

Driving High Potential Engagement Through Performance Management

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Performance, Compensation and Reward Management Summit

November 22, 2013



Inventive Talent



Objectives

- **Explain how employee engagement impacts retention and organizational effectiveness**
- **Describe 11 research-based engagement drivers**
- **Identify engagement drivers especially pertinent to high potentials**
- **Explain how performance management can leverage the engagement drivers for high potential talent**



Engagement Defined

Employee engagement is a mindset in which employees take personal stakeholder responsibility for the success of the organization and apply discretionary effort aligned with its goals.



Engagement Defined

Employee engagement is a **mindset** in which employees take **personal stakeholder responsibility** for the success of the organization and apply **discretionary effort aligned** with its goals.



Employee Engagement vs. Satisfaction

- **Engaged**
 - Defend the organization (Loyalty)
 - Do more and do what's right (Vigor)
 - Stick around (Intention to Stay)
- **Satisfied**
 - Likely to put themselves first
 - Do the minimum, perhaps more (or not)
 - Stick around



Why Engagement Matters

- **Growth in revenue – sales per employee**
- **Profitability – income per employee**
- **Retention – voluntary turnover**
- **Lost time – sick days and accident days**
- **Customer loyalty**
- **Virtually every key performance indicator!**



What Drives Engagement?

1. Strategic Alignment
2. Trust in Senior Leadership
3. Immediate Manager Working Relationship
4. Peer Culture
5. Personal Influence
6. Nature of My Career
7. Career Support
8. Nature of the Job
9. Developmental Opportunities
10. Employee Recognition
11. Pay Fairness



Importance of Winning

How do leaders define winning?

- **Profit Measures: e.g., EBIT, EPS, etc.**
- **Revenue Growth**
- **Market Share Growth**
- **Other KPIs, often with financial dimension**

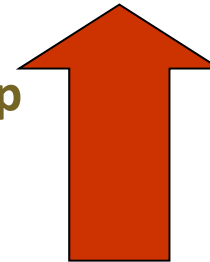
For employees, winning is defined by growth in career opportunities!



Relative Importance of Drivers*

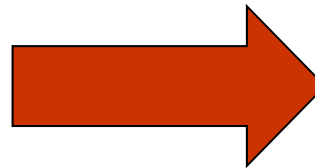
- **Top Drivers**

- Immediate Manager Working Relationship
- Trust in Senior Leadership
- Career Support
- Developmental Opportunities



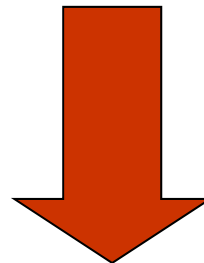
- **Middle Drivers**

- Personal Influence
- Strategic Alignment
- Employee Recognition
- Peer Culture



- **Lower Drivers**

- Pay Fairness
- Nature of the Job
- Nature of My Career



*Ranking based on current literature



In Absence of Business Growth

- **Differentiate with courage both performance and potential**
- **Apply differential treatment**
- **Apply 70-20-10 development**
- **Focus on high potential employees**
- **Be creative in career support**
 - **Branding career paths**
 - **Develop-in-place assignments**
 - **Deal with “blockers”**



Differentiation is Key

- By Industry
- By Organization
- By Department / Manager
- By Career Track
- By Individual

Equal Treatment is Not Fair!

