

# HOW TO IDENTIFY POTENTIAL LEADERS INTERNALLY

### AND TRAIN THEM FOR SUCCESS

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#### **MASTER'S THESIS**

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#### **Abstract**

Well lead teams vastly outperform those under average leadership. Companies with a pipeline of well-prepared leaders have a powerful and defensible competitive advantage. Identifying those with leadership potential is a difficult task, however, with significant upfront costs and years before measurable results can materialize. The most common program to develop a leadership skill is a high potential employee program where high performing employees are given additional training, mentoring, and other opportunities as a 'fast track' to management opportunities. Executing this program and the follow up training, however, is no easy task. Not every high performing employee has leadership potential. Leadership training within itself can even be controversial.

The goal for this thesis is to establish a program of how to identify from within high performing employees those with leadership potential and how to best train them for manager and executive positions.

The best practices of different international companies and experienced professionals were gathered via interviews and questionnaire. Additionally, the service design tools were used to compile the program for high potential leaders. The personas, customer journey and blueprint helped to select the best options how to structure the program for high potential leaders.

A 'real world' implementation of this program was not be possible. Instead, the author of the thesis found a solution how to test this program and find out if such a program would succeed in the real life. The expert review served well and gained the feedback from different professionals and experts. The feedback was used to improve the program and was find out a suitability of this program in the real life.

One challenge of the thesis was to locate and interview enough professionals who were willing to share enough of valuable information to create such a program. Another challenge was to collect diverse viewpoints from professionals in different industries as well as the perspective of employees who have recently participated in such a program.

The result of this work is a comprehensive program reviewed, updated, and approved by experienced HR and leadership professionals from a variety of backgrounds. Additionally, the program includes in depth support materials to help readers fundamentally understand the service design tools, concepts, and processes allowing them to tweak and adapt to the program to their needs while sustaining the structural and iterative benefits.

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Language: English

Key words: Leadership, emotional intelligence, service design

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# **LIST OF ABBREVIATIONS**

HR Human Resources

**HIPO** High potential

**EBW** Emotions and behavior at work

#### 1. INTRODUCTION

Companies are always looking for a competitive advantage. One of the most meaningful and defensible is high quality leadership. Great leaders and capable managers increase productivity, creativity, and generally make their firms more profitable and valuable. It is also incredibly difficult to find high quality leadership. A firm with a pipeline for developing leadership talent certainly has a considerable advantage that is difficult for competitors to match quickly.

For my thesis, I will concentrate on how a firm can gain a competitive advantage by identifying and supporting potential leaders within a company more effectively with a high potential employee program.

My goal is to create a program comprised of how to best identify potential leaders and the most effective training. Both aspects are crucial to the success of a high potential employee program. Training is expensive and time consuming. As a result, the goal of this program is to give firms the best return on the investment possible by identifying the most effective leadership identification and training practices.

In the program for identifying high potential leaders, I am selecting the best practices from different real world programs. The fundamentals, foundation, and service design processes behind this program should be usable in virtually any company. However, naturally the program must be adapted at least to some degree to the specific needs, challenges, and goals of any company utilizing it.

#### 1.1 Aim of the thesis

Having worked as a manager for over a decade in positions that included the responsibility of hiring new employees and identifying potential future leaders, I am familiar with the challenges, difficulties, and opportunities of this work on an individual basis. My aim for this thesis is to study this process systematically.

Companies must always be growing. It is a pillar of capitalism. In order for this growth to be successful, however, companies need a 'bench' or reserve of well-identified and prepared managers ready and available. Actually executing this process, of course, is very difficult. At least in my experience, it is not always easy to identify which top performers also have leadership potential.

My personal goal is to prepare myself for future work in HR talent department establishing and/or running a high potential employee program.

The information needed to create the program will be collected by interviewing HR professionals, executives, and managers from more than five international companies which have experience with high potential employee programs or at a minimum extensive personal experience being responsible for providing their companies with a pipeline of

future leaders. With regards to specifically researching the role emotional intelligence in leadership and training the author of the thesis will be cooperating with a professional with decades of experience training leaders with a concentration on emotional intelligence development. This research, of course, will in addition to the literature and theoretical review of the various topics that also will be covered in the thesis.

In executing this thesis the focus will be on gathering data from experts and experienced business people. Due to the long lead times and complexities of implementing high potential leadership programs it will not be possible or practical to also include the implementation of such a program as part of the thesis. As a result, will be focus of the resources on gathering data from professionals at several multinational firms, leadership-training experts, and other sources instead of devoting the efforts to one individual commissioner. The cost of this approach is going without the opportunity to implement the program, but the benefit will be a much richer data set for comparing needs analysis and identifying the most effective practices from real world implementations. This program should be suitable for all companies. It could work as a tool for any firm, which is either creating a new high potential employee program or trying to improve the effectiveness of their existing program.

The first phase of the research will concentrate on best practices from international companies. Specifically the best practices will include: how to create the program, main activities, and tools needed for identification. Additionally the research will seek information on how to best train and develop leadership skills. Emotional intelligence is also a separate and large topic for the research. First, the author of the thesis will collect information supporting the claim that emotional intelligence is important for leaders and managers. Finally, it will be gathering information on how to best develop and improve emotional intelligence.

The plan for the second phase is to concentrate on identifying potential employees and training, including a particular concentration on emotional intelligence. In addition, how the program impacts the success of the company will be outlined with the support of practical and theoretical sources. The framework of reference (see in the figure number 1) shows the main goal of the program: generating a steady supply of effective leaders.

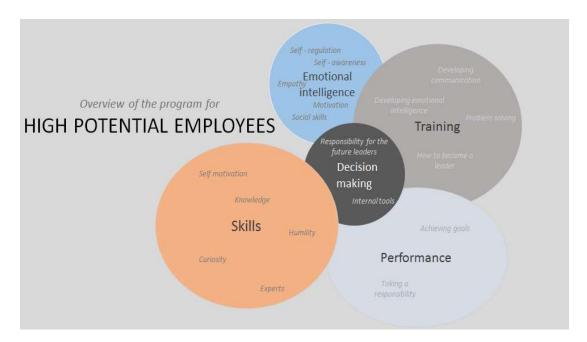


Figure 1. Framework of reference.

# 1.2 Benefits of a High Potential Employee Programs

Companies running an effective program to identify and train high potential leaders gain a significant competitive advantage. Well-executed high potential employee programs reduce recruitment costs, turnover, and can dramatically increase the overall effectiveness of company leadership.

Although reduced recruitment costs and turnover are more easily measured, the most impactful result of a high potential employee program is higher quality and more effective leadership. Identifying and grooming leaders from existing employees ensures that leaders know the company well from day one. Research has demonstrated, quite understandably, that leaders hired externally achieve lower results in their first year or two compared to leaders promoted from within. Most terminated employees are new employees. There is also undoubtedly much higher loyalty and motivation for employees who have been with the same company for a long time. Especially if that company has invested in supporting their growth and success with a well-run and funded high potential employee program.

