KORN FERRY
Institute

Talent Framework

Seven signposts

The unmistakable markers that identify high-potential leaders.

Introduction.

How can organizations predict who will become a successful future leader? After all, simply measuring a person's current job performance is a bedeviling undertaking. And none of us have the ability to see into the future. The best bet? Look for the strong rudders that steer leaders steadily through uncertain, unpredictable, and changing situations.

One thing is certain: the skills, experiences, traits, and drivers that correlate with success in senior executives are different from those for middle-management or entry-level roles. These leadership attributes do not simply spring into existence when a person is promoted into leadership; they manifest and grow over the course of a career. So how early can it be discerned who has what it takes to lead at the highest levels?

All high-potential leaders are marked by seven essential signposts that indicate their likelihood of future success. Overall, the clearer the signal on the greatest number of attributes, the better the odds that he or she will exhibit superior leadership performance.

Identifying such high-potential leaders early lets an organization deliberately develop future executives so that when a need arises, someone with the requisite ability is prepared to step up to the challenge. This is the only truly proactive way to manage a talent pipeline. What, after all, is the other option? Wait and see who has the skills to succeed only after they are already put in leadership roles? That is time consuming, expensive, and fraught with pitfalls.

When sizing up an employee to gauge his or her potential to excel as a senior leader, organizations should look most closely at these seven facets—all measurable—that predict performance in future roles:

- A track record of formative experiences.
- The ability to learn from experience.
- Self-awareness.
- Leadership traits.
- The drive to be a leader.
- Aptitude for logic and reasoning.
- Managed derailment risks.

A track record of formative experiences.

Even though every leader's career is unique, their paths into leadership follow a predictable course: from managing others, to managing managers, to managing a function or business, then a group of businesses, and for some leaders, to managing an enterprise (Charan, Drotter, and Noel 2011). Each leadership level is defined by the challenges and experiences it presents.

Korn Ferry research has identified key career experiences that build the abilities of high-performing leaders. The more of these key developmental experiences a leader accumulates, the greater the possibility that he/she will be successful after promotion to the next level. A leader who has developed a strategy, managed difficult financial situations, or honed external relationship management has much more bandwidth to learn everything else he/she must conquer to succeed when promoted to the next level. A leader who is behind the curve, who lacks one or more relevant experiences, will have to learn these lessons while he/she is also learning the job. This extra demand, at a time of rapid change, makes the transition risky and more likely to go awry.

The chart below (Figure 1) shows that on average, leaders at the highest levels are more likely to have had a wide range of key developmental, career-building experiences.

Figure 1

Prevalence of key formative career experiences by management level.

The individuals who reach the highest levels of leadership consistently have experience in general management, handling critical or risky situations, and problem-solving challenges.
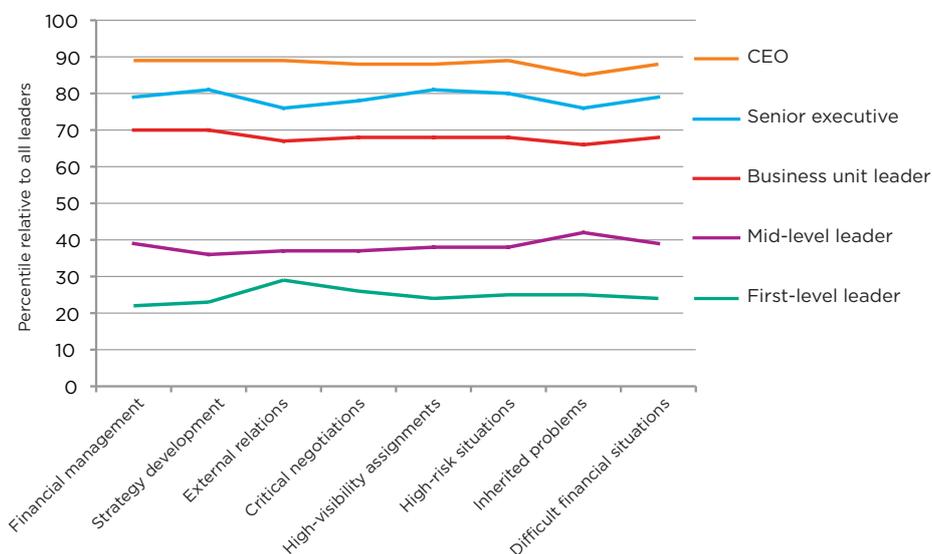
The ability to learn from experience.