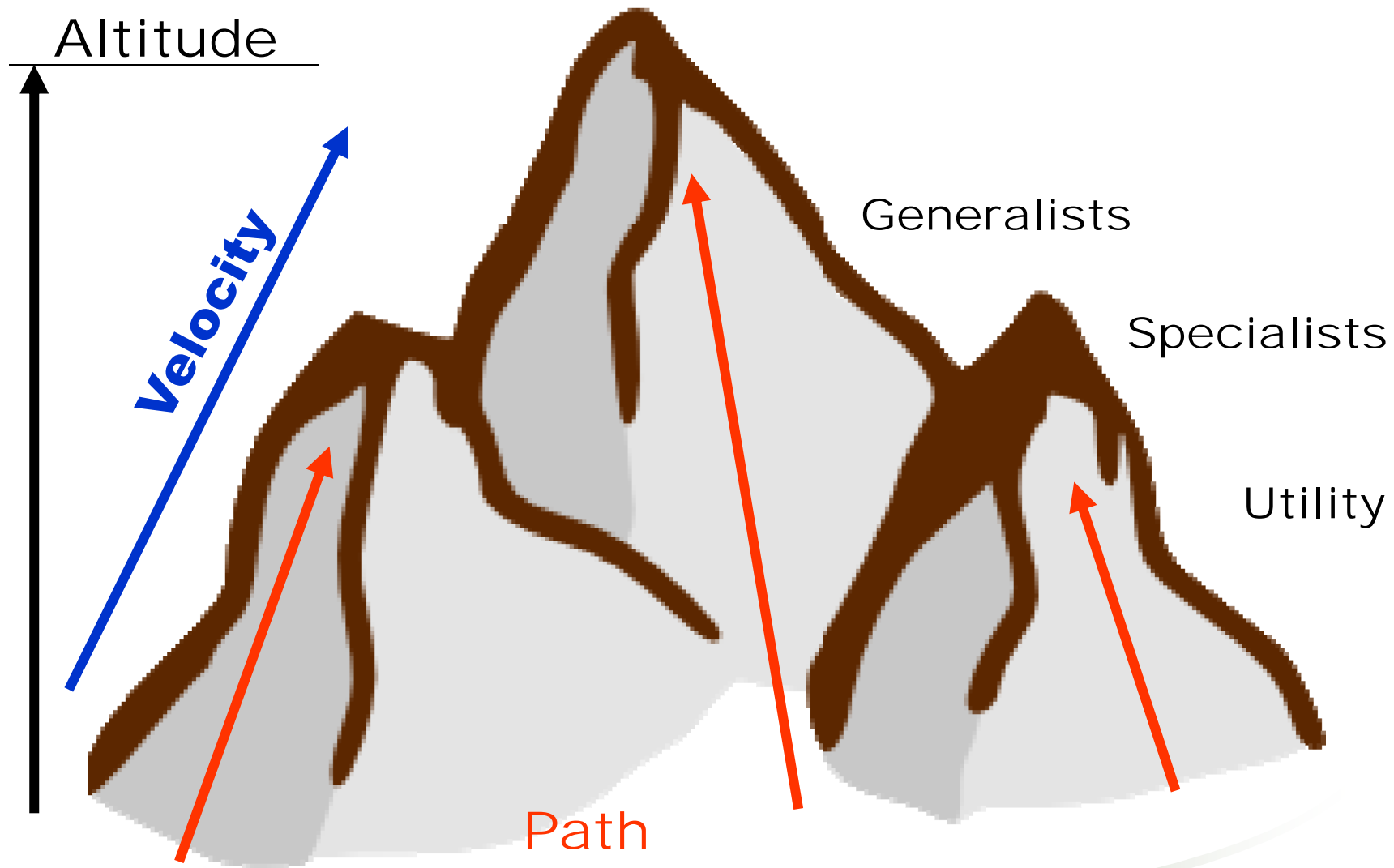


How do you differentiate talent?

- How do you describe and identify High Potential Talent?
- How do you describe and identify High Professional Talent?
- How consistently are these concepts communicated and understood?