Recruitment, especially for leadership and management roles, can be extremely time consuming and expensive. The direct costs alone can be tens of thousands of dollars. Hiring a new leader is likely to cost 18% more than to promote from within the company. Top leaders, due to their limited availability and high demand, can ask for very high salaries and benefits. Instead of spending these resources on risky, expensive individual hires, companies can invest in a high potential employee program. A properly run high potential employee program is a 'farm' growing and developing top leaders from existing employees on a regular basis. Promoting from within is also inspirational for other employees. It is a strong signal that delivering results and performing well will be recognized and rewarded. (Adams 2012.)

Identifying high potential employees is not an easy task. Typically, only 15% of high potential employees are the right people the company is looking for according to a survey from a CEB analysis. The better a company is at identifying high performing employees the more effective their high potential employee program will be at creating value. Simply working for the company for many years is not enough. The employee's potential as a leader must be considered. Simply being high performing in their *current* position is not enough either. The employee must show interest and potential for leadership. (Zenger 2014.)

A company developing a program for high potential employees should take into account three important elements. First potential candidate need to aspire to be in a leadership position. They also need to deliver results. Finally, they should be loyal to the company even in challenging times and have proven themselves credible. The company has to be one hundred percent sure that they have "the right person on the bus," otherwise; the high potential employee program will be losing value. (Mushrus 2016.)

Summarized here is a well-researched business case for why firms should operate a high potential employee program to identify, train, and retain top leaders. The impact of this program should be felt throughout the whole organization and within a few years demonstrate a material impact on the firm's valuation and growth potential.

Of course, the conclusions of this research on the benefits of a potential employee program should be tested in real world applications. Since this thesis will be developed by working with several firms and professionals instead of a single commissioner, the author of the thesis will be able to confirm the benefits with a large data set.

#### 2. THE SERVICE DESIGN PROCESS

Service design processes with some of the service design tools will be used to search and evaluate available research and design the program. Service design is a relatively new methodology for how to gather information and how to enhance existing services or create new ones. Creating a program for high potential leaders will use some service design tools to get a better understanding of how the program for high potential leaders can best be created, what are the main steps for identifying candidates, and how to create an effective training program with a concentration on emotional intelligence. The best practices of international companies will be collected from executives, HR professionals, and employees who either have been involved in operating such a program or have attended a program for high potential leaders in the past.

The research process as outlined is crucial for creating the program. It provides an overview of what are the best practices across international companies, the main challenges they face, and how they are working to address these challenges in existing programs. The author of the thesis will also collect information about the most essential leadership skills. One of the portion of the thesis will also include decision-making process (who is invited to participate in high potential employee training programs and how the decision is made). Additionally, will be gathered the insights of professionals who were responsible for such a decisions. The research will focus on how they make the decisions

and attempt to identify potential. Finally, will be gathered information how HR department could make this process faster and more effective.

The research will be also focusing on the perspective of the employees who have participated high potential employee programs. The research must gain the answers such as: how the program impacted their everyday work, if at all. Research will concentrate on comparing the expectations of the employees about the program to reality and whether the program met, exceeded, or even failed to meet their expectations. Together with the learnings and information from HR professionals and executives, this information will be used to design a more effective training program.

# 2.1 Service design process chart

A demonstration of the plan and the steps required can be seen in the process chart. In the process chart the service design methods, main activities, and the goal of the research is outlined. The process chart can be seen in the figure number 2.

DEFINITION	RESEARCH	PROCESSING INFORMATION	DESIGN	CONCLUSION
Methods:  Business Model Canvas Stakeholder map Frame of reference	Key activities Interviews Questionnaire Brainstorming Theoretical review	Methods:  The double diamond methodology The blueprint The customer journey Personas	Main goal:  To create a program for high potential employee and include the development plan	Test: • Expert review
Defining:  Goal of the thesis Service design process	Researching:  Practices of several international companies  Importance of emotional intelligence  Expectation and needs of employees	Select:  Best ideas Best practices Avoid mistakes companies does	Designing: Internal tools The manual of the program	Deliver:  • Master's thesis  • Improved manual of the program for high potential employees

Figure 2. Process chart.

# 2.2 The double diamond approach

The purpose of using service design process is to discover the best practices of programs for high potential employees. Additionally, to identify the expectation of employees in different companies. To create a whole service design and map the process requires different approaches and different ways of working. The British Design Council describes in Double Diamond that there can be found some common touch points (Stickdorn & Schneider 2011, 116-119). The process is divided into four stages: discover, define, develop and deliver. The Double diamond methodology explains how the whole process of service design works.

The process starts with a simple, clear idea of a service, in this case the service providing a pipeline of leadership talent for a company. Then, the market will be researched and information about existing similar services will be collected. The market needs to be explored to and get more information about existing services. For this process will be used creative thinking to analyze various great ideas. During the exploration, a lot of information will be gathered. In this part it is necessary to narrow big amount of information down just to best ideas. This process of diversity and narrowing is happening in The Double Diamond methodology twice (Design Council 2017). This process is iterative, which means that the ideas are developed, tested, then improved, and they become narrowing again.

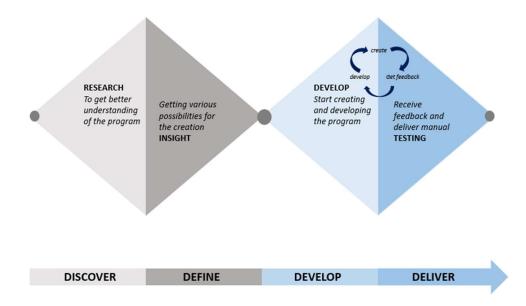


Figure 3. The Double Diamond process of creating the program for high potential employees.

The discovery is the first part in the Double Diamond, see in the figure number 3. The main goal of this part is to discover what are the primary leadership challenges companies commonly face, how they use the high potential employee programs, and what is the primary goals of the programs. Discovery should also include identifying what employees are missing in the existing service, or program. An effective way to

surface this information is to ask employees who have completed the program what kind of changes they would like to see if they had chance to go through this program again. This information will be collected by creating a questionnaire with international companies and their employees. As service design tools to select the best ideas will be used personas and customer journey.

In the next defining step it is necessary to gain more detailed information about the program in different international companies. Additionally, to define how the program for potential leaders is structured in other companies and gain more knowledge about internal tools companies using. The information collected in this step should also include how they ensure the right individuals are invited to participate in the program. This step will be accomplished by interviewing the professionals from human resource department, professionals from executive team and leadership professionals. In this part, the blueprint tool is a key method to identify crucial touch points, interactions between employees and the company.

The Double Diamond methodology representing how during the discovery and defining is an extension and then narrows the selection. This process according to Stickdorn and Schneider (2011, 116-119) occurs one more time. The creating program itself representing in this case various possibilities how to structure the program, but by testing and prototyping, the best ideas will be narrowed down. It is not possible to test this program in real life, instead will be used expert review. This method will collect feedback from different professionals, which is going to be used as a consideration to improve the program.

The final deliverable will be a new service design and a manual for high potential employee programs suitable for any company to either immediately can be put into use with some modifications for their specific needs.

# 2.3 Service design tools

Creating the program for high potential employees will apply some of the service design tools. The service design tools such as stakeholder map, personas, customer journey and blueprint. These tools will be used in purpose to explore programs in different international companies and expectation of their employees.

