

Best Practices in Identifying Top Talent/Hi-Potentials:

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Brief

Do you have any fairly recent research (ideally last few years) on how other companies are identifying Top Talent/ high potentials? In 2018, we transitioned from the 9-box to 4 (then 3) designations to put greater focus in our Talent Reviews on identifying development actions for Top Talent, rather than spend a lot of time placing people in the 9-box (granted our old 9-box was more complicated than most I have seen). Our CEO and new CHRO wants to relook at how we define potential. See the attached for our journey.

Here are the key questions/ areas we are looking to address:

- *What tools/ frameworks are other companies using to identify high potentials?*
- *How do other companies define potential? (e.g., two-level promotable, personality qualities, learning agility)*
- *How does performance fit into the identification of potential?*
- *What percentage of employees (at a given level) are considered high potential/ top talent?*
- *How deep in the organization are companies identifying high potentials? At K-C, we mainly focus on employees currently in Sr. Manager/ Sr. Professional roles and above. Those roles are the feeder positions for Dir and Sr. Exec roles.*

Executive Summary

We have found research and case studies relating to the following 5 organizations around high potential identification and associated processes.

1. **Pepsico**
2. **Metlife**
3. **Johnson and Johnson**
4. **Fedex**
5. **AMEX**

Pepsico Highlights

- *PepsiCo no longer relies on performance to measure and identify potential, because it is often a judgment call and often reflects today's need rather than future needs. LeAD considers foundational, growth, and career dimensions when considering someone's potential.*
- *To properly measure the dimensions, PepsiCo uses a multi-trait, multi-method approach¹ to produce an assessment index that classifies individuals into one of four ranges.*
- *LeAD program is embedded within a competency framework called the PepsiCo GREAT5 LeAD employs different tools such as 360-degree feedback, cognitive tests, personality measures, and customized business simulations to measure the GREAT5 as well as the associated behaviors.*

MetLife Highlights

- *Potential at MetLife Considers Ability, Aspiration and Engagement and reflects the extent to which an individual has the ability to progress in an organization.*
- *Very high potentials MetLife have a strong potential to move up two levels or more and gain increasing responsibility throughout their career, as well as having existing ability and ability to grow. Potential is identified using occupational assessments, personality questionnaires ability tests, cut-e, Saville Consulting Professional Styles, Hogan Behavioural Questionnaires, integrity and dependability questionnaires.*
- *MetLife uses MBAs as an indicator of High Potential. The Global Leadership Development Program (GLDP) program is a fast-track global program designed to build a pipeline of future leaders who are recent MBA graduates with three to five years of experience.*

Johnson and Johnson Highlights

- *J&J deploy a global approach to ensure development is for everyone, regardless of where they are on their career journey. Johnson & Johnson believe development is for everyone.*

- *J&J maintain a suite of leadership and development programs to accelerate the progress of individuals who have been identified through the succession planning processes as having the potential to fill more senior leadership roles within the Enterprise.*
- *As part of J&J's organizational and talent review process, the company's managers select high potential individuals they believe could run a business (or a bigger business) in the next three years to participate in LeAD. The program lasts nine months in total*

Fedex Highlights

- *Fedex are identifying high potentials right down at entry level management. It is the first leadership assessment gateway achieved via the LEAP process.*
- *LEAP is compulsory for any employee who wants to progress to management level positions within the company. The purpose of LEAP is to evaluate a candidate's leadership potential and ensure that the individual carefully considers his or her interest in and aptitude for leadership.*

AMEX Highlights

- *Young MBA vice presidents who had already graduated from the company's six-month Accelerated Learning Development (ALD) program, are deemed as ideal high potential candidates for the annual ALD Revenue Growth Challenge event.*
- *On arrival, participants knew only that the CEO had invited them to tackle pressing business challenges. In Amex's first revenue challenge, business leaders purchased five ideas on the spot and designated four as pending.*

Pepsico

PEP (NASDAQ). PepsiCo, Inc. is an American multinational food, snack, and beverage corporation headquartered in Harrison, New York.

Pepsico's Enterprise talent management center of expertise (TM COE) created a comprehensive strategy to identify and measure potential via an integrated high-potential assessment and development system.