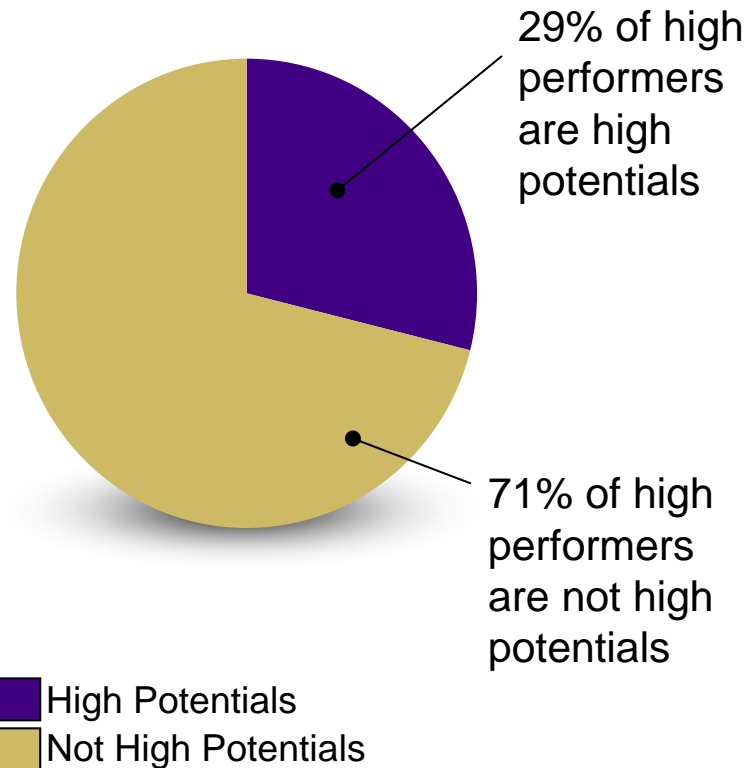
Differentiating Talent



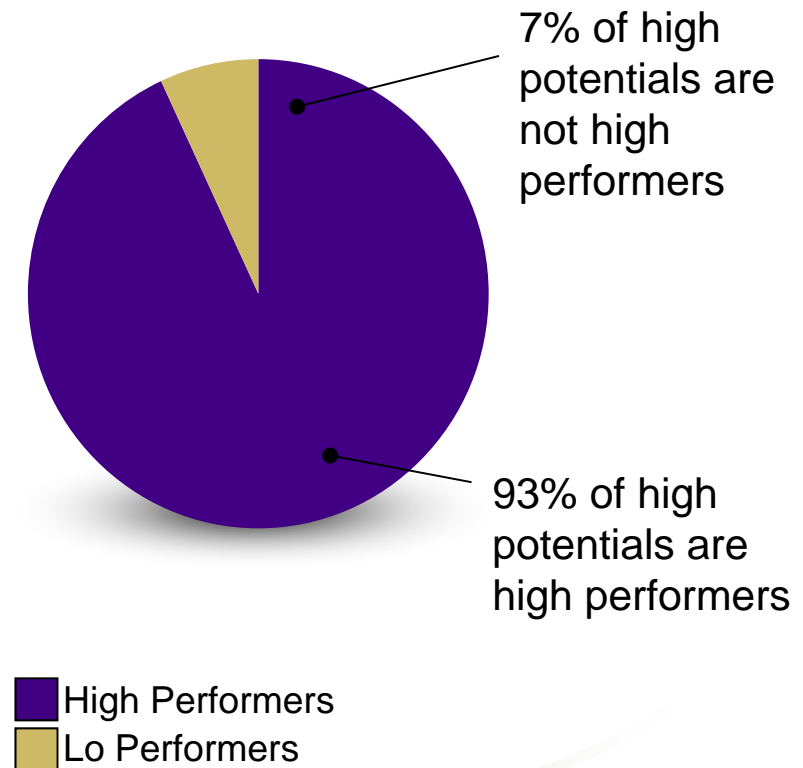


Performance as a Proxy for Potential

High Performers are Not Always High Potentials...



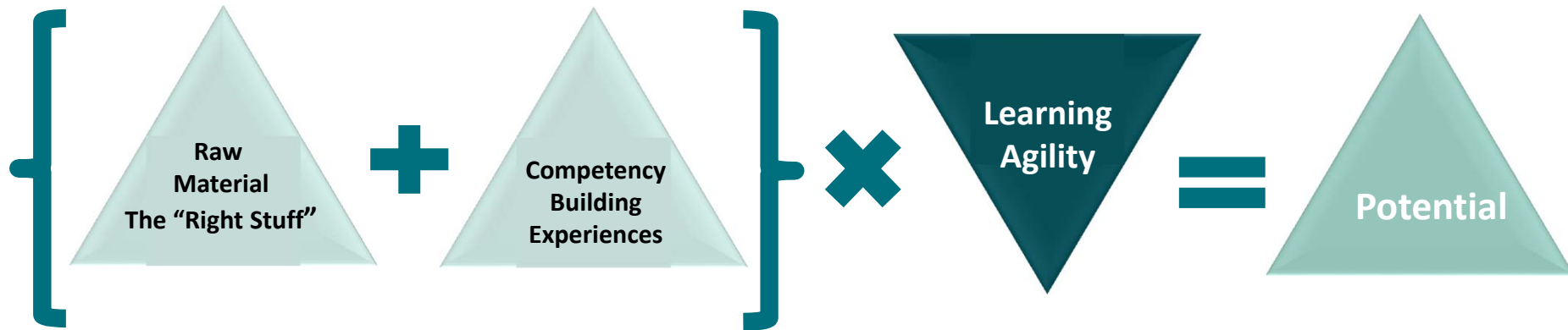
... But, High Potentials are Mostly High Performers