**Stakeholder map** is a visualized map where partners of the company, customers, or other stakeholders are involved into the creating a new service of enhancing the existing one (Stickdorn & Schneider 2011, 143). Stakeholder map will be created for this thesis in the purpose to visualize partners who will be involved in the research and who will be help creating the program for high potential employees.

**The business model canvas** is a tool used in many areas including service design. Its use is to describe and analyze the business model of a company (Osterwalder & Pigneur 2010, 14). The business model canvas serves in this case as a starting point how to create the program and to get a clear direction.

**Personas** are representing a particular group of people and reflecting their most common behavior, needs and emotions. Personas are fictional profiles, but giving actual data, which are coming out of the research (Curedale 2016, 51). Personas providing different view point on service or product and analyze the customer insights (Stickdorn & Schneider 2011, 172). The information needed to create personas will be used interview with employees who have completed the program for high potential employees at their company. It will give an overview of employee's needs and expectations from the program for high potential employees and providing leadership training.

The customer journey describes the experience of individual customers or organizations throughout their various interactions with the product or service. The customer journey outlines the various situations and events that lead up to a customer making a decision to purchase. The journey can also be used to map the steps that drive one-time customers to become regular customers. Analyzing a customer journal can be very helpful for a company as it allows service designers to see things from the customer's point of view. This helps greatly in identifying opportunities for improvement or innovation. (Kalbach 2016, location 346.) The customer journey tool will represent leaders from the personas and will show the employee's journey from the first working day until promotion. The tool will outline all the steps an employee has to make to reach a leadership position including what kind of performance and skills are needed.

**Blueprint** is giving detailed description individual aspects of the service and view on the actual service delivery (Stickdorn & Schneider 2011, 205). The blueprint is focusing on backstage processes which is mostly invisible for the customers (Kalbach 2016, location 1868). The blueprint will be created to see what role the employ plays in the company's operations and touchpoints with stakeholders. The blueprint will describe all stages in the company and the whole process with the employee before promotion to the program for high potential employees. What is happening with an employees during the program and what happen next when the program ends.

#### 3 RESEARCH METHODOLOGY

The primary aim of the research is to first revisit the conclusions of the initial research in the real world and identify additional key variables, influences, and considerations. The secondary aim of the research is to develop a structured plan for identifying high potential employees within a company. Part of this plan is having a well-prepared training program for developing the requisite leadership skills.

# 3.1 Research questions

The main questions required to create such a program

- How to identify the right high potential employees?
- What kind of skills leaders require and what skills must be developed in training?

#### Underlined question to improve the program

- What makes high potential employee programs, successful?
- Plenty of firms offer these kinds of programs. The research will seek to identify if there are any firms that have shown success in leadership and management where the program could potentially be a driving factor. Have any leaders who organized and ran these programs learned, and shared, any key lessons about what works and what does not? Have others mistakes and learnings been documented and could same setbacks be avoided in designing the program?

#### 3.2 Research methods

The qualitative research will be used to gain learnings about the most effective practices for high potential leaders. The methods such as: questionnaires, interviews, brainstorming and expert review will be used to gather information and feedback.

Qualitative questionnaires will be used to gather larger data about existing program international companies use, and feelings and expectations of their employees. Questionnaires for companies will be compared with questionnaires for employees to find out the best way how the program for high potential employees could be structured.

Interviews will gather information about different programs and will be used to get a deeper understanding of a certain behavior, opinions and attitudes. The interviews will play an important role and it will be a big opportunity to not only ask questions, but also get deeper into the details. (O'Neill 2015.) If the time will be too tight for the HR personalist, or experts the leadership interviews will be organized by skype. The information will be used for creating personas and blueprint. Purpose of this method is to get insights about the existing programs, the best practices how to identify high potential employees and training, also why is emotional intelligence in leadership important.

The brainstorming method is a group problem solving technique where people share collectively their experiences (Zhao). The purpose of this method is to bring professionals especially people from the executive team together and discuss their thoughts about leadership, what main skills a leader must have and how they make decisions about high potential employees.

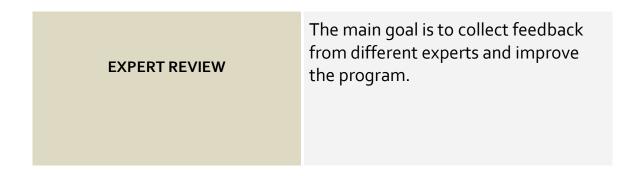
Expert interview is when usability experts use, experience or test the service (Sauro 2016). In this project prototyping is not possible and instead will be used this method. Experienced leadership professionals will get the manual for high potential employees with an explanation and questionnaire. This method will be used to get feedback about the program, if the program is suitable for any company and if they recommend any improvement in any area of the program.

# 3.3 Aim of the research

In the following table, the different research methods and their goals are presented.

Table 1. Explanation of the aim of the research.

QUESTIONNAIRE AND INTERVIEW HR PROFESSIONALS	The goal of this research is to find out what is the best process for identifying high potential employees. How is the program successful and supported by numbers? What are the essential and most effective parts of the training program?
QUESTIONNAIRE FOR HIGH POTENTIAL EMPLOYEES	The goal of this questionnaire is to find out how well prepared the employee was for the position. Was there anything extremely helpful? Also to gather data on how much time was spent on training.
INTERVIEW WITH LEADERSHIP PROFESSIONALS	The aim is to find out what are the main characteristics of a leader and what type of leaders companies are promoting. Next is important to find out what must be included in the leadership development program.
INTERVIEW WITH EXPERIENCED LEADERS	The aim is to gain how the whole process of identifying potential leaders works. What are the main skills and what performance the employee has to show. What tools they are using for the identification. In addition, on what they are concentrating in training.



# 4 PIPELINE FOR LEADERSHIP PROGRAM

This part will cover the theoretical information gathered from the research about leadership. Specifically, what leadership means and what are the primarily skills for successful leaders. For creating such as program is necessary to know: how the company should identify high potential employees, what company must consider before deciding about potential candidate and how to make decisions. The last crucial part of the program is to find best way how to develop potential leaders. The individual steps of the theoretical pipeline of leadership program are visualized in the Figure number 4.



Figure 4. Visualization of leadership theoretical part.

# 4.1 Definition of leadership

Leadership is a process where individuals influence the performance and behavior of people inside of the company and as a result, teams have a stronger ability to achieve goals. Leadership requires the ability to influence people, but without relying on direct orders. Instead, leaders inspire others to achieve. (Kruse 2017.)

Leadership is more valuable for a company than someone who simply issues commands because employees under great leadership are more motivated and flexible. They are more able to reach goals and often do so more efficiently as their work does not rely or get slowed down by constant direction and/or approval from their supervisor(s).

# 4.2 Leadership skills

Every company requires different skills for their managers and leaders. Of course, at a minimum leadership candidates must first have a record of high performance and expertise in their area. The literature on leadership also states several essential skills leaders should have regardless of their industry or specialty. Specifically, the literature on leadership almost uniformly stresses the importance of leaders having problem solving and communication skills at the highest level. Additionally the literature also often identifies traits such as honesty, confidence, and a positive attitude.