The result is the LeAD (Leadership Assessment & Development) program¹, which has been fully operational for seven years. PepsiCo was awarded a 2018 Human Resource Management (HRM) Impact Award for “PepsiCo’s Global Leadership Assessment & Development (LeAD) Program.” The program was developed in partnership with APTMetrics.² APTMetrics has assessed thousands of leaders in Fortune® 100 companies—from first-line managers to C-suite executives.

LeAD comprises a suite of psychological and behavioural assessment tools leveraging both technology and high-touch feedback delivery by the TM COE team. Although LeAD’s design and management is centrally funded, the business sectors and global functions pay the individual participant costs for assessment and deliver customized development planning for leaders who go through it. In the last seven years over 10,000 employees across all levels and nearly all senior leaders have been assessed at some stage in their careers.

***PepsiCo no longer relies on performance** to measure and identify potential, because it is often a judgment call and often reflects today’s need rather than future needs. LeAD considers foundational, growth, and career dimensions when considering someone’s potential:*

- **Foundational dimensions:**

- *Cognitive skills (for example, strategic thinking, connecting the dots, and analytics and insights) and,*
- *Personality characteristics (such as social and interpersonal skills, curiosity and creativity and the ability to moderate derailers).*

- **Growth dimensions**

- *Characteristics that facilitate or enhance an individual’s ability to be successful in new roles, situations, and environments. They include learning agility and motivation. If someone at PepsiCo can’t learn or isn’t motivated to do so, leaders question the individual’s status as a true high potential. Growth dimensions are often stable over time, but they do change and can be developed or influenced via tools, coaching, training, and career conversations.*

- **Career dimensions**

- *Leadership capabilities and functional expertise a person needs to be successful in a given organizational context. PepsiCo considers both critical leadership skills (such as inspiring others, collaboration, ethics, and integrity) as well as specific behaviors and new capabilities that will drive business growth in the future (such as digital fluency and analytics). Career dimensions are the easiest to measure through tools*

1 <https://www.td.org/magazines/td-magazine/pepsicos-formula-for-leadership-potential>

2 <https://aptmetrics.com/leader-assessment-development/>

such as 360-degree feedback and competency frameworks and can be developed via experiences, coaching, mentoring, formal leadership programs, and online learning.

The three dimensions are based on the Leadership Potential BluePrint model, which underlies all the predictive work PepsiCo has done with respect to assessing and developing future leaders.

To properly measure the dimensions, PepsiCo uses a multi-trait, multi-method approach³ to produce an assessment index that classifies individuals into one of four ranges. Although an individual does not need high assessment scores to be classified as a high potential or ascend to more senior roles, this framework enables the company to be fully cognizant of each leader's strengths and limitations that could affect future success.

The assessment index is fully transparent to employees, and internal data has shown that employees strongly prefer to know the outcome of the measurement process and predictive algorithm rather than be kept in the dark as to how they did overall. In fact, TM COE research shows no negative impact on engagement or turnover for any talent pool participating in LeAD as a result of this level of transparency.

Assessing talent across the leadership pipeline

LeAD program is embedded within a competency framework called the PepsiCo GREAT5, which succinctly describes what it takes to go from being a good to great leader and is the basis for the organization's leadership development programs and talent management practices.

- *Growth reflects a person's curiosity and ability to learn from novel situations by constantly pushing outside their comfort zone and helping others to learn and develop.*
- *Relationships involves building and maintaining trusting relationships across organizational boundaries by modeling integrity, transparency, and authenticity and being respectful and inclusive of others.*
- *Execution is the energy, enthusiasm, and inspiration an individual brings to motivate others to action and to accomplish ambitious goals, and it is simplifying complexity to drive quality results.*

3 <https://www.shrm.org/hr-today/trends-and-forecasting/special-reports-and-expert-views/Documents/Selecting-Leadership-Talent.pdf>

- *Agility involves adapting a person's style and approach to an ever-changing business environment, managing pressure, and embracing and championing change to drive transformation.*
- *Thinking reflects how an employee brings in and uses external insights (business, customer or consumer, industry, global), thinks creatively, and takes a long-term and holistic perspective to make informed decisions.*

LeAD employs different tools such as 360-degree feedback, cognitive tests, personality measures, and customized business simulations to measure the GREAT5 as well as the associated behaviors.

