

Perspectives from Egon Zehnder's Fall Diversity Council Dinner on *Diversity and Potential*

The Egon Zehnder Fall 2014 Diversity Council Dinner assembled a group of diversity leaders from the world's largest and most important companies. Many of the participants knew each other well, thereby creating an open and intimate discussion. What follows is a distillation of the topics and thoughts shared.

A prevailing theory in talent management is that diverse executives are sometimes denied opportunities due to lack of experience. How can incorporating Potential in assessments of diverse talent "level the playing field?" What is the role not just of past experience, but also future curiosity, insight, engagement, determination and other indicators of Potential?

Egon Zehnder's View on Potential and Diversity
Egon Zehnder views "Potential" as the traits that predict development of executive ability and the speed of that development. Ensuring that diversity programs and objectives fulfill their promise requires a rigorous model of potential that neither confuses it with experience and performance nor leaves it to the mercy of intuition. The model developed by the Egon Zehnder research team gauges executive potential by assessing the degree to which an individual possesses four leadership traits that predict the development of executive ability. Taken together, these traits can help

determine executive potential — the capacity to take on leadership roles that are greater in both size and complexity, and the speed with which someone can do so.

Curiosity Seeking out new experiences, ideas, knowledge; seeking feedback and learning new things in order to change

Insight Proactively gathering and making sense of a vast amount of information from a wide range of sources, and discovering new insights that, when applied, transform past views or set new directions

Engagement Deeply engaging others, communicating a persuasive vision, and inspiring genuine emotional connection of individuals to the organization and the leader

Determination Managing and maintaining long-term, sustained effort and focus despite obstacles and distractions, while not ignoring evidence that the nature of the activity should change

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“Potential” often only applies to men — women are often promoted only on experience

Potential is an often used term in global corporations today. However, many of our participants said that there is a “double standard” when assessing internal talent. When it comes to hiring decisions or promotions, companies rely very heavily on past experiences. Unfortunately, this fact holds back diverse talent who often lack the key experiences for various reasons including discrimination, unconscious biases, lack of proper mentorship, etc. Sometimes female leaders leave the workforce temporarily to take care of family thereby giving them fewer years of experience. Therefore when key executive positions open up, diverse candidates are often passed over.

Our dinner participants noted that sometimes a lack of key experiences is overlooked for men. Key decision makers will often invoke the concept of potential and say that “John is a talented guy. Let’s make a bet on the future. He can pick things up fast.” Although this situation doesn’t happen all the time, it happens too frequently in talent discussions.

Political Savvy — Does the “Potential” model capture this key executive trait?

The participants of the dinner found Egon Zehnder’s approach to potential, simple to understand and very straightforward. They felt that the key leadership traits of curiosity, engagement, insight, and determination were very clear and sensible. However, one participant asked whether “political savvy” should be considered as part of potential. Our response was that political savvy is incorporated in the model of potential. From our perspective, individuals who possess a high degree of engagement and insight will be very politically savvy. People who possess these qualities can both understand the political landscape (insight) and engage with others in a way that enables them to have success (engagement).

Do highly experienced, loyal employees get overlooked for “Potential”?

A general complaint of “high potential” programs is that they often overlook very experienced employees, especially those who have been in the same role for some time. In times of major change or transformation, can we use potential to spot the “old timers” who will thrive in the new environment? There was general agreement that there are pockets of talent often overlooked because there is an assumption that these individuals can’t do anything else beyond their current role. To guard against these types of situations, a thorough evaluation of potential should be undertaken instead of using current and past experience as the only barometer. It also requires an open mindedness from senior leaders when evaluating talent.

Do you use “Potential” differently for selection versus assessment?

Historically, Egon Zehnder has applied potential primarily when evaluating existing employees as part of a larger assessment exercise. The assessments are generally done as part of a larger internal talent management process, as well as for succession planning and professional development. Interestingly, one of the participants talked about using potential in the recruiting / selection process for new hires. This idea raised an interesting point. Should you use potential differently for selection versus assessment? The Egon Zehnder viewpoint is that potential should be evaluated using the same elements of curiosity, engagement, insight, and determination regardless of selection versus assessment. However, when there is an active search the need is sometimes so urgent that companies are less willing to rely on potential and are more focused on finding someone who is “plug and play.” Ultimately it is up to companies to decide whether to incorporate potential into the recruiting process, but our recommendation is that it be a key consideration.

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Possible Solutions — Reward managers who are best at spotting diverse, high potential talent

How do you get executives to focus more on potential for top diverse talent? Not surprisingly, our recommendation is to measure performance and compensate those executives who achieve good results. One of our dinner guests discussed some of the work that her company has been doing in this regard. They have been pleasantly surprised by the progress that has been made when tying compensation to performance.

To be continued ...

As our discussion confirmed, getting diversity and potential right is extremely difficult. By shining a light on the topic, we hope that companies will give careful consideration to the subject.

We would like to thank all of the attendees for their contributions to the dialogue, and we look forward to continuing to exchange ideas with you and others in the upcoming series of dinners.

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