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Selection Criteria for High-Potentials Vary Widely

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By Pamela Babcock

Programs designed to develop high-potential employees are more likely to succeed if there's clear agreement on the criteria needed to drive organizational success, developmental options and program outcomes, according to study results by AMA Enterprise, the American Management Association's research arm.

Senior executives, managers, directors, and HR and training and development functions need to be on the same page when it comes to participants' selection criteria or there's a risk that senior leaders will tap only those rising stars that mirror themselves.

"The selection criteria are essential," said Tom Armour, co-founder of Toronto-based HR consulting firm High Return Selection. "Those future leaders will either reinforce and build upon the company's culture and success or, if improperly selected, [they] will create subcultures, usually to the detriment of the company."

But the selection criteria for such programs vary considerably, according to the findings of AMA Enterprise's study [Identifying and Developing High-Potential Talent](#). The April/May 2011 online survey of 562 senior-level AMA business, HR and management professional members found that 32 percent of respondents require "minimum tenure" to qualify, while the others do not.

The survey found that many employers see two to three years' tenure as reflecting some loyalty or commitment as well as providing the candidate with sufficient knowledge of company values and goals. But several experts cautioned that tenure is not always the best selection criterion.

Tenure is very different than performance, skills and potential and shouldn't be a key factor except "for seeing a high-potential candidate in your environment long enough to be sure" that they are high-potential, said Patti Johnson, CEO and founder of Dallas-based organizational development consulting firm PeopleResults. "Key considerations for entry into a high-potential program typically include performance, contribution, capability relative to the organization's current and future needs, and potential for growth and advancement."

Deciding Who Makes the Cut

A well-defined selection process should include regular senior management talent reviews, assessments and performance reviews, as well as problem-solving task forces aligned with strategic growth initiatives to monitor the high-potential pipeline, according to the report.

The majority of respondents said high-potentials are identified based on performance appraisals (74 percent) and senior management recommendations (68.5 percent). However, only 41.6 percent said they weigh innovative and/or unique contributions to the business; slightly more than one-third said their companies use either or both talent assessments (35.1 percent) and peer input (34.7 percent). Only 17.5 percent reported educational background as a metric.

Senior executives play the biggest role (55 percent) in identifying high-potentials, followed by managers (52 percent), directors (44 percent) and supervisors (33 percent), the study shows. In addition, 33 percent of respondents reported that HR is responsible for identifying high-potentials, while 13 percent reported that high-potentials self-identify. Eleven percent reported that the training and development staff is responsible for identifying high-potential employees; another 11 percent reported that they don't know who is responsible.

When it comes to who is invited to apply for high-potential leadership development programs, 41 percent reported that not all employees are invited; participation is limited by specific criteria. Meanwhile, 24 percent said that while no announcement is made, interested employees can learn about programs informally and can ask to participate. Only 14 percent of respondents said all employees are invited and that periodic program announcements are made, while 21 percent said they don't know whether all employees are invited to apply.

"Informal high-potential programs that exist at many companies can be a double-edged sword that undermines their very purpose," noted the study report. "They don't enhance a company's ability to retain its high-potentials, and they threaten to alienate those employees who feel they should be considered."

"There has to be support at the top and the selection criteria have to be fair," explained Libby Anderson, SPHR, president of Human Resources Now, located in Naples, Fla. "Vague selection criteria are a morale killer."

Johnson, a former senior HR executive at Accenture and instructor at Southern Methodist University's Cox School of Business Executive Education program in Dallas,

agreed, noting that strong programs need “top-down sponsorship” from the CEO or business leadership when setting up selection criteria to ensure that they meet the business objectives. Programs typically are run by HR or a talent leader; there should be clear agreement on strategy and metrics.

Such metrics might include:

Retention of high-potential employees compared with overall retention.

Promotion rate of high-potentials.

Readiness of participants compared with identified succession plan needs.

For example, if the objective is to increase the rate of global leaders to keep pace with growth, “then we know it must be global, built to accelerate and fast-track future leaders, and tied to performance and potential. To make it really work, it has to be tied to other workforce planning efforts and processes.”

Developing Program, Selection Criteria

For organizations setting up such a program, Anderson recommended gathering a mix of potential contributors—the head of a business unit, HR, business development and possibly a shareholder, customer or client. Consider holding focus groups with top performers from each department to help come up with selection criteria.

“They should be concrete factors, [not] vague, general terms that are up for a huge amount of subjective thinking—like just saying ‘an attention to customer service,’ ” Anderson said. “What I want to see is something definitive like, ‘has a proven track record of exceeding expectations in all areas of supervisory requirements.’ ”

To continue to support organizational culture, for example, selection criteria and the person being considered should reflect an organization’s values, mission and vision.

Among the program components that companies use to develop high-potential employees, the report noted the following:

Mentoring (51.6 percent).

Personal assessments (50.6 percent).

Individual development planning (47 percent).

Leadership programs (46.8 percent).

Coaching (44.6 percent).

Exposure to senior executives (44 percent).

Stretch assignments (43.2 percent).

Special workshops and training (39.2 percent).

In addition, respondents cited soft-skills training (31.2 percent), technical training (27.6 percent) and functional training (24.6 percent) as popular options.

The biggest mistake made with high-potential programs is making them too complicated, too political and not user-friendly, Anderson said.

“Don’t make [the selection process] so cumbersome that the people required to make it happen end up having to do an enormous amount of work,” said Anderson, a past member of the Society for Human Resource Management’s former Organizational Development Special Expertise panel. “Start small and build on your own success so you don’t unleash this wonderful program that is a total failure.”

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