders.

Integrating the management of high potentials and star performers with other HR practices is recommended. As a part of performance management, organizations set their goals and conduct performance reviews and feedback sessions throughout the year. These activities should be integrated with high-potential management programs (e.g., talent review sessions) to be able to make informed talent decisions based on a holistic view of each individual.

Lastly, when managing and developing high potentials and star performers, it is important to consider their influence on other employees. For example, average performers are still valuable to an organization. Still, it often makes sense for leaders to make allocations in their compensation budgets that reflect both the greater present contributions and expected future value of high potentials. Leaders' people management skills (e.g., communication and feedback) are critical in handling these delicate situations, and HR departments should help leaders in developing these necessary skills.

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This Summary Report was prepared by Rebecca Kehoe and Note Taker Joon Young Kim for participants of the "Managing High Potentials and Star Performers" Virtual Working Group.

The Center for Advanced Human Resource Studies (CAHRS) is an international center serving corporate human resources leaders and their companies by providing critical tools for building and leading high performing HR organizations. CAHRS' mission is to bring together Partners and the ILR School's world-renowned HR Studies faculty to investigate, translate and apply the latest HR research into practice excellence.

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