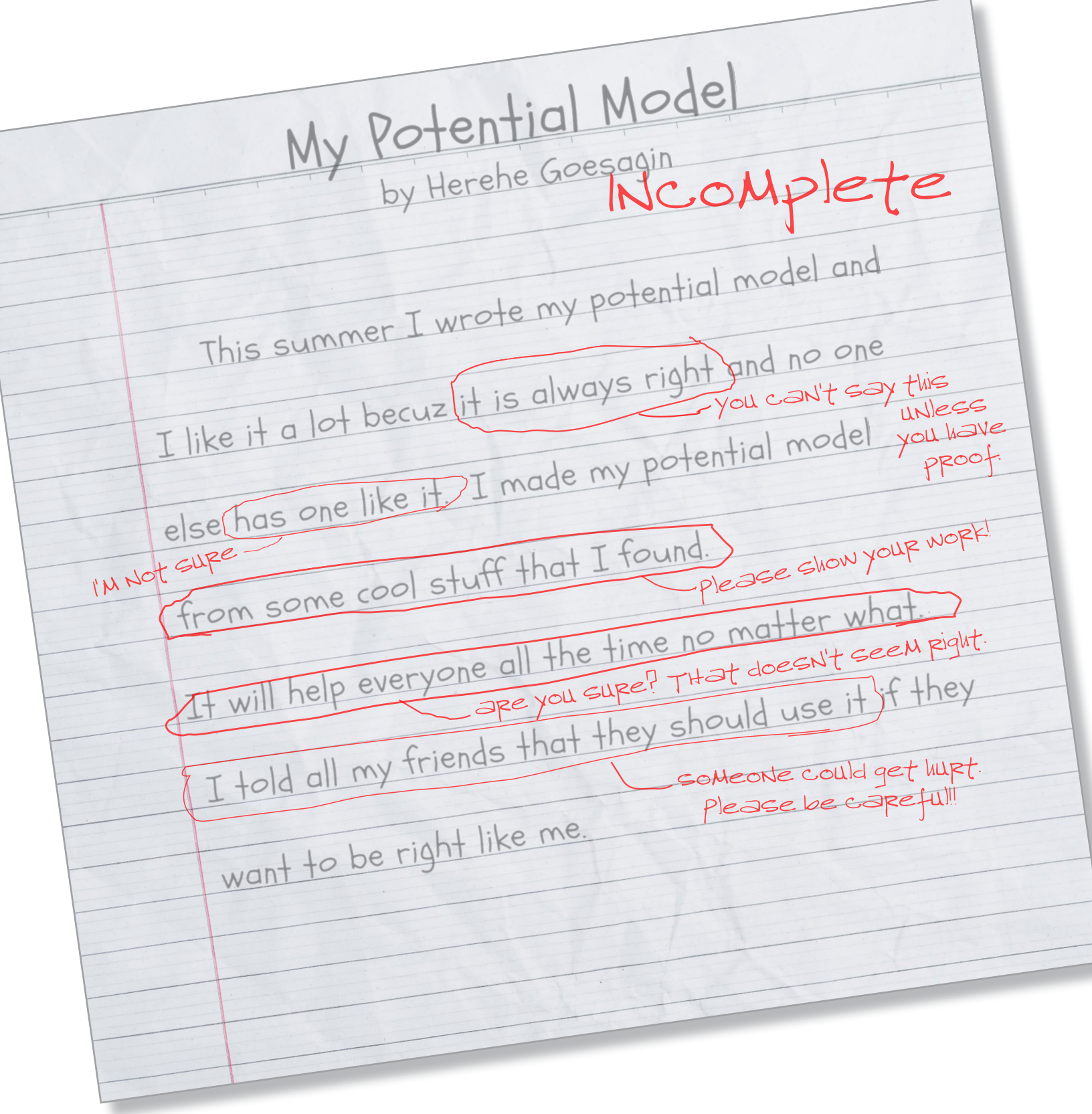

Your Potential Model is Wrong

(or at least not right)