One of the most common themes in leadership literature is how excellent communication skills are crucial for successful leadership. Effective teams must clearly understand their goals and it is the responsibility of leaders to communicate this (Byham et al. 2013, 6). The author of the thesis took a management communication skills course to gain better understanding how this skill could be improved. Steps an individual can take to develop their communication skills can be found in detail in section 4.8.1.

Problem solving is a leader's ability to be able to deal effectively with new information and react to unusual organizational problems. Leaders must be able to break down and understand the problem, find any necessary new information, and quickly put together an effective plan. (Yukl 2010, 40-41.) Additionally, once a leader has accomplished the task of understanding the problem and outlining potential solutions, they must facilitate their team to execute a solution. In particular, they should know their team, the problem, and the solution well enough so that they can combine and leverage the various skills of their team members in the most effective and efficient manner.

The next important skill leader must have, according to the literature on the topic, is knowledge. This is a key skill and closely related to the leader's problem solving ability. Knowledge greatly impacts the leader's capacity for problem solving in terms of how well they can manage new information while at the same time using previous experience and learnings. (Byham et al. 2013, 90-91.) Leaders only capture value from their previous experience if they have been able to glean knowledge and learning from it. Merely having experience is not enough. Effective leaders require the self-reflection and an inherit learning process that ensures they get the most out of their experience. The result of a leader with a strong knowledge process is one who enters a new problem with the most learnings from their experience and, just as crucially, is well informed about how to question, evaluate, and prioritize any new information they receive. A leader with strong knowledge skills is better able to see through the complexity of issues and the various systems at play allowing them quickly identify the most effective strategies for implementing improvements.

Another no less important attribute is honesty. A leader must be the person who is trusted if they hope to have any chance of inspiring followers. Honesty is a good leader's first priority. A leader is a person who should honestly tell people where they stand by telling the truth, being open to the employee, and willing to frankly share their feelings and thoughts. (Bunting 2016.)

Confidence is another skill essential for leadership. Confidence can be observed in one's ability to communicate, tone in voice, eye contact, and body language. A leader who is communicating confidently is able to first give an overview of the problem, then go into detail, and finally in one sentence summarize the main point. Body language also says a lot

about confidence. It is an ability to influence others by making strong eye contact, or smile. Leaders with confidence are capable of clearly communicating positive, or negative, strategic information, without emotions making the communication difficult to understand. Confident leaders understand how important it is to give information about the whole picture of the problem, with clearly identified issues and expected results. (Booher 2017.)

A positive attitude is not necessarily a required skill, but it is one of the keys that can help achieve success. It does not necessary mean that a leader must be smiling all the time and be overly happy with everything, but positive thinking or at least a positive social attitude is often very helpful. After all, a leader is a person who has followers. A leader without followers is just someone taking a simple walk People have a choice who they will follow. If they can choose between a negative person and a positive person it is usually an easy choice to make. Positivism has a contagious effect and if the head of the team is a positive person it can greatly influence the rest of the team to be the same. (Eikenberry 2011.)

# 4.3 How to identify the leadership potential

Identifying future leaders of a company is one of the most crucial business decisions. A company must select the most effective steps for identifying the best candidates for future leadership positions. To do so, first, they need to create a profile of what a suitable candidate looks like. They need to specify exact characteristics and the organizational needs the leader must address. If they are not sure, or do not know what kind of people they need, it will be difficult to create an effective program. Of course, every role has different requirements, responsibilities, and necessary characteristics and knowledge. As a first step it is important to identify the necessary competences for the different positions which the program must fill.

The competences must be directly related to the mission of the company. The vision has to be clear. A map of the organizational structure to meet the company's expectations should be created. The resulting plans and decisions should be compared to the mission, vision, and organizational map to ensure the program will be effective. (Byham et al. 2013, 96.)

#### 4.4 Weaknesses

A leadership derailer is a priority weakness for an individual's improvement plan. The weaknesses are identified as a derailer when it is severe enough to potentially stand in the way of success. These weaknesses are sometimes referred as a "Achilles heel" of leadership. (Byham et al. 2013, 101-102.) A derailer could be a simple negative behavior which isn't such an issue initial, but over time as the employee's responsibilities and role grow the derailer can be a blocker for any additional responsibility or growth. As a result,

it is essential that any potential derailers are dealt with as soon as possible before they become an impediment to the employee's growth and/or a significant negative force in the organization. This kind of behavior or other undesirable persona attributes should be carefully collected as the employee is observed over time. (Byham et al. 2013, 105-116.)

# 4.5 Defining the leadership position

Defining the leadership position is about defining what the company is looking for with regards to the competences for middle and senior positions. Before a company can make any decisions, they need to create a suitable competency model. A suitable competency model includes a clear description of the knowledge, skills, personal characteristics, and capabilities required for the position. (Mattone & Xavier 2013, 40-45.) The competency model is different for every company in different industries, but an accurate description is critical in order for any leadership initiatives to execute successfully on the firm's vision.

The process should identify each candidate's strengths and weaknesses. For example, a competency model focused on four attributes: job challenges and main activities, knowledge of the company and area they will be working in, and personal characteristics such as leadership derailers. (Byham et al. 2013, 88.)

In the first part **job challenges** describe how the candidate handles challenging situations. This portion requires a detailed description of what kind of issues and challenges the leader will potentially face in their role. This part is unique for each company and often for individual positions as well. There are many aspects to be considered, but the job challenges portion should focus on the most common and critical. In short, what the hiring manager and other existing leaders think are most crucial for succeeding in the position. (Byham et al. 2013, 89-90.)

**Organizational knowledge** is related to understanding the various areas needed for the specific position. For example how well the candidate understands the products/services, distribution/delivery, and processes such as planning and administration. It is critical a detailed list of both the required and preferred knowledge. This step ensures organizations are aware their leaders have the necessary knowledge or at least identify any gaps in knowledge that can be addressed with additional training. (Byham et al. 2013, 90-93.)

**Competences** describe that specific abilities and skills required for the position. A detailed description of competences is described in the next paragraph.

# 4.5.1 Description of competences

Leaders face challenging situations, often on a daily basis, and it is necessary for them to have the corresponding skills to deal with them. Every company has different requirements for their employees but it is necessary to correctly specify them and have a detailed

description of each position. This chapter will explain strategic leadership skills that are essential for leaders to have and give a detailed explanation of competences required for every leadership position. These skills are: critical thinking, decision making, strategic thinking, emotional leadership, communication, talent leadership, team leadership, change leadership and drive for result. (Mattone & Xavier 2013, 58-60.)

<u>Critical thinking</u>: Critical thinking is the ability to consider alternative viewpoints even those that may at first make no sense or perhaps even seem downright outrageous. Companies are not looking for "walking encyclopedias." They are looking for someone who is capable to collect information, feedback, alternative positions, and make a timely decision. A leaders who have strong critical thinking are aware of their biases, review all current information, and can make timeline decisions. (Mattone & Xavier 2013, 61-62.)