Using a tiered approach based on leadership transitions, the assessment and development work emphasizes different aspects of the GREAT5 at different levels of potential in the organization. At junior levels, foundational capabilities reign; at senior levels, possessing specific role capabilities becomes more important. The LeAD Program at a Glance figure provides an overview of the tools and development focus at each level.

Relationship with performance

Success indicators

The company is committed to ensuring that leaders with potential advance and succeed at higher levels via internal development efforts, and LeAD delivers. The leading measures and outcomes the TM COE team has tracked over time include:

Performance.

Those who do better on LeAD deliver stronger sustained performance using three-year average performance ratings after program completion.

Promotion. Those who do better in LeAD and successfully improve against their development objectives are promoted at 1.5 to 2.5 times faster rates than those who do not. Interestingly, anyone who participates in the program has a higher likelihood of promotion versus those who opt out, countering a common misperception that being assessed is inherently a bad thing.

Engagement.

Behavior change. Participants who execute against their development plans are more likely to show improvements in their leadership behaviors on a 360-degree survey as rated by their managers, peers, and direct reports within 12-18 months.

MetLife

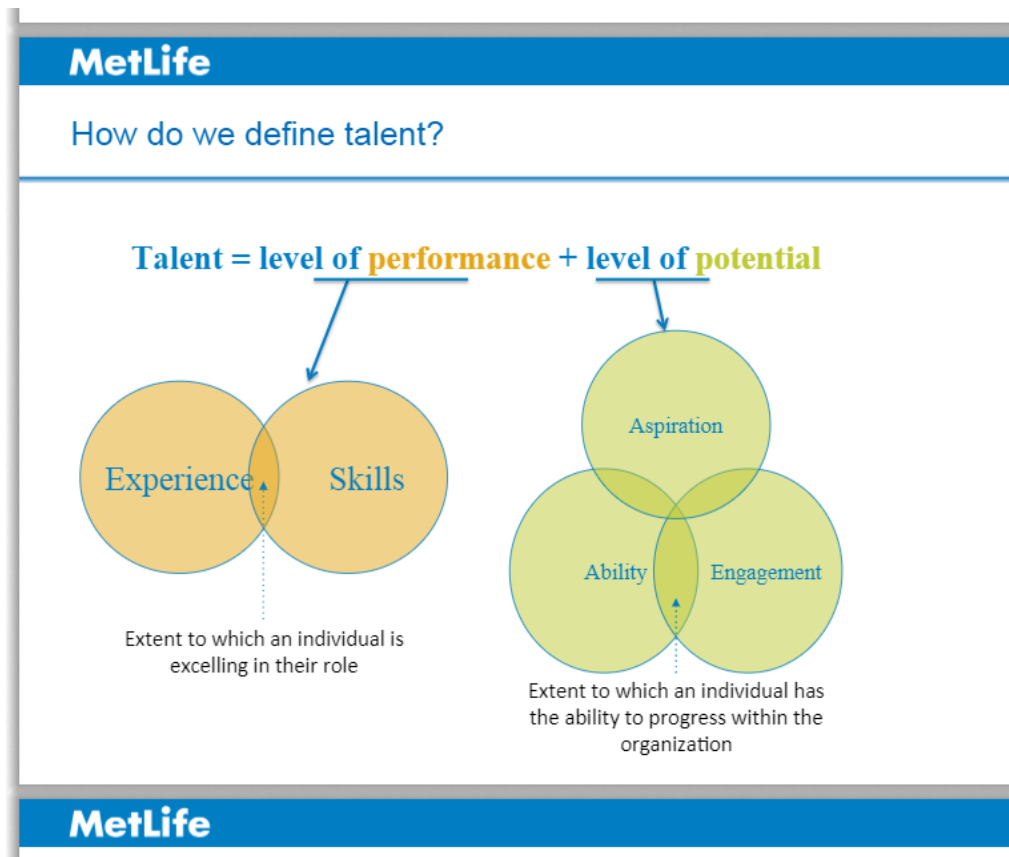
MET (NYSE). *MetLife is among the largest global providers of insurance, annuities, and employee benefit programs, with 90 million customers worldwide.*

MetLife recognized that to be a more agile, global company, it needed to develop a pipeline of future leaders who could work across geographies and business functions, and also contribute diversity in gender, ethnic and racial backgrounds and global experiences.