Source: High-Potential Management Survey, Corporate Leadership Council, 2005



Learning Agility Multiplies Potential



Raw Material:

Intellectual horsepower (IQ), emotional intelligence (EQ), career motivation

Experiences:

Job changes, in-place assignments, hardships, people feedback, workshops, courses, readings (70:20:10) development

Learning Agility:

The ability, willingness, and opportunity to learn lessons from experience and to apply those lessons to new experiences



The Importance of Learning Agility

Learning Agility is the ability and willingness to learn lessons from experience and apply those lessons to new situations.

Learning Agility is a meta-competency, a construct that is not significantly correlated with IQ but, like IQ, explains a large degree of variance in success.

Learning Agility is the single best predictor of success when a person is going into a significantly different role.



Characteristics of Learning Agility

- Is different than IQ – you can't predict one from the other
- Predicts future performance in new roles
- Does not predict promotion
- Normally distributed in population
- No significant differences by age, gender, etc.
- Can be developed



Learning Agility Factors

MENTAL AGILITY

Comfortable with complexity and ambiguity, finds solutions to tough problems, broad interests, highly curious

PEOPLE AGILITY

Can work easily with a diversity of people, politically agile, skilled communicator, manages interpersonal conflict well

SELF-AWARENESS

Insightful, reflective, clearly understands personal strengths and weaknesses, actively seeks feedback, sensitive of impact on others



CHANGE AGILITY

Constant tinkerer (never satisfied), introduces novel perspectives, enjoys leading change efforts, willingly takes heat of any resistance to change

RESULTS AGILITY

Delivers results (even in tough situations), resourceful, inspiring, has significant presence, builds high performing teams