<u>Decision-making</u>: One of the key responsibilities of leaders is making decisions. However, this could be a very challenging task especially if a leader does not have enough information and must make decisions as quickly as possible. Leaders who make excellent decisions has to be able to organize and analyze all available information, even if it is limited or incomplete. In addition, an effective leader should listen to their own instincts when necessary to make wise decisions. Individuals must fulfill the organizational culture with respect and keep in the mind the company goals. (Mattone & Xavier 2013, 63-64.)

Strategic thinking: For leaders it is necessary to understand the whole business of the company. They must be able to use strategic thinking to help the company achieve their long-term goals. They must be keenly familiar with the industry they work in, the company's particular target market(s), and the nature of the competition. Additionally it is very important to have enough information about the organization from the inside and how all aspects work together. Managers and leaders needs to be aware of the technology of the company and understand the financial processes. They must set realistic goals, expectations and based on determined targets plan the strategy. (Mattone & Xavier 2013, 65-66.)

Emotional leadership: Successful leaders must be aware of emotional leadership. By understanding one's own feelings, also ability to manage one's own feelings be capable influence other employees. (Mattone & Xavier 2013, 66-68.)

<u>Communication</u>: Every manager at any level of seniority must have excellent communication skills. As part of that they must also be a great listeners. Successful leadership requires the leader to be able to reverse constructively feedback without any emotions and to do so with respect to all employees. (Mattone & Xavier 2013, 68-69.)

<u>Talent leadership:</u> As another required competence is strategic human resource planning which helps an organization to choose the right people and develop them. For talent leadership is necessary to be able to monitor all employees on all levels, train them and lead them to success. Leader must be giving an employees constant constructive, also positive feedback and rewarding them for good work. (Mattone & Xavier 2013, 69.)

<u>Team leadership:</u> High performing leaders are people who know how to cooperate with others. Team leadership is a priority for them, because they need to know how to convince people to work with others, achieve common goals, not as an individual but as a whole team. A leader must be inspirational, though that alone is not enough for effective leadership. Leaders must look beyond simple results and into other areas as well. For example: by creating tasks where everyone can participate, setting up the realistic plans

and goals. Delegating, following checkup and giving people feedbacks and reward plays also an important role. At the end of every task the leader should review the work and summarize what they have learned. (Mattone & Xavier 2013, 69-72.)

<u>Change leadership:</u> As a matter of surviving competing in a free market it is necessary for companies to always be ready to change and adapt to new circumstances, opportunities, and challenges. Leaders need to take the responsibility of creating a whole picture of the change for the employees. In addition, to make plans and strategies how to achieve the change and the goals of the project. Not only that, but the leader of the team also developing the whole changing strategy and take responsibility for the result. (Mattone & Xavier 2013, 72-75.)

<u>Drive for result:</u> One of the characteristics of a successful leader is a drive for results. It is a passion of doing everything possible to meet targets and deadlines. The outgoing project must be controlled and making sure to complete it on time. According to an article by Zenger and Folkman the leader with drive for results is also able to increase the engagement of their employees at the same time. It is important to find a way for a leader to make task interesting for their employees. By developing others, be inspirational and believe in the success is possible to engage others and meet the expectation of the company. Only leaders who find time to develop their employees can later benefit from the results. Some task could be very challenging, but if a leader sets up realistic goals, clearly explain the strategy and honestly believe in it, their employees will follow them. (Mattone & Xavier 2013, 74-76.)

This is one framework of key competences for leadership, but of course, each firm should adapt this framework for their own needs. The key to success is not necessarily the best framework. The main goal is to identify the competences needed and evaluating how their leaders are meeting them. Companies need to make investments into the training to improve their leaders skills that are weak, and then constantly evaluating and improving this process over time.

# 4.6 The role of Human Resource Department

The human resources team should also play a significant role before, during, and after the identification process. They should organize and oversee the whole process, identifying competences, create the forms, and ensuring the criteria for nomination are completed correctly and clearly.

HR professionals are experienced people with years of experience recruiting and retaining key talents. Specifically, HR professionals can assist executives and decision makers when identifying potential shortcomings with candidates. The signs and signals of these shortcomings can sometimes be difficult to spot from the results of internal tools and other methods. The expertise and experience of the HR team can be a great asset in ensuring that the company makes the most use out of these tools and the identification process in general. As a result, HR professionals should be responsible for preparing and running the meeting for decision-making to ensure the flow, content, and decision-making is well handled with all the key factors and considerations in mind. Executives are naturally focused on other things so allowing HR to solely focus on talent and development ensures the process is run efficiently and effectively. (Byham et al. 2013, 71.)

# 4.7 Decision making process

The best time and place to make a decision about identifying high potential employees is during a meeting where executives review the information collected and select candidates. The meeting should be well organized and facilitated by HR professionals. HR should create the agenda covering what they will be discussing, a review of the candidates, and close the meeting with a prioritization of the candidates. This prioritization should identify the top employees, possible candidates, borderline candidates, and unlikely candidates. The discussion should include speaking about every individual candidate. The internal tools collecting information about performance and behavior during the monitoring period. HR professionals should prepare a list of the work history of each candidate including things such as their education and any additional trainings they have completed. The decision-making should be based on the needs of the company and what the participants believe the candidates are capable of achieving in the future.

Candidates selected for inclusion in a high potential employee program should be informed by their supervisor. The supervisor should clearly explain the reason for nomination, the company's expectations, and what it means for their future. The supervisor should also outline the benefits of being in the program and what the next steps are. An important step is to always ask the candidate if they want to be included in the program and give them the ability to reject the offer. This may seem not necessary, but it's a key to get the employee's consent and buy in as a willing and eager participant. (Byham et al. 2013, 72-76.)

# 4.8 Development

Properly identifying the right candidates for a high potential employee program is not enough for success. This is only the first key step of the high potential employee journey. The next key process is how the program develops the employee's strengths and works on their weaknesses.

The development portion starts with analyzing one's own strengths and weaknesses. The employee should identify his or her own starting points necessary for improvement. The employee could be assisted by the feedback from the 360-feedback process to get information how their colleagues view their performance and capabilities.

The development part of high potential employees should be a combination of mentoring, coaching and internal/external educational and training programs (Araoz et al. 2011). The development part should in particular concentrate on establishing strengths and how to best leverage them in the organization. Weaknesses should best be addressed through training and in particular mentoring. (Irish 2016.)

Specifically the development program should address the nine key skills an ideal leader should have: honesty, delegation, communication, confidence, commitment, positive attitude, creativity and being inspiring for others.

**Honesty** is a skill, which many leaders struggle with. Being honest means being able to honestly look at one's own weaknesses. For many leaders the most challenging aspect of

honesty is giving honest feedback. It can be difficult to tell people who look up to you that they are not doing something well. If a leader is properly trained, however, a leader can become more comfortable and effective at giving honest feedback. The simplest and easiest way to improve the feedback process is always including clear and specific steps to improvement. At the same time, a leader must always be truthful and have a history of honesty in order for their communication to hold any weight. Finally, honesty goes both ways and an effective leader must be able to receive critical feedback just as well as they provide it. (HR Grapevine 2017.)

