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Leadership Development & Acting on Potential

Discussion Highlights

January 17, 2018

Egon Zehnder's Istanbul office recently convened a group of Turkey-based HR leaders for a breakfast discussion focused on leadership development based on the article of Turning Potential into Success: The Missing Link in Leadership Development by Claudio Fernandez-Araoz, Andrew Roscoe and Kentaro Aramaki.

The guests brought diverse perspectives from a wide range of sectors as well as varied and impressive experiences. It was an engaging and informative exchange focused on the scientific approach to talent development where three main themes were discussed:

1. How can companies prevent massive waste of talent and create more effective development programs.
2. How to read needs in the organization and determine matching required competencies.
3. How to achieve results by focusing on potential, which describes the ability to successfully take on larger leadership roles in both scale and complexity.

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Our Management & Appraisal studies, evaluation of managers of thousands of corporations suggest that 72% have what it takes to grow into C-suite roles. How can we bridge the gap between this raw talent and executive success? The guests reflected on the four steps suggested in the article:

1. Determine the most important competencies for leadership roles in your organization.
2. Assess employees' potential by looking at the five predictors associated with success – motivation, curiosity, insight, engagement and determination.
3. Map people's potential to the competencies required in various roles.
4. Give emerging leaders the opportunities, coaching and support they need to strengthen the critical competencies.



“Leaders need guidance to differentiate between performance & potential and to implement the right assessment methods.”

Hakan Timur

Chief HR Officer at Sabancı Holding

When we go about building this bridge, highlighting the distinction and providing guidance, the great challenge is demonstrating the results of investing in potential rather than immediate result giving performance.



“The fact that performance is visible yet potential is not, makes it confusing for the line managers to prioritize. We need encouragement to invest in potential for talent development. Especially the first 5 years in organization is critical in reputation management that ultimately designates the future of a leader. If we miss evaluating and appraising the potential in the right way, in the right time, then we miss the leader that would grow inside the organization, which inevitably leads us to seek for the right leader outside of the organization. In our calibration meetings we should shift our focus from how much influence & impact the leader makes to how can we help him/her work on the reputation that is in a constant state of making. This appraisal model of Egon Zehnder brings out the elements of potential and competencies in leaders and educates the organizations to utilize them in the right way.”

Hande Yalgın

Head of Capability at Vodafone

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“From 2008 onwards, differentiation of leadership has come into prominence. Methods of measuring and developing leadership has been the key problem of the HR community thus in order to serve better, new tool development for assessment was inevitable.”

Hakan Alp

Executive Vice President Human Resources at QNB Finansbank



“Operational excellence has become a trending topic over the past 10 years and in this challenging environment we are forced to become creative in our strategies. What I find to be of utmost importance is that leaders need to shift their focus from themselves to their teams. Looking at the recent discussion of leaders, I see only few of them are involved in the growth of their teams. The vast change occurs when the right leader meets the right team and hence the organizations thrive.”

Berna Öztınaz

Chief Strategy and HR Officer at STFA Group

After discussing the need for a new model of approaching leadership, our guests shared how different sectors face the talent management challenge in their own way.



“How we have been finding alternative ways of meeting employee’s needs along with companies ever-changing structures over the past 8-10 years is by providing incentives other than promotions. We raised benefits if not titles. We provided this escalation on two dimensions:
1) Expanding and enriching role in a horizontal way.
2) Promoting extra project groups and fostering intrapreneurship.

İdil Türkmenoğlu

Vice President of Human Resources, Corporate Responsibility & Sustainability at Boyner Group



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“In construction sector, hierarchy is severely common, leaders have no sense of democracy, no feedback culture and puts the sole importance in making profit as soon as possible. In this environment we have no space to observe and invest in talent. We have a prevalent perception that if the system is working well, producing results, than we should not interfere with and damage it. In case we are trying a new approach on anything, we need to make sure we present concrete return of investment. I believe leadership should be assessed in a unique way in each sector as each has its own dynamics.”

Erhan Hersek

Vice President of Human Resources, Training & Admin at Tekfen İnşaat



“When creating a new model for assessing potential talent and developing leadership, our challenge in construction sector is the demand from the organization members to see whats in it for them. It’s the breakpoint to create the motivation to lead change.”

Berna Öztınaz

Chief Strategy and HR Officer at STFA Group



“The key is how you integrate the universal truths of talent management with your companies truths.”

Hakan Alp

Executive Vice President Human Resources at QNB Finansbank



“Another issue is what sort of leadership behavior organizations should encourage. Is leadership so contextual that it defies standard definitions or development approaches, or can we find some commonalities? I believe companies should concentrate their efforts on creating a unique model of their own.”