The Talent Strategy Group
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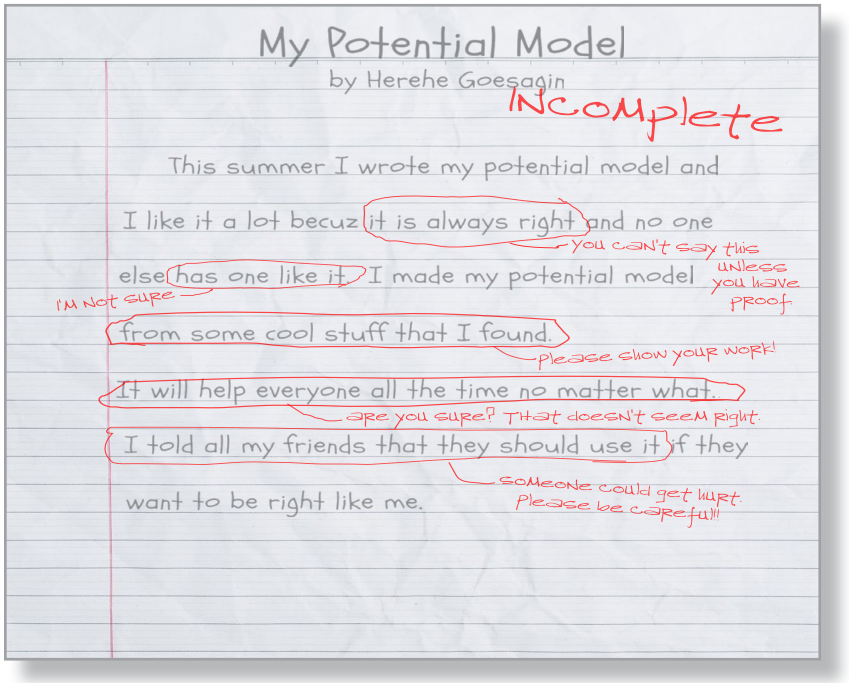


Your Potential Model is Wrong
(or at least not right)

by Marc Effron, President, The Talent Strategy Group

The ability to accurately predict potential is the Holy Grail of Human Resources – long rumored, never found. So it's curious that Human Resource consulting firms have recently put their sales and marketing teams in overdrive to convince you that they've identified the genuine item. Their claims raise four very large "red flags" for anyone who needs to accurately identify high potential leaders.[1]

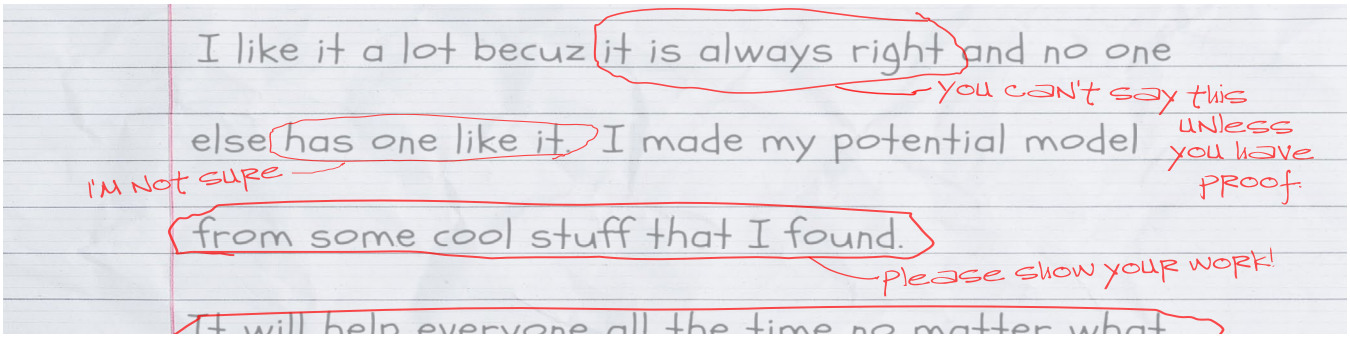
Red Flag #1 – No Science: There's no conclusive science (either from academics or consulting firms) that identifies the factors that predict potential.

