

# Rethinking Potential

## Should we Search for Hidden Gems, Shy-Po's and Repressed Performers?



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*You and your family arrive with excitement at Crater of Diamonds State Park in Murfreesboro, Arkansas, USA. The park is one of the few places in the world where anyone can search for raw diamonds and other gems on the earth's surface. You grab your shovels and buckets from the car and walk towards the smiling park ranger.*

*"How will we know what an uncut gem looks like?" you ask her.*

*She unfolds a brochure and points to a picture. "They typically look like this," she says, "so, start digging and best of luck!" Then she adds, "You also might find Hidden Gems if you dig deeper."*

*Your voice rises with excitement. "Hidden gems? Are those better than the gems on the surface? How will we know what they look like?"*

*"No," she says, "they're the exact same gems that you'll find in the shallow dirt. They look different but I can't tell you exactly what they look like. There are far fewer of them and you'll need to dig much harder to find them."*

*"Why," you ask with confusion, "would I dig harder to find less plentiful gems that aren't better than any other and that I won't recognize if I see them, when there are plenty of obvious gems here at the surface?"*

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A similar conversation is happening in our clients' talent review conversations and producing a similar level of confusion. Those conversations have recently started to include references to what we call Hidden Gems. A Hidden Gem is an indi-

vidual who isn't identified by the organization as a high potential leader but actually has high potential to advance.

The push to identify Hidden Gems is sometimes driven by the pursuit of process efficiency and oth-



er times by a humanistic/meritocratic mindset that believes that no true high potential should be left behind.

The key questions our clients ask about Hidden Gems are how likely it is that they exist, where they might be hiding and is there value in looking for them. The answers to those questions are found in the two types of mistakes a company can make in their high potential selection process.

One selection mistake occurs when your company declares that someone has potential when they do not have it. That's Type 1 error – you say someone belongs in a group and they don't. The other possible mistake is that your company says someone doesn't have potential when they do. That's Type 2 error – you say someone doesn't belong in a group but they do.

Hidden Gems, if they exist, will be found in this Type 2 group and will be formed when a company misapplies or sloppily applies their potential definition. In most organizations, this definition is based on how far and how fast a leader can move up and includes three screens:

1. **Are they a sustained high performer?** Sustained individual high performance is typically the first hurdle that leaders must clear to be included in the high potential evaluation process. Let's define high performance as delivering 75th percentile results over time, compared to their peers.<sup>1</sup>
2. **Do they show the capabilities and behaviors that predict upward movement?** Sustained high performers must also demonstrate the capabilities and behaviors that will allow them to succeed at higher levels in the organization.
3. **Do they have ambition to advance?** The individual indicates their ambition to move up in

the organization and a willingness to make the commensurate sacrifices that movement requires.

If your organization misses a Hidden Gem, it will be because you evaluated the individual incorrectly against one or more of these screens. It's worth remembering that about 25% of an organization's leaders can be defined as high performers and about 30% of high performers are also high potentials.

This means that only about 8% of any organization's total population is high potential. If gems are rare, then hidden gems are even more rare.

### **Hidden Gems in plain sight?**

The group not selected as high potential includes more than 90% of the population and it's where to look for Hidden Gems. The gems might be high performers who were not identified as high potential or they might be average performers and therefore never considered for high potential status.

The Hidden Gems possible in each group are:

**High performers who were not identified as high potential:** Within this category, there might be Hidden Gems in two places:

- **Just missed the bar:** The organization assessed the individual against the company's potential criteria and decided that he or she came close to, but didn't meet, the standard. There will always be someone who just misses the cut to be high potential. That doesn't mean that those who narrowly miss being selected are Hidden Gems but the imprecise nature of potential selection means that it's possible.

A Hidden Gem is more likely to be missed in this scenario in a less sophisticated organization where talent conversations aren't well facilitated or when the leader's manager can't persuasive-

ly argue the case for their high potential. If this “just missed the bar” individual is a true gem, they should shine through in the next talent review discussion.

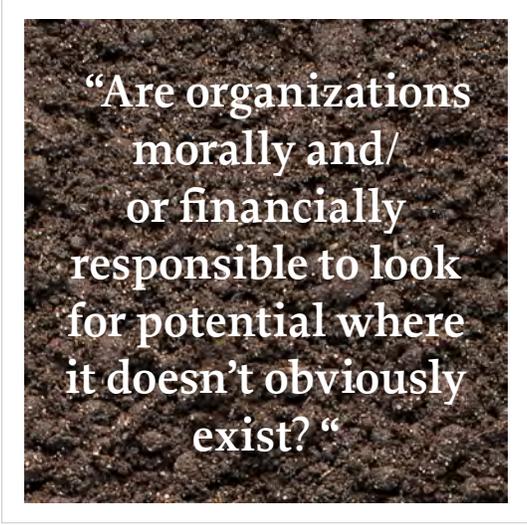
- **Unconventional potential:** This high performer has capabilities or skills that don’t match your organization’s definition of potential. However, if given a chance, they could deliver strong results at a higher level in the organization. This is a possible hiding spot for a Hidden Gems but it’s unlikely they will be found here.

Their manager will need to convince his or her peers that their candidate’s unconventional capabilities predict potential just as accurately as the organization’s carefully constructed high potential model. This argument also establishes a second (and possible many other) individualized definition of high potential. A fair process would need to reevaluate every non-high potential against this new definition.

### A Rarer Gem

It’s even less likely to find a Hidden Gem in the 75% of the organization that has not shown sustained high performance. Remember, sustained high performance is a threshold for potential. If gems exist in this group, it will be because they are:

- **Actively hidden by their manager:** A manager wants to retain an individual so actively “down-talks” the employee in talent review conversations to prevent the gem from being promoted or moved. This scenario is only possible in environments where other leaders wouldn’t have meaningful exposure to the individual. This could occur if the gem is in a geographically remote location or small office or if they are very new to the organization and have limited interactions with other leaders.