When one considers what it will take to lead organizations into the future, the ability to navigate the uncertainties and complexity of the globalized economy looms large. To succeed, leaders will have to tackle the new, the never-before, the yet-unknown, and drive positive results.

People who learn from experience not only glean multiple, varied lessons from their experience, they apply those lessons in order to be effective in situations they are confronting for the first time. They are skilled at recognizing and extracting the underlying principles of a challenge, no matter how well disguised those principles may be. This skill allows them to develop frameworks, rubrics, and rules-of-thumb that will guide them when managing recurring issues, and help them recognize and address the truly new challenge when it arrives.

Behaviors that may appear instinctual in late-career leaders are, in most cases, the result of lessons – often painfully acquired – of earlier experiences. Leaders who are less capable of learning from experience are prone to simply describe their experiences ("I led the turnaround of a struggling business unit"). But having the experience doesn't always mean extracting the meaning from it. Those with high potential for leadership take more lessons from their experiences, can describe the insights, and even show how they have applied the lessons ("I have learned that turning something around sometimes means letting some part of the business fail").

Learning agility: Learning from experience in action.

The most effective way to assess a person's potential to learn from experience is by measuring learning agility. Indeed, the very definition of learning agility speaks to the ability and willingness to learn from experience and subsequently apply that learning to succeed under new, first-time conditions.

It's estimated that just 15% of the global workforce are highly agile learners, so securing this kind of talent is becoming an important strategic differentiator for businesses. That's why nearly 25% of the *Fortune* 100 assess the learning agility of internal and external candidates as one way of measuring their potential to become high-performing leaders.

The ROI for organizations and leaders is clear. Research shows that learning agile leaders are rated more competent, recognized as having the most potential for advancement, get promoted faster and more often than their peers, and outperform their peers after a promotion.

Learning agility is especially crucial during job transitions—such as a promotion—when one invariably faces new and unfamiliar situations. Instead of automatically defaulting to favorite past solutions or problem-solving tactics, learning agile leaders apply fresh and varied approaches, ideas, solutions, and techniques to solve those new, tough problems. In short, learning agile leaders find new ways to successfully navigate unknown and unforeseen challenges.

Self-awareness.

To achieve high performance, leaders must begin with a clear-eyed view of their existing strengths and their development needs. They need to know where they excel and when they can trust their instincts and abilities. They also need to recognize where they have weaknesses and when they need to rely on the insights and abilities of others.

Being self-aware allows high-potential leaders to understand the impact that people and situations have on them. They also observe the effect they have on people and situations and use that knowledge to manage and influence people.

In assessments to identify high-potential leaders, self-awareness manifests as an absence of blind spots about their skills; their own estimates of their strengths match those of their bosses and peers. In part, this is because they seek out feedback on ways to improve, and reflect on their own successes and setbacks. In fact, the evidence suggests that highly self-aware leaders have a positive impact on company performance; prevalence of high self-awareness correlates with high rate of return (see Figure 2).

Self-aware leaders observe the effect they have on people and situations and use that knowledge to manage and influence people.

Figure 2
Stock performance and self-awareness scores.
Korn Ferry analyzed 6,977 self-assessments from professionals at 486 publicly traded companies and found that those with high self-awareness tend to be concentrated in companies wiht a robust rate of return, suggesting that they might contribute to greater business outcomes.
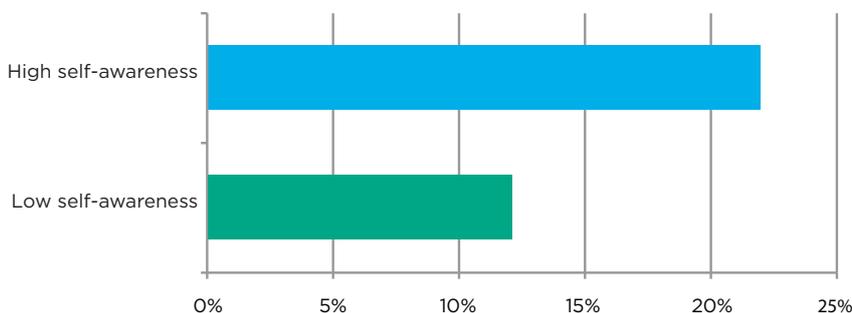
Percent chance that a person works for a high-performing company as a factor of their self-awareness level.

Leadership traits.

More than skills, traits are part of our personality. All of us are disposed to behave in certain ways, and all (or at least most) of us learn to adjust those behaviors to meet the demands of various situations. Extroverts tend to engage with others. People with a strong need for achievement are likely to set very challenging goals. High-potential leaders are inclined to act like leaders.