Red Flag #2 – Multiple different "correct" models: The two most popular potential models have different elements. If there's only one true definition of potential, the two models should be identical.

Red Flag #3 – It's Performance (but maybe not Potential): The most popular consulting models largely describe the factors that are already proven to predict high performance. So what parts of them predict potential?

Red Flag #4 – They Ignore the Situation: Potential models assume that a high potential leader will be high potential in every situation. This ignores the science about fit and the unique requirements of different business challenges.

Red Flag #1: There's No Science



The scientific research on potential is, unfortunately, quite thin.[Examples 2,3] There is no integrated scientific model of "potential" and only a few research-based articles on the topic. It seems odd that so many smart scientists working on the topic for decades have not discovered a holistic model. It seems equally odd that so many consulting firms claim to have discovered a holistic model in just the past 10 years. The word "claim" is important.

There's a well-disciplined process in any scientific field for proving that what you claim is true. Whether you believe you have discovered a new quark or a drug that cures cancer, you present your evidence to your scientific peers for examination.

Typically this means that you'll submit a paper to a well-respected scientific journal where you describe the experiment you've conducted that led to your conclusions. In that paper you provide enough evidence about the experiment to allow your peers to evaluate it and determine if it meets the criteria of a valid experiment.

At the present time, none of the consulting firms that claim their model predicts potential have done this. Some have actually become defensive when asked to. In a scientific journal issue dedicated to exploring the concept of learning agility, Korn Ferry (KF) principals wrote, in response to a critique of their learning agility model that, "As practitioners, we do not have publication as our top priority." [4,5]

That's their choice not to publicly prove their model but it doesn't help to answer the question of what predicts potential. It also doesn't allow them to back up their claim that learning agility is "more predictive of success than intelligence or education."[6] KF's peers are no better – there have been no experiments published in any top-rated, peer reviewed academic journal that justify any consulting firm's potential model.

Red Flag #2: Potential Factors Sounds Suspiciously Like Performance Factors

To talk about the science of potential, we must first talk about the science of performance. Why? Because performance is the obvious precursor to potential. It's only by being a high performer over time that you earn the right to be considered for high potential status.

So once you're successfully performing, there should be unique factors that predict your potential. These factors must be in addition to what already predicts performance. Otherwise, the same things that predict performance would predict potential – performance would equal potential.

To determine what unique factors predict potential, let's first eliminate what's scientifically prove to predict performance:

Intelligence: Good old-fashioned IQ accounts for up to 30% why we're successful on the job. It's still the largest known predictor of success in many situations, including our work performance. Many factors often cited as indicating high potential (i.e. learns fast in different situations, fast reaction and processing time, "connects the dots,") are components of Intelligence.[7] This means that they're performance factors first.

Personality: Our personality is comprised of five factors that predict up to about 15% of our performance above what intelligence can predict. Of those five factors, however, only Conscientiousness (dependability, achievement, striving, planfulness)

and Neuroticism/Emotional Stability (lack of anxiety, hostility, depression ad personal insecurity) actually predict performance and Conscientiousness is the much more predictive factor. The other factors (Extraversion, Agreeableness, Openness to Experience) can explain very small amounts of performance in specific jobs (i.e. Extraversion in sales roles). Terms used to describe high potentials like "ambitious" or "aspire" are personality factors and are already accounted for when we predict performance.[8]

Despite thousands of experiments over decades of scientific research, that's everything we know about what will predict performance in any given situation. So a potential model needs to show – beyond what intelligence and personality already show – what uniquely predicts high potential.[9]

Here's where it gets challenging. The two most popular potential models are the Corporate Executive Board's and Korn Ferry's, which are used by 39% and 31% of companies that have a company-wide definition of potential. When you examine these two models, many of the items they use sound very familiar. That's because they are the same items used to describe elements of either intelligence or personality.