⁴The Global Leadership Development Program (GLDP) program is a fast-track global program designed to build a pipeline of future leaders who are recent MBA graduates with three to five years of experience. Metlife place great emphasis on ensuring that female and ethnically and racially diverse talent is included in the program. They achieve this through innovative third party partnerships and on-campus relationship management programs. The structure of the program involves three rotational assignments over five years across two regions and at least two functions or businesses. Of the rotational assignments, 40 percent are located in 15 countries outside the U.S. Participants are developed through action learning, dedicated development offerings and mentorship.

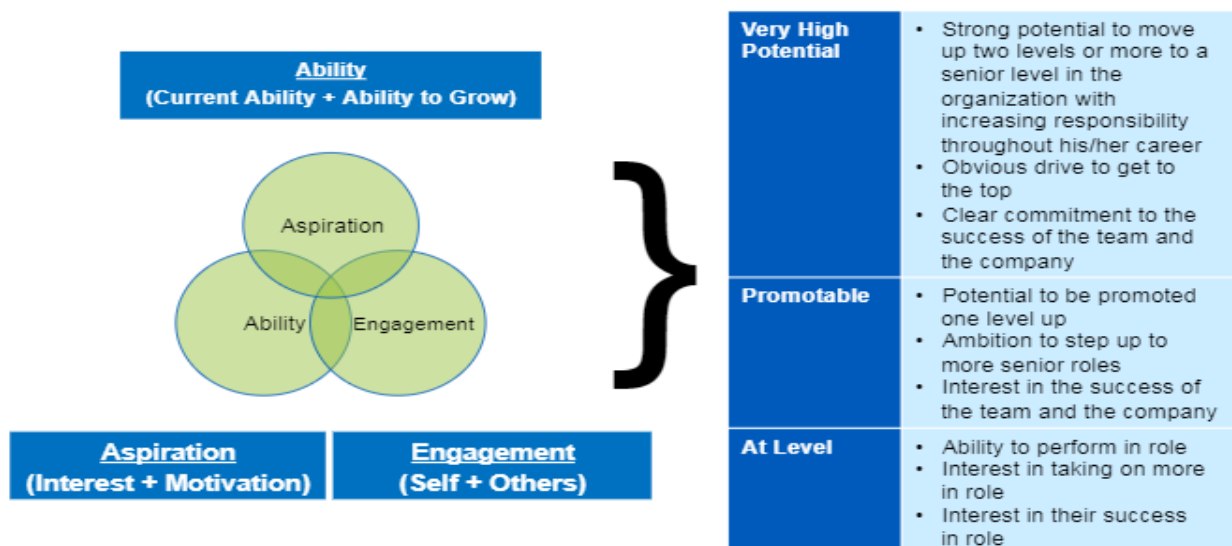
How MetLife Defines and Identifies Potential in 3 Diagrams