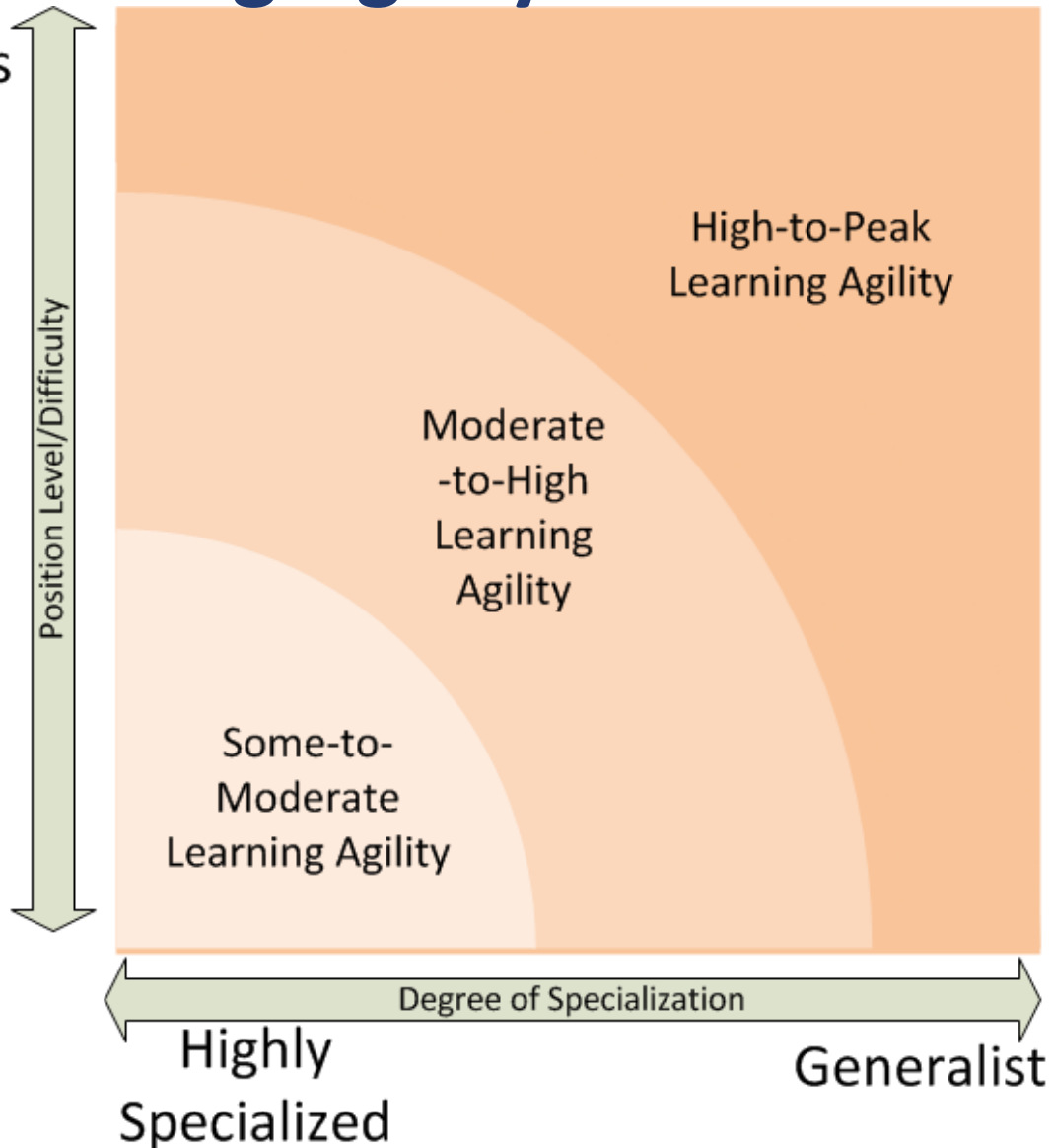
The Need for Learning Agility

Senior & Critical Roles

- Strategic
- Complex
- Ambiguous

Less Critical Roles

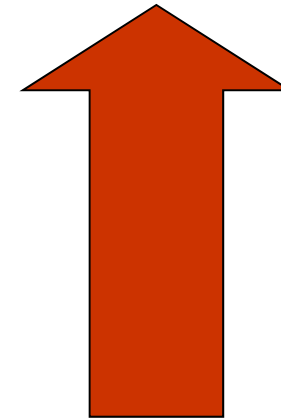
- Straightforward
- Transactional
- Predictable





Relative Importance of Drivers for Hi-Pos

- *Personal Influence*
- *Trust in Senior Leadership*
- *Strategic Alignment*
- *Career Support*
- *Developmental Opportunities*





Regarding High Potentials

- Boredom is the worst form of hell
- Differentiate with courage
- Focus on capabilities of operational managers

Key Driver

Immediate Manager Relationship



What is Role of Performance Management?

- **Set Expectations**
- **Provide Feedback, Reinforcement, and Performance Coaching**
- **Assess for Differentiation**



Some Performance Management Research

- **51% more likely to out-perform others in financial outcomes**
- **41% more likely to out-perform others in non-financial outcomes, e.g., customer satisfaction and employee retention**
- **~90% of surveyed multi-national companies have formal performance management process**



However...

- **~70% of managers experience problems in implementing their performance appraisal system**
- **~80% of managers perceive their performance management process to be ineffective**
- **Virtually all employees (~95%) express some dissatisfaction**



Root Causes

- **Low Skill in Critical Competencies**
 - Conflict Management
 - Time Management
 - Priority Setting
- **Inhibiting Culture**
- **Lack of Performance Vocabulary**
- **Ego**



Focus on Immediate Manager Relationship

- **Personal Influence**
- **Trust in Senior Leadership**
- **Strategic Alignment**
- **Career Support**
- **Developmental Opportunities**



Develop Managers

- **Develop Skills in Critical Conversations**
- **Listen to Promote Influence**
- **Differentiate to Provide Career Support**
- **Create Strategic Alignment**
- **Model Behaviors that Drive Trust**
- **Lose the Ego and Raise Self-Awareness**

Talent Management Capability



Implementation Recommendations

- **Be Transparent**
- **Separate Performance & Development**
- **Avoid Compliance Focus**
- **Utilize Qualitative Metrics**

It's all about meaningful conversations!



Questions?

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