As an example, CEB's model lists within their Ambition category "Power" and "Achieving Objectives" as among the factors that predict high potential.[10] Those are both very clearly driven by personality and so they predict performance, not potential. Similarly, KF includes in their model "Aptitude for logic and reasoning" which is predicted by intelligence and "Leadership traits" and "The Drive to be a leader" which are predicted by personality.[11] So, again, these high potential models seem to be high performance models. Since neither firm has released their model for independent examination, we can't tell which parts uniquely predict potential and which just double-count performance factors.

Red Flag #3: Multiple "Correct" Models

There can only be one correct model of potential. If more than one model is presented as the one true answer, then one of them clearly is wrong. That presents a challenge for the two most popular potential models. Without explaining each model in depth, there are significant gaps in what they say predicts potential. Learning agility, the anchor of KF's potential model, doesn't appear in the CEB model. Engagement, one of the three key elements of the CEB model is missing from the KF model. If each model is claimed to be the accurate predictor of high potential, but they are fundamentally different models, then one or both of them is simply wrong.

Red Flag #4: Ignoring the situational factors of high potential

If heavy overlaps with performance factors, multiple competing potential models and no scientific proof doesn't cause you concern, this next issue should. Predicting potential based on individual factors ignores that the individual works in an organization with unique needs.

Different organizations have unique capability needs, culture and strategy. If a potential model claims to predict success equally well in any situation, it's saying that having leaders whose capabilities, backgrounds and interests align with an organization's needs doesn't matter. The very clear science around Person-Organization Fit says that it does. The better an individual fits with the needs of the organization, the greater their commitment and engagement which are predictors of performance.[12]

Since there are no proven unique factors of high potential beyond intelligence and personality, fit may well be the largest differentiator of potential your company has. Potential is defined, in this situation, as having the unique capabilities, behaviors and interests

that fit with the specific needs of the firm in the next 3 - 5 years. It's determined by comparing an individual in your talent review session against a model of those needs.

What to do Next

Our dissection of the current potential models may leave you wondering what to do next. You likely use a potential model to assess talent and have convinced your senior team that it's the correct one. Here's what we recommend:

1. **Stop Using Potential Assessments:** This may seem like a radical step but we've shown that there is no objective proof and many questions about the current models. If you're using potential assessments to help select high potentials, you're playing fast and loose with your leaders' careers.
2. **Create a Success Model:** Your executives have a point of view about what predicts potential, independent of any model you've given them. A Success Model (see more here) captures their point of view about the "outcomes" that define a high potential leader. It's four or five differentiating, direct, emotionally compelling statements that allow you to more easily assess potential that's unique to your company's strategy.
3. **Run brilliant talent reviews**: A well-structured talent review, in combination with the Success Model described above, is the best way to ensure your discussion of potential is accurate and relevant for your organization. This means using simple tools, training HR/talent leaders to flawlessly facilitate talent reviews and supporting full transparency about the results.

It's tempting to believe that the mystery of potential has been solved, especially given the aggressive marketing and confident tone of many consulting firms. We urge you to look broadly at the market and consider the lack of science and conflicting claims that swirl around this topic. Leaping at the wrong answer today will not only produce the wrong talent tomorrow, but also likely harm some of the right talent along the way.

1 Before we discuss potential, we should define the term. In the broadest sense, we define potential as the ability to move faster and farther in an organization than ones' peers. This is consistent with research findings that most large companies define high potential as being able to perform at a significantly higher level or in a significantly broader role. (Silzer, Rob, and Allan H. Church. "The pearls and perils of identifying potential." *Industrial and Organizational Psychology 2*, no. 4 (2009): 377-412).

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