4 <https://www.ceoaction.com/actions/global-leadership-development-program/>



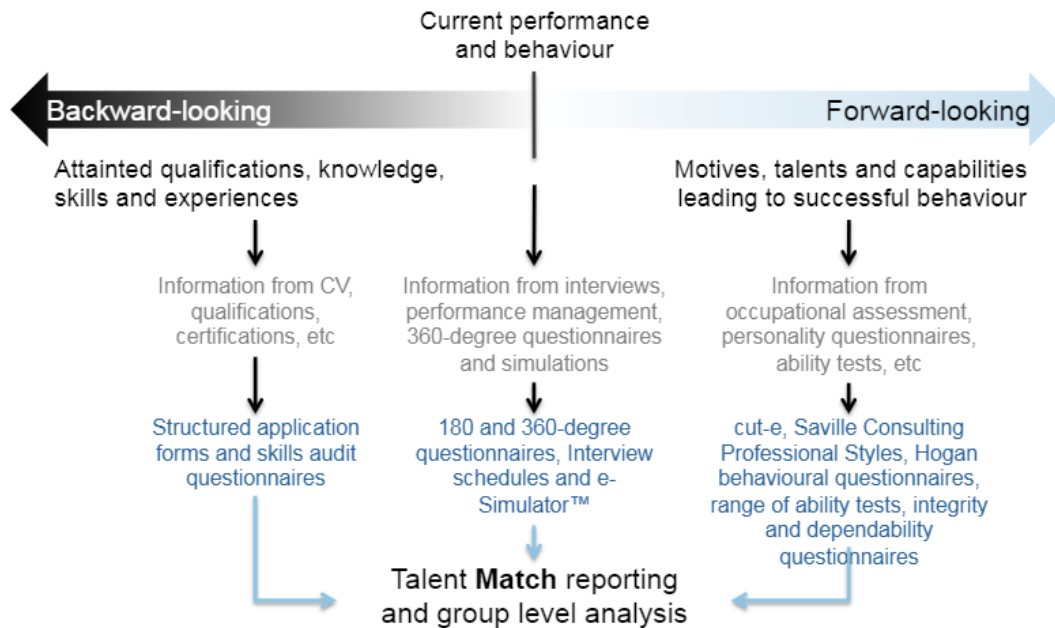
MetLife

Potential Considers Ability, Aspiration and Engagement



MetLife

The Assessment of Potential



Potential at MetLife Considers Ability, Aspiration and Engagment and reflects the extent to which an individual has the ability to progress in an organization. Very high potentials MetLife have a strong potential to move up two levels or more and gain increasing responsibility throughout their career, as well as having existing ability and ability to grow. Potential is identified using occupational assessments, personality questionnaires ability tests, cut-e, Saville Consulting Professional Styles, Hogan Behavioural Questionnaires, integrity and dependability questionnaires.

Johnson and Johnson

JNJ (NYSE). Johnson & Johnson is an American multinational corporation founded in 1886 that develops medical devices, pharmaceuticals, and consumer packaged goods.

Employee development activities in 2019 include the following:

- *Engaged 313 employees in accelerated leadership development programs for high-potential and diverse talent.*

- Supported nearly 7,000 people leaders in leadership development, resulting in participants feeling more equipped to perform their role.
- Suite of leadership and development programs to accelerate the process of individuals who have been identified through succession planning process as having the potential to fulfil more senior leadership roles within the Enterprise.

J&J Position on Development

J&J deploy a global approach to ensure development is for everyone, regardless of where they are on their career journey. Johnson & Johnson believe development is for everyone.

They maintain an integrated, enterprise-wide approach to human resources management and professional development, empowering everyone to achieve their personal best at work.

They offer Professional development programs and learning resources for all employees and provide ongoing opportunities for continuous employee development and professional growth for all employees.

They offer independent study courses, web-based courses, interviewing simulations, assessments, intensive workshops and action-planning courses. They promote shared accountability between an employee and his or her manager to ensure that opportunities for development are identified and pursued, **and that the potential of the individual is maximized.**

The two key tools for learning and development management are:

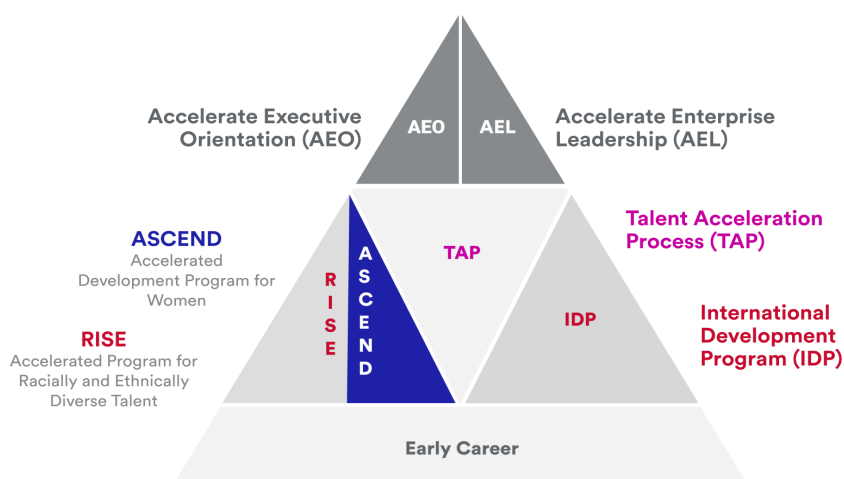
- SUMMIT: Enterprise-wide learning management system called SUMMIT is available to employees globally. SUMMIT is an integrated portal offering self-enrolment in training programs and tracking of individual training progress and results.
- MyDevelopment: Global personal development platform called MyDevelopment, with which employees can build a Personalized Development Framework around the three Es of Education, Exposure and Experience.