Hakan Timur

Chief HR Officer at Sabancı Holding

Spotting Leaders That Will Create The Future

Relative to this, how we identify talent and retain the leaders that will create future in our organizations has evolved over the course of years and subject to change depending on the dynamics of the industries. As coded in our DNA's from our ancestors, we are programmed to believe bigger, stronger and good looking people will excel in life and thus in our organizations. As the years went by, industrial revolution brought functional capabilities like a good education, high IQ, right experience and skills to light as they were the fundamental necessities in order to progress at the time. In some sectors and positions, these are still the sole criterias. Next era corresponds to the time when competencies like results orientation, team building capability, change management and strategic thinking that can be applied to different sectors and not necessarily linked to a specific experience were discovered. Deriving from our research and decades of practical experience in management consultancy, we claim that the people who possess these main competencies in our model can excel in any given circumstance.



The reason we are discussing potential is that human capital management has not evolved as much as technology and the sectors did. We now need to decide on the parameters that give a prediction on the future performance and that potential we derive from current competencies. The key is to spot the necessary competency for the right role / company.



“Digitalization is a key component that drives talent management as well. Research shows that as the outcome of digitalization, up to 800 million people worldwide, if not transformed, will be made redundant by 2030.”

Hande Yalgin
Head of Capability at Vodafone

Taking Assessment Practice One Step Further

In the past we assessed the competencies that we measured at the time and gave a road map as to how to improve each necessary component.

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Only recently did we start to assess who has the potential to improve each competency more. Thanks to our new tool, now we can assess who has a room for growth in each competency division and can provide a customized map for each organization, which is indeed an innovation, a break-through notion in our sector. Earlier we set a target for each competency and tried to fill in the gaps. Now we still show the gap for each competency but we additionally depict which competency is worth more stretching and work input. The extent to which the individual can grow and which competencies are needed to be targeted is introduced. We are looking at a more enriching, thought provoking data through this method and this makes our final assessment, which we now position in Assessment and Development Advisory Practice, more robust. Only if we act on potential that our assessments come alive and made useful.



“Even though the revenues, sizes of the companies grow higher each and every day, we still cannot provide room to grow for Y generation. In banking sector, we have yet gradually started to understand how their different competencies will intersect with our organizations requirements. This is exactly why we need to integrate horizontally enriching systems into our organizations.”

Hakan Alp

Executive Vice President Human Resources at QNB Finansbank



Road Map to Development

The research in the article demonstrate that leaders feel the need for these two areas:

1. A robust model when assessing competencies and potential.
2. A strong and credible assessor.

As we partner with visionary companies to identify and nurture leaders who can drive transformational change and constantly strive for finding new ways of serving them we had to build this second layer to our approach.

We asses potential on three parameters:

1. Competencies and the extent to which we can stretch them
2. Motivation
3. Learning Agility

The 4 parameters of Learning Agility as we observe are:

1. Curiosity: We assess individual's curiosity on self-development. Whether this individual has a drive for improving his/her skills and pro-actively seeking new ways for perfecting himself.

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2. Insight: The ability to analyze numeric/non-numeric data and ability to derive results from it. It is also about taking a doctrine and turning it into behavioral transformation.
3. Engagement: How well the individual communicates with people from a wide range of layers. The level of empathy.
4. Determination: The ability to keep inner motivation and focusing on the goal despite obstacles faced.

We fragmentized learning agility into minor segments and as we carved them out, we detected where the factors that create learning agility and potential intersect with relevant competencies. Consequently we can affiliate which competency can stretch more along with the relevant potential component.

When this data driven assessment is confronted to individual, it presents a road map and provided the individual agrees to work on it, the system starts to function better.

Potential Lying Within

As there are underlying factors, facilitators between potentials and competencies, the link between them is not direct. If leaders want to change themselves, they need to be able to break self-created patterns and move beyond. Our approach accepts that we already possess many personalities inside. We are aiming to unleash the right one in the right circumstance. We have 4 main personalities inside:

1. Dreamer
2. Thinker
3. Lover

4. Warrior

Today 80% of the leaders are warriors and thinkers. These are the dominant selves that got them where they are. If leaders want to achieve extra-ordinary results, they need to outgrow themselves and this requires unleashing the dreamer and thinker sides of the self. We are engineering a model that helps them trigger, bring out and balance the selves in a way that leads self-transformation.



“The current socio-economic structure of Turkey, the fact that technical knowledge is praised distinctively more compared to other specialties, results in regression of imaginative power. We see a great leap in performance when imaginative power and purpose meets.”

Hakan Alp

Executive Vice President Human Resources at QNB Finansbank

This certainly does not suggest that the centuries-old debate about what distinguishes great leaders is over or that current performance is unimportant. Experience shows that different business situations and sectors often require different styles of leadership. We do believe, however, that our approach brings out a kind of core leadership and potential assessment that will be relevant to most companies today. Organizations who are investing in the development of their future leaders should indeed prioritize this model as a start.

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In summary, as more organizations recognize the impact of performance management on both individual and business performance, their energy and focus increases to ensure they get talent management right. And as they implement changes, they must keep acting on potential, keep the future performance management system in mind and ensure that employees align with the vision.



<https://hbr.org/2017/11/turning-potential-into-success-the-missing-link-in-leadership-development>



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