**Delegation** is a very important skill for management and leadership success. If delegation is done correctly, it will first save a lot of time and generally make a team much more effective. Additionally delegating allows employees to improve and develop new skills. Finally, there is a strong emotional element as well as delegating a task is also a strong communication of trust. In order for effective delegation, several steps must be taken. The task must be clearly defined. It must be clear who is working on the task, who the task will be completed for, and if any other individuals will be involved in the work and/or review the result. The leader must be sure that the employee(s) are capable of accomplishing the task. If the leader is not sure then they must provide adequate information or training. It should also be clearly communicated why the task was delegated and the reason for choosing that person or persons. The goal of the task, how it will be evaluated, and how the work will be reviewed and utilized should also be clearly communicated. The leader should confirm that the employee clearly understands everything and that the deadline and task is clear. The leader should also offer any necessary support. Finally, it is crucial that the leader provides feedback when the task is done. (Businessballs 2017.)

Communication skills can be improved with a few key steps. First is being present, paying full attention, whenever a leader talks with an employee or really anyone in any situation at the company. It is necessary to be present and engaged at work, to listen and show everyone how important they are to the leader. Asking the right questions to gain valuable information, ensure that the leader has been listening and considering what they have been told. This process is one of the best ways to gain knowledge from others. Instead of showing that the leader knows everything a great listener can foster the team to share knowledge, suggestions, and new ideas. (Gleeson 2016.)

To be confident can be very hard, especially for young leaders. Leadership requires confidence, because without it leadership would not exist. Confidence and especially to speak with confidence usually takes time and is built up with experience. However, it can be developed like any other skills. Dan McCarthy (2015) recommend in his article to strength one's own confidence by learning more about leadership. By getting more knowledge such as: how to make decisions, or solving problems, by having theoretical background they will become more confident. It is necessary to concentrate not only on one's own development, but also by supporting a group of people, developing individuals and lead others to success increasing one's own confidence. Confident leaders are never afraid to ask for help and do not have feelings to be threatened just because they do not know everything.

**Positive attitude** often goes together with highly motivated teams of people. Frustrated and demotivated people are not typically capable of achieving goals beyond expectations. That is why it is the leader's job to be enthusiastic, have a positive attitude, and maintain a good relationship with people in the company. A successful leader is always looking for ways how to remove obstacles and seeking ways to reach goals without any negative attitude. Obstacles can be anything but the most common are employee's salary, not

enough of training, or an uncomfortable workplace. If the leader does a good job of removing obstacles, the team can continue to focus on their work and improving how they work with each other. Maintaining a positive attitude is a habit that, like all habits, needs to be maintained on a daily basis. A leader must keep in mind that a positive team is always lead by a positive leader. While sometimes it can be difficult to stay positive, setting daily or weekly achievable goals can help the leader and the team realize progress and a feeling of achievement, even if the overall project is large, complex, and requires several years. (Mind Tools 2017.)

Leadership, almost by definition, means accomplishing tasks and work that is not clear, repetitive, and typical. As a result, it is crucial for leaders **to be creative**. Specifically, this means leaders have to both be effective at generating their own ideas and motivating their team to generate new, creative ideas as well. Some companies encourage creativity by offering employees the opportunity to temporarily work on different teams and/or in different departments. Leaders should embrace this and other approaches to give their team a more holistic view of the company's work and the problems the organization faces. Ideally, leaders can create interesting, novel tasks as part of these programs to encourage engagement and creative thinking. (Archibald 2014.)

A leader is a person who is capable of **inspiring** others. In part this can be achieved simply by always facing challenges directly. Instead of trying "to clean problems under the rug," an inspiring leader will eagerly take on new challenges knowing the problem will not go away by ignoring it and the team will be quite demotivated if challenges are ignored. Inspiring a team comes from being able to talk honestly and openly in front of the employees about problems and working to solve them together. That practice and process, solving tough problems as a team, is what inspires others and even attracts followers. Of course, it is required for this process to lead and managed people with respect. (King 2017.) Respect is earned, and taught, by treating people with respect and taking into account their individuality. The loyalty, to earn respect or trust takes time and to gain that leaders must work constantly. (Llopis 2013.)

#### 4.8.1 Communication

The literature on leadership almost uniformly stresses the importance of leaders having strong communication skills as a prerequisite for success. The author of the thesis completed a management communication skills course to better understand how this skill can be developed. (Management communication 2017)

Speech and managerial writing are an important for the work of virtually all leaders and managers. In this course, the author of the thesis learned how to avoid ineffective communication, the main principles of managerial writing, and how to prepare speeches. The course also concentrated on internal communication inside a company. The internal communication could be formal or informal. Internal communication is also called "planned communication." Planned communication is especially important for leadership positions, which often require a great deal of memos, emails, phone calls and presentations.

Communication must be carefully prepared. The content has to fulfill the intended purpose to the target audience. Ineffective communication, or even miscommunication, can be avoided by understanding and utilizing seven essential elements: communicator, audience, objective, context, message, medium and getting feedback.

The communicator is the person seeking to convey a message to the audience. The most critical aspect of being a successful communicator is being clear. The communication is effective only if the message has been received and understood by the audience.

The Audience is in the role of the receiver. This role involves the ability to understand the words the communicator uses as well as taking into account the values, attitudes and relationship with the communicator. An effective communicator must deeply consider who the audience is when crafting and expressing their message.

Another essential component of the process of communication is the context. The context is a set of circumstances that surround an event and influence its significance. The circumstances may include political, cultural, legal, technological variables, which affect the communication. Well-timed communication is also an important contextual variable. The timing also means the right length of the speech, conversation, or presentation. A message received too early can lead to confusion or misunderstanding as the audience may not be prepared to understand it as the communicator intended. In addition, if the message is given too late, it may be useless.

#### Creating effective communication includes three main steps:

First is to create a clear plan what message to communicate by analyzing the audience, the situation, and the purpose of the communication. Second step is to construct the message, including selecting the correct language and approach. The final step is to complete the message with the context in mind.

The managerial writing is another important skill. The writing must be clear and focused on informing quickly and effectively. Leaders primarily write messages for one of three reasons: to inform, to evaluate, or to persuade. Each purpose requires different approaches to achieve the intended goal.

The effective informative message can be created by using the pattern called "the funnel". It is important to start with the most important facts and then continue to the less important. Also, it is often helpful to always finish the writing with a positive conclusion.

The process of evaluating message consists of three parts: the introduction, observation, and conclusion. In the beginning it is important to consider who is the target group, who will be evaluated, and what the criteria are. The observation portion should provide clear, precise facts. The conclusion should focus on the next step(s).

The main goal of a persuasive message is to convince the audience about a new idea. Persuasive writing requires providing facts by utilizing an effective persuasion pattern. Specifically this is accomplished by balancing emotional and logical appeals. One persuasive pattern is known as the AIDA model (attention, interest, desire, and action). First, it is important to get the audience's attention. Then, with the audience's attention, it is possible to convince the audience about the importance of the message. Then the writing

needs to go more into detail. As a last step, the writer should suggest the next steps or required actions.