J&J maintain a suite of leadership and development programs to accelerate the progress of individuals who have been identified through the succession planning processes as having the

potential to fill more senior leadership roles within the Enterprise.

- AEL (Accelerate Enterprise Leadership): Vice presidents who aspire to more senior roles.
- AEO (Accelerate Executive Orientation): Newly promoted or externally hired vice presidents to about expectations for their role and their impact on the Enterprise.
- TAP (Talent Acceleration Process): Current directors preparing for vice president level.
- ASCEND: Designed for mid-level female leaders aiming to increase their leadership impact.
- RISE: Mid-level U.S.-based racially and ethnically diverse talent aiming to grow leadership impact.
- IDP (International Development Program): Mid-level leaders focused on developing core capabilities in another country.
- ELD (Enterprise Leader Development): All newly hired or promoted leaders are assigned to an ELD program. ELD consists of two interactive multi-week learning programs that establish standards of excellence for management effectiveness and leadership development.
- Developing R&D leaders: Innovation Champions program, which provides professional growth opportunity to R&D scientists across the organization.

*Assessing
Current*



Performance and Future Potential at J&J

Maintaining robust performance management tools: Employee performance at Johnson & Johnson is measured in two dimensions, the “what” and the “how.” Leadership Imperatives set the performance behavioral expectations for all employees—the “how.” The Leadership Imperatives give employees across all geographies, businesses, roles and levels a clear and consistent way to lead Johnson & Johnson into the future. All employees formally discuss their progress and plan their professional development with their managers five times each year, in the Five Conversations framework; this is in addition to informal, ongoing discussions throughout the balance of the year.

LeAD Program for high potentials⁶

As part of J&J's organizational and talent review process, the company's managers select individuals they believe could run a business (or a bigger business) in the next three years to participate in LeAD. The program lasts nine months in total. During this time, participants receive advice and regular assessments from a series of coaches brought in from outside the company. They also must develop a growth project—a new product, service, or business model—intended to create value for their individual units. Each candidate's progress in this regard is evaluated during a leadership session that is held in an emerging market such as China, India, or Brazil in order to increase participants' global knowledge. Graduates leave the program with a multiyear individual development plan and are periodically reviewed by a group of senior HR heads for further development and reassignment across the corporation.

J&J managers believe that the LeAD process has accelerated individual development.

Fedex: FDX (NYSE)

FedEx Corporation, formerly Federal Express Corporation and later FDX Corporation, is an American multinational delivery services company headquartered in Memphis, Tennessee.

Fedex are identifying high-potentials right down at entry level management. It is the first leadership assessment gateway and achieved via the LEAP process.

LEAP

Leadership Evaluation and Awareness Process (LEAP)

A process implemented to improve leadership effectiveness and retention within FedEx. LEAP is compulsory for any employee who wants to progress to management level positions within the company. The purpose of LEAP is to evaluate a candidate's leadership potential and ensure that the individual carefully considers his or her interest in and aptitude for leadership.