The more an individual's traits align with what is required for leadership success, the greater the potential for future high performance. Leadership, however, is a moving target: some traits become more important at higher leadership levels, and some become less important. For instance, attention to detail may contribute to early career success, but inhibit or even derail a top executive (see Figure 3). This shift accounts (in part) for the paradox of a merely satisfactory new manager who simultaneously has the potential to be a superior performing executive. And it explains, in part, why some leaders plateau despite early success.

Having the right level—not too much, not too little—of these traits is one indicator of future high performance as a leader.

Figure 3
Traits of leaders across management levels.
The traits most prevalent at top leadership levels include things like taking charge, having a vision, tolerating stress, and being innovative.
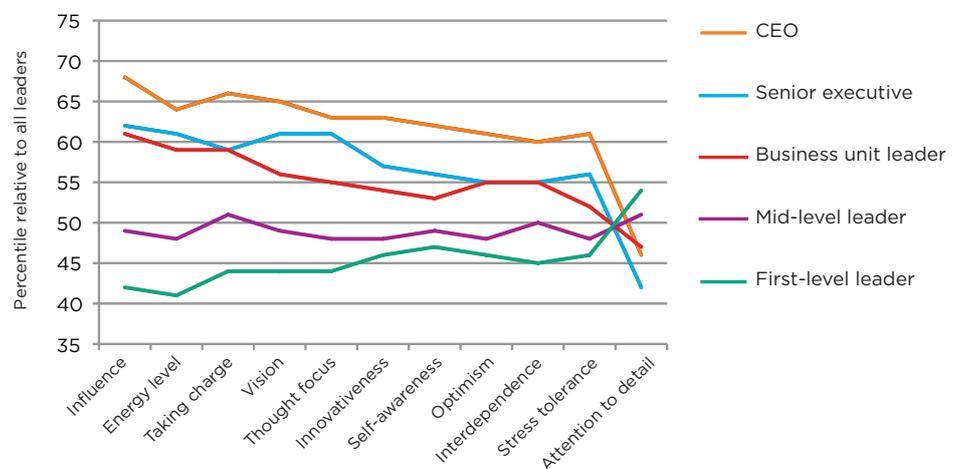
The drive to be a leader.

Talk to mid-level managers and you will quickly discover there are many who are happy where they are and who have no wish to move into more challenging roles ("There is no amount of money that would get me to take my boss's job"). You will also discover that there are others who would do the work even if you didn't pay them ("I love this job. I can't believe they pay me to do it").

People with leadership potential find the role of a leader interesting and the work of leading motivating and fun, which is crucial. Leadership becomes progressively more difficult at every level, and the demands upon time and energy increase. If the work doesn't align to what drives them, it is unlikely that any leader will have the energy and resilience needed to thrive or even to just survive.

People with less leadership potential typically cite the perks of the role (title, pay, prestige) as their primary drivers. High-potential leaders, on the other hand, cite the nature of the work as what drives them: the opportunity to make a difference, to have a positive impact on their co-workers and organization, and to have a greater area of responsibility. This is evident in the greater prevalence of goals and aspirations related to leadership at each career level (see Figure 4).

> **People who aren't engaged by leadership cite the perks (title, pay, prestige) as their primary drivers. High-potential leaders cite the nature of the work as what drives them.**

Figure 4

Signals of leadership drivers across management levels.

The table below illustrates how those who move up in leadership are marked by having higher career aspirations, more specific career goals, desire to take on general management and C-suite positions, and are engaged by getting things done through others.

Percentage who...	First-level leader	Mid-level leader	Senior leader
Aspire to a general management (vs. specialist) role.	55%	60%	72%
Aspire to a senior executive or C-suite role.	48%	69%	85%
Are above-average in terms of their level of aspiration and specificity of career goals.	37%	51%	61%
Are engaged by roles that require getting things accomplished through others.	42%	50%	58%

Aptitude for logic and reasoning.

Call it capacity, mental bandwidth, or logic and reasoning, high-performing leaders have considerable cognitive ability. They are effective analytical and conceptual thinkers. They are astute at spotting patterns or trends in data that others miss. And they solve problems with aplomb, at first individually, and then as leaders, by marshaling and focusing resources on the right challenges.

But there is a subtle trap here as one moves up in leadership: a person's role changes from being the primary problem solver to ensuring that the problem gets solved. Leaders who cannot shift out of individual problem-solving mode and into the job of coaching and mentoring others to analyze problems will struggle beyond mid-level leadership roles.