In the last part of the course, the author of the thesis learned how to prepare for a memorable, transformational speech. Transformational speech is communication with the purpose of inspiring or motivating employees. Additionally a transformational speech could seek to challenge the thinking of the audience.

The first step of preparing a transformation speech is defining the goal outcome for the audience. What is the key information the audience should receive and clearly understand at the end of the speech? The audience must understand the purpose of the speech and the ideal outcome as well. The structure of the speech must be carefully considered in the preparation. The preparation of the speech could be inspired by David Kolb's model:

The speech should start with the question why this speech is important and point out the benefits of giving the speech for the audience. The second question is: what is the purpose of the speech? This question can be answered using the concept of HEAD, HEARTH and FEET. Head is a focus on what appeals logical to an audience. Hearth concerns what potentially would elicit an emotional connection with the audience. Feet is a framework for what would inspire and motivate the audience to take action. In this step the speaker needs to explain how the whole process works. As the last step is to communicate the benefit for the audience.

One of the biggest mistakes when giving a speech is to have your hands in your pockets. Additionally it is a mistake to talk while covering your mouth, biting nails, or clearing your throat too often. The speaker should stand straight without too much movement, but also not standing absolutely still. Successful speech delivery requires a balanced, relaxed approach. The speech must be delivered with focus and well-honed verbal and non-verbal skills. An effective speech should include a well-paced rate of speech with enough pauses to help with understanding as well as proper pronunciation and articulation.

# 4.8.2 Mentoring

To assist and lead mentoring efforts some companies hire a psychologist specifically with this task or assign a well suited member of the executive team to lead it. The mentoring leader is someone inside the company who helps new leaders with the individual development and adapting to their new leadership role. These 'coaches' are in a role where they help others with their own derailers, performance, and progress in the leadership positions.

Mentors help create a development plan, set up measurable progress and then monitor the whole developing progress. Monitoring includes observing the new high potential employee's behavior in certain situations and then giving feedback and coaching. Mentoring is very important during the development part specifically because the training is tailored on an individual's needs and areas for improvements. (Byham et al. 2013, 242-245.)

The development plan and creating a training program suitable for the candidate is essential because training focuses needs to be on competences, skills and behavior. This plan can be divided into three steps.

The first focus when creating the program should be on how the candidate will fulfill the competences related to the position. The employee with their mentor creates a development plan with critical competences related to the position, necessary technical skills, knowledge, and interpersonal skills important for success.

In the second part of creating the development plan the employee needs to evaluate himself or herself. The employee should complete a self-rating of their current abilities and truly evaluate the weaknesses and the strengths. In this part it help to use 360 feedback and look at the evaluation from the perspective of the other people they work with. With all required information, the future leader is able to summarize their strengths, weaknesses, and prioritize the improvements.

In the next and last step, it is important to consult the result with a mentor. The mentor with employee need to objectively analyze the result of the individual plan. The plan must contain the information on development of interpersonal skills and competences. An example of a development plan can be seen in the figure number 5 (Mattone & Xavier 2013, 254).

	Development actions	Results		
Goals/Why		3 months	6 monts	9 months
Goals/Why				
Goals/Why				

Figure 5. Individual development plan (Mattone & Xavier 2013, 254).

### 5 EMOTIONAL INTELLIGENCE

The most distinguishing characteristic of a good leader is emotional intelligence. Drucker (2011, 1-2) claims Emotional intelligence is probably the hardest part of leadership to learn as it is mostly due to inborn talent. However, with focused, proper training and commitment a leader can greatly improve their emotional intelligence.

Many large companies are currently focusing on and investing in improving the emotional intelligence of their leaders. For example, they may hire full time or just as a part time consultant psychologists who help with the recruitment, development and selection of potential leaders. (Drucker 2011, 2.)

# 5.1 Characteristics of emotional intelligence

Emotional intelligence is the ability to manage our emotions and identify the emotions of others. Elements of emotional intelligence are self-awareness, self-regulation, motivation, empathy and social skills.

**Self-awareness** means a deep understanding of your own strengths, emotions, or weaknesses. It helps further work to remember the past. No matter who you are leading, people at the company, or your own child, you have to be aware enough to lead yourself first. Leaders with a high sense of self-awareness are also not afraid to ask for help. (Drucker 2011, 7-11.)

Self-regulation is a leader's 'secret weapon,' as Daniel Goleman (according to Drucker 2011, 11-14) wrote. Goleman is an American psychologist with years of experience studying emotional intelligence and according to Goleman, emotional intelligence is often the most underrated skill in the business. Leaders are often under a lot of pressure. As a result, it is critical for leaders to have an excellent self-control. Of course, it is not possible or even a good thing for someone to remove all of their emotions, but it is important to know how to manage them. Trust is hard to achieve and easily lost. Controlling one's own feelings and impulses can help leaders build up, and keep, the trust they need to lead. Self-regulation and being the master of one's own emotions allow leaders to think and react properly and with a clear head, instead of panicking. Every leader must also be a bit of a psychologist. Everyone is unique and a leader has to respect people's individuality. There is not 'only' lazy and hardworking people, clever and silly people, or conscientious and sloppy people. Everyone at some time is capable of manifesting those qualities. A leader's job is to recognize which of these qualities inside of people are dominant at different times.

**Motivation** is another key element of emotional intelligence. Motivating factors can be different for everyone. It could be salary, impressive work status or being part of the team in the big company. However achieved, the key result of motivation is energizing people to achieve goals beyond expectations. Leaders with the strong personal motivation are certainly more likely to build a team of managers with the same capabilities. (Drucker 2011, 14-16.)

**Empathy** is the capacity to recognize others feelings, fears and situation. Without empathy, employees are unable to truly listen to other people and even begin to understand how to best communicate with them. (Drucker 2011, 16-18.)

**Social skills** are a set of skills that help people to better understand others and their feelings. The result of a strong social skills is better collaboration with the subordinates and being a team player. Strong social skills help leaders build relationships. Finding a common ground is essential for a leading position. (Drucker 2011, 19-21.)

#### 5.2 Emotions at work

A manager's feelings and emotions influence the performance of the company. The research of professor Sigal Barsade describes (according to Caruso & Salovey 2004, 7)

how feelings can influence the whole organizational performance and identifies the best ways to improve this skill.

For better understanding of one's own emotions and improving this skill, Caruso and Salovey (2004, 35-46) recommend using the following technique during any situation. The process of thinking can be summarized in several steps. The following steps will help leaders describe and analyze any situation in detail and to understand not only own emotions but also the emotions of others.

The first important step is considering and thinking about one's own emotions. This may seem challenging to start with, but it is a key foundation to help discover how others feel about the same situation and how to influence their behavior.

First must be described what happened and who was involved. As a next, summarize the detailed information about the situation and why is it necessary to focus on it. The question focus on understanding why those people feel this way. Finally, the question is 'internal,' for itself: people needs to ask them self should this feeling be accepted or neglected. In addition what information those feelings is giving them to.

This detailed description of any emotional situation will give a leader an opportunity to predict future emotions. The emotional situation must be described, and that is giving to leader an opportunity to read and predict.