In any other scenario, leaders who work with the gem would eventually see their potential and either force their manager to acknowledge it or recruit that gem into their own group.

- **Misidentified performers:** In this case, someone objectively performs at a high level but the organization has overlooked that achievement in their formal or informal performance evaluations. It’s possible that true high performance might be missed for one year if the employee has a particularly poor manager or there are unique factors that caused the individual’s high performance to not be reflected in their results.

It’s highly unlikely that true high performance would go unnoticed for any meaningful period of time beyond that. Other leaders or peers who work with the individual would identify her and/or the high performer herself would raise the issue to her manager’s manager.

In this case, even if the individual’s high performance was recognized, she would still need to prove that she was of the few high performers who have high potential.

### The Well-Hidden Gems

There has always been the possibility of finding Hidden Gems in the places described above. The new dialogue that we hear in companies creates two additional categories of Hidden Gems. These categories don’t reflect any fundamental failing of the high potential identification process or a failure to recognize obvious high potential. Objective observers would say that the individuals in this group are not high potential by any conventional definition.

However, we increasingly hear the argument in companies worldwide that these two categories must be considered when evaluating potential. The

rationale is often grounded in the language of inclusiveness and workplace fairness rather than objective assessments against criteria.

The new categories are:

- **Repressed performers:** This individual could have been a higher performer or demonstrated more potential, but they've been badly managed

als who have the capability to succeed at higher levels but who may not have thought of themselves as candidates to move upwards and/or may not have outwardly expressed ambition for larger roles. They could be a high potential, the logic says, if we would strongly encourage them to choose that route.

**If someone either doesn't raise their hand to volunteer for these challenges or specifically says they don't desire them, can we consider them to be high potential?**

over time so their latent skills haven't emerged. They've either shown some spark of potential or stated that they could be a higher performer if they were properly managed.

The debate about Repressed Performers focuses on what obligation the organization has to provide average or below-average performers an opportunity to grow and develop under better leadership. We'd suggest the first question that should inform this decision is whether any other direct report has succeeded under their manager.

If not, there may be a case that the Repressed Performer could shine brighter with new leadership. Even then, they still must prove that they are a high performer and high potential – one of the top 5% - 10% in their organization.

If other direct reports of their manager have been successful, it suggests that the manager isn't the primary factor that has held back this individual's achievement.

- **Shy-po:** The question of whether Shy-po's exist goes to a key criterion in many organizations' potential model – an individual's ambition to move upward. The desire to move up and make the sacrifices necessary to succeed at higher levels has long been considered an essential element of being a high potential. If someone either doesn't raise their hand to volunteer for these challenges or specifically says they don't desire them, can we consider them to be high potential?

Shy-po's supposedly include a group of individu-

Advocates for Repressed Performers and Shy-Po's suggest that it's an organization's responsibility to identify these Hidden Gems and bring them to their full potential. We hear this argument in more collectivist cultures and in select high tech companies where an individual's technical excellence might be seen as overwhelming their other capabilities.

This discussion raises a much larger question about an organization's responsibility to search for Hidden Gems. Are organizations morally and/or financially responsible to look for potential where it doesn't obviously exist? An answer can be informed by considering the trade-offs of each choice.

#### **Is the search for Hidden Gems worth it?**

If Hidden Gems exist, they exist *in addition to* the more obvious gems found in a company's high potential identification process. There will be additional costs to search for them so we should be clear about the trade-offs of this additional effort. Those trade-offs include:

- **Customized selection rather than standardized selection:** The talent review process is a standardized selection process to sort high potentials from other leaders. As an analogy, it's like being told to select every wooden block that looks like a triangle from box of wooden blocks. That selection process is efficient and straight-forward because it's structured to look for one thing – triangles.

To look for Hidden Gems, leaders now must search the remaining squares, circles, rectangles and other blocks in the box to determine if any of

them are actually triangles even if they don't look like a triangle. It's an additional and inherently less-efficient process.

- **Accuracy decreases, bias increases:** The talent review process has already tried with objectivity and discipline to identify high potentials. You're now trying to identify, from everyone already declared not to be a high potential, the few people who either actually meet the high potential criteria or meet some alternate criteria of potential.

The odds of being wrong increase since you no longer have the boundaries of a structured, public selection process. You also allow bias to creep in the more you allow individual arguments rather than a standardized process to govern selection.

- **The free market (largely) works:** If a hidden gem is truly as high performing and high potential as their less-hidden peer, that fact will be difficult to hide. Another leader will notice and publicize their work or provide them the opportunity to demonstrate their abilities in another part of the organization.
- **The cost of not finding Hidden Gems is low:** The number of high potential leaders who might

be Hidden Gems is far lower than the number of obvious high potentials. Keep in mind that all of your leaders went through an evaluation process to select those with potential. Hidden gems are those who may have been missed.

If they are true high potentials, they will likely emerge. If they are true high potentials but are never recognized as such, their numbers will be so small as to not meaningfully effect the organization. Ideally, these individuals will recognize that they are high potential and move to an organization that agrees with their assessment++.

### **The Price of a Hidden Gem**

The out-sized contribution of high potential leaders makes identifying them a smart investment for any organization. Since no process is 100% efficient, we should expect errors to occur in this process just we do in any other.

Most high potentials will be found and some will be missed. Organizations need to consider whether digger deeper for the missed Hidden Gems yields an acceptable return on investment or if they're OK to leave a few gems behind.

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