Likewise, organizations that rely on individual problem-solving as their sole or even primary indicator of high leadership potential risk flooding their pipeline with people who will peak in mid-level roles. For this reason, it's risky to assess pure cognitive ability without simultaneously considering how this cognitive ability is imparted in a leadership role.

Figure 5

Cognitive ability in the general population and organizational leadership.

Aptitude for reasoning and logic in the general population and across leadership-levels. Higher-level leaders show higher aptitude for reasoning and logic.
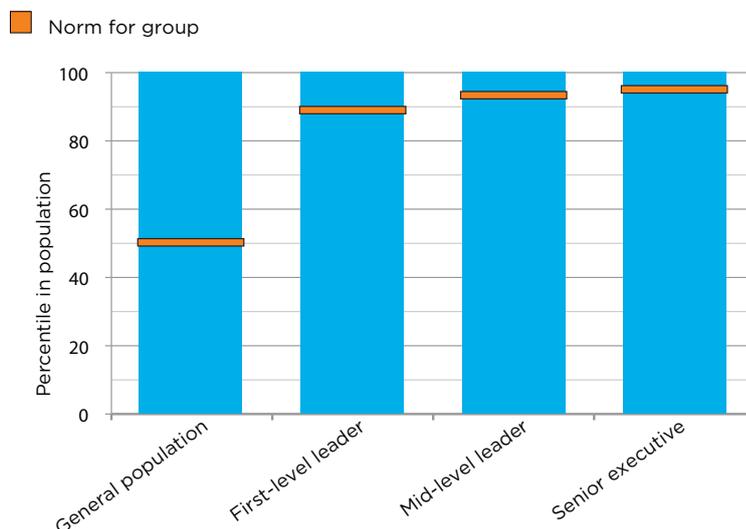
Managed derailment risk.

A perennial topic for the cover of business magazines is the high-level leader who self-destructs, sometimes ruining just his or her career, but other times crippling the entire organization. The risks related to derailment go up at higher job levels: expectations are higher and consequences of failure are higher. At the same time, there are some behaviors that don't become a career risk until a leader reaches a higher-level position. Careful assessment of an individual's derailment risk is crucial before moving him or her into a mission-critical role.

Unexpectedly, leaders who have reached higher levels appear to have more derailment factors. They may be perceived as over-controlling, as micromanagers. They may come across as more arrogant or entitled. Or perhaps people experience them as being more self-centered or more defensive.

Derailers get amplified at higher levels (see Figure 6) for a few reasons: 1) the strengths that propel leaders to the top often have corollary weaknesses; and 2) increased demands and higher expectations yield more focused scrutiny. In fact, some estimate that 30% to 50% high-potential managers and executives derail (Lombardo and Eichinger 2004).

Clearly, there is little tolerance for derailment behaviors in business leadership. Organizations are infamous for tolerating "quirky" but high-producing sales representatives or "eccentric" but brilliant individuals in professional/technical roles. But those roles depend almost entirely on individual performance. Success as a leader stems from the energy and commitment of the people being led. Derailers undermine trust in and willingness to follow a leader and are, therefore, considerably more damaging. For these reasons, it is imperative that both organizations and high-potential leaders be aware of and manage the risk associated with derailers.

Figure 6

Potential for derailment across management levels.

The potential for derailment is rated significantly higher for upper management than low and middle management, as revealed by the mean scores on three problem areas.

Derailment factor	First-level leader	Mid-level leader	Senior leader
Doesn't relate well to others.	1.49	1.52	1.64
Issues with trust, composure, political missteps.	1.46	1.47	1.55
Doesn't inspire or build talent.	1.62	1.62	1.72

The signs of potential are there.

In seven different, measurable ways, high-potential employees are indicating their ability to become high-performing leaders. It's up to organizations to pay attention to the signs, and which way they are pointing.

Those lacking self-awareness will struggle to grow and develop. Those who are not agile learners won't take away valuable lessons from their experiences. Those short on relevant experience won't hit the ground running. Those who don't have the drivers for leadership will find their jobs draining rather than energizing. Those without the traits of leaders will have to devote precious effort to managing the stress associated with leadership roles. Those at high risk of derailing could cause damage to more than their own careers. Those who aren't quick to reason out solutions with their teams will struggle to be effective.

But find an individual who is self-aware, learns from experience, and has the right traits, ambitions, drivers, and problem-solving styles, and you've located someone on the fast track to becoming a high-performing leader.

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