A candidate must complete the following process to become LEAP-endorsed:

- *"Is Management for Me?": a one-day class that familiarizes candidates with managerial responsibilities.*

6 <https://hbr.org/2010/05/how-to-keep-your-top-talent>

- *Employee's Leadership Profile: the employee documents successful demonstration of the nine leadership dimensions required to successfully complete the LEAP process.*
- *Manager's Focused Recommendation: the written report from the employee's manager supporting or opposing the candidate's leadership capabilities. It is usually prepared after a three- to six-month period during which the manager coaches and evaluates the employee.*
- *Peer Assessment: an evaluation of the candidate, completed by three to ten of the candidate's co-workers selected by his or her manager. Peers provide their opinion as to the managerial abilities of the candidate.*
- *LEAP Panel Evaluation: an interview process conducted by a group of mid-level management trained in LEAP assessment. LEAP candidates present written and oral arguments to the panel supporting specific leadership scenarios. In making their decision, the panel considers the Peer Assessment, Manager's Focused Recommendation and the Employee's Leadership Profile.*
- *If a candidate is endorsed, they are eligible to apply for management positions, if not endorsed, an employee must wait six months before trying again.*
- *During the first year where 11 i-LEAD panels have been facilitated wherein 22 participants were reviewed. Twelve were endorsed for i-LEAD and the rest were asked to go for additional development. More than 50 per cent of the endorsed candidates have moved into management roles in the organization.*

⁷FedEx offers several unique leadership and career development tools and education for all full-time employees. For instance, Global Leadership Corps is an opportunity to develop leadership capabilities within the company while also giving back to communities. This four-month, intensive

learning experience exposes high performing FedEx employees to next generation ways of doing business, such as emerging markets, virtual and global teams, diverse cultures, working outside

the traditional office, and sustainable business practices.

In FY19, 30 FedEx leaders participated in the Global Leadership Corps, spending time in Sofia, Bulgaria and Phnom Penh, Cambodia, where they contributed to 10 FedEx Cares projects with a social purpose. Through these experiences, participants had opportunities to improve their leadership, communication, and teamwork skills, while building cultural awareness, global fluency and contributing to FedEx Cares initiatives.

EXCEL DRIVE is another enterprise-wide leadership development program for high potential managing directors, also designed to benefit people and communities. These mid-level leaders expand their global perspective by participating in a two-week global CSR project as a component of a six-month leadership development program.

7 <http://www.fedex.com/ma/about/overview/philosophy.html>

Fedex operating companies also maintain leadership development programs unique to their organizations' needs. For instance, FedEx Freight offers FXF Action-Learning, a 90-day intensive developmental experience bringing together leaders from across FedEx Freight to solve real organizational problems, while facing challenges that require transformational thinking. And FedEx Custom Critical offers coaching and volunteering-based development through the ASPIRE program, designed for hourly employees who aspire to formal leadership. ASPIRE includes

experiential learning, coaching, core and elective courses, and volunteering-based development opportunities.

American Express

AXP (NYSE). The American Express Company is a multinational financial services corporation headquartered at 200 Vesey Street in the Battery Park City neighbourhood of Lower Manhattan in New York City.

⁸Accelerator programmes taking MBAs to the top.

In 2016, former American Express CEO Ken Chenault tasked chief human resource officer Kevin Cox with finding new opportunities that would drive innovation and revenue growth. When we spoke with Cox and his team, they told us they turned to a specific company cohort: young vice presidents who had already graduated from the company's six-month Accelerated Learning Development (ALD) program.

They convened the program's top 75 performers — many still fresh out of business school — for a three-day stint of idea generation and problem solving. Fall of 2016 marked the first convening of the ALD Revenue Growth Challenge event. On arrival, participants knew only that the CEO had invited them to tackle pressing business challenges. They separated into teams of four to five, received briefings on available data and existing strategy, and engaged with customers, employees, and other stakeholders.

On day three, 13 teams pitched the chairman and those senior leaders whose businesses were affected by the challenges being addressed. Presentations needed to convince leaders that the new idea merited financial investment and the effort required to plug it into the company's businesses. Participants learned to think about how their ideas could drive growth and be scaled to the enterprise, as well as how they could be economically sustainable. In Amex's first revenue challenge, business leaders purchased five ideas on the spot and designated four as pending.

⁸ <https://hbr.org/2018/06/how-johnson-johnson-and-american-express-are-developing-young-leaders>