The emotional situation must be described. This will give a leader an opportunity to read and predict emotions of others. Not only that, by describing an emotional situation the leader could foresee and manage future emotional situation. This understanding of people's emotions will also help during the decision-making process. (Caruso & Salovey 2004, 46.)

Negative emotional expression can also significantly affect the performance of a leader's team. Nai-wen chi (2014, 4-6) describes in his work how the emotional expression influences the employee behavior and feelings. He describes, based on data from 40 different companies, how leaders who have developed the emotional intelligence hold massive power and influence many followers. Same as positive emotional expression can positively influence an employee performance, negative expressions will drive poor performance. However, he found during the research that the negative expressions could positively influence some certain group of employees, or even help solve certain situations, so the research does not conclude that leaders must remain positive 100% of the time.

# 5.3 How to determine the level of emotional intelligence

The emotional intelligence helps with achieving goals by controlling one's own emotions and improving the ability to manage people. These qualities can be seen during every day work life. Mark Murfy (according to Kruse 2017) in his article describes that a company can quickly find out if their employee has a high level of emotional intelligence by observing their staff and looking for the key signals.

Self-awareness helps people to understand their own feelings and control them. The first sign can be seen during the challenging situations and how accepting the leader is of the

feedback. Leaders with strong self-awareness handle criticism well and take the feedback openly and warmly. A leader should be able to accept the criticism without blaming someone else or trying to find an excuse. The information received should be duly taken, analyzed, and considered so the leader tries to avoid making same mistake in the future again.

Open-minded people usually have very evolved self-awareness. These types of "open minded" leaders are capable of listening to others' ideas and in particular very different ideas without making any immediate and in particular personal judgement. A leader's ability to consider new, conflicting information is a strong signal of their emotional intelligence.

How well a leader listens to others can and should also be monitored throughout the work day as a key measure of a leader's emotional intelligence. People with emotional intelligence are able to separate facts perception. They do not stop listening just because of momentary emotions and they are able to truly listen and consider what other people are really saying. A good indication of a good listener is a leader who asks clarifying questions to ensure their understanding.

Highly emotional intelligent individuals tend to better understand the emotions of other people. They are better able to predict any future behavior and emotions. This sense is very helpful especially if the leader expects some failing behavior or emotions. Expecting any negative emotions should not stop the communication some sensitive message or dealing with some uncomfortable situation.

The final sign that can be observed indicating a leader has strong emotional intelligence is a leader who genuinely apologizes after making a mistake. If the leader finds out making a mistake they do not waste time finding some excuses, but just apologizes. This is increasing the trust.

#### 6 RESEARCH

As first, for the research work, some of the service design methods was used to better understand and outline the needs of the program for high potential employees. The business model canvas and stakeholder map were utilized to accomplish this. Both tools were helpful to reconcile thoughts and the needs of the program. They also assisted with organizing the research goals and identifying what kind of information are needed and from whom.

Questionnaires and interviews have been used to complete this project. It was necessary to learn about how multinational firms identify potential employees and develop their skills. The questionnaire included companies such as: Starbucks, Peek & Cloppenburg, Marks&Spencer and a Czech company UGO and Dame jidlo. The questionnaires focused on the central research questions of how the company was identifying their high potential employees, who is involved in the decision-making, what kind of skills their leaders require and the nature of the training offered to these high potential employees.

Additional to the research in person interviews has been utilized. For example, was interviewed a HR professional from Rovio, which allowed to get more detailed, focused look about what tools the company is using. The head of the HR provided many other key

pieces of information about how they identify high potential employees and how successful they felt their process has been to the date.

The research helped to select the information about what is necessary to include into the training program that can be applied to virtually any industry or speciality. Every department of the company requires different skills and knowledge, but the high potential employee's programs are more focused on the general development and improvements of the leadership skills, which are often similar in any company or situation.

# 6.1 Stakeholder map

A stakeholder map was created for this program. This was done to see how to best cooperate with the stakeholders and to ensure their various needs and challenges of a multinational firms are addressed. All gathered information will lead to create the best possible processes and the methods of identifying the right people. Additionally, how to prepare them for the leadership positions.

The importance of the individual stakeholders is divided into three groups (see in the figure 6). In the purple group are people who will influence part of the program especially in the process of correct identification. The most important is to find essential leadership skills, what kind of performance high potential employees has to show. In the green color are stakeholders who will give valuable information about the best practices how to make the final decision about the candidate for the high potential employee program. In the green colors are stakeholders who are giving the information about the development part.

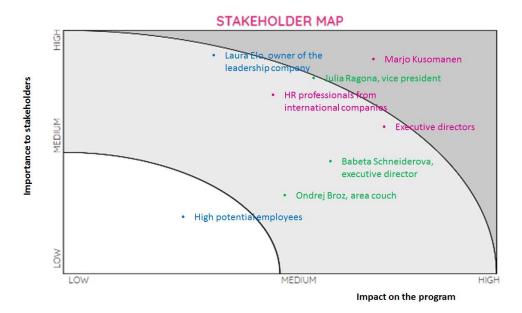


Figure 6, Stakeholder map, pink process of identification, green decision making process, blue development part

#### 6.2 The business model canvas

The business model canvas was created based on the needs of the program for the companies and with whom to cooperate with to gain the necessary information. It is explaining why this program is important and for whom is intended. The business model canvas was created for this program and can be seen in the figure number 7.

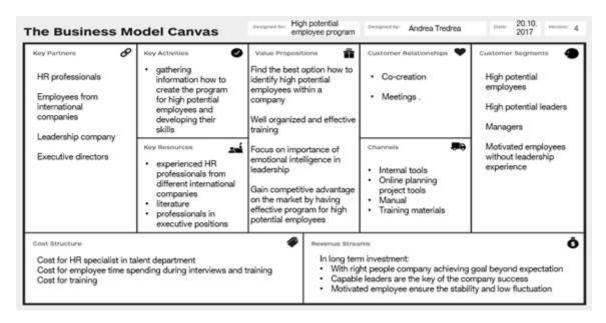


Figure 7. The business model canvas.

# 6.3 Questionnaire

Questionnaires were sent to the multinational companies who have the experience with the program for high potential employees. The author of the thesis was mostly curious how the companies managed the process of identifying the potential leaders. In addition, it was important to find out what kind of performance and qualities the potential employee must have. The questionnaire can be found in Appendix (1).

The author of the thesis also prepared a questionnaire for employees in a high potential employee programs at different companies. The goal of this questionnaire was to find out how satisfied with the program they were and how they felt, this program prepared them for the future leadership positions. It was necessary to examine the gap between the employee's expectations and experiences and see how well the companies were meeting these expectations. The questionnaire can be also seen in Appendix (2).

# 6.3.1 Results from questionnaire from companies

This questionnaire received answers from five international companies and has three parts. The first part focused on the skills, performance and identification of high potential employees. The second part focused on training. The third part was specifically on the topic of emotional intelligence and if this topic was included in their training program.

All questioned companies answered that promoting internally saves money and motivates other employees to work harder. In the companies where the career progression can be seen, the employees professionally growing, helps with the engagement of others. The people want to work for a company where they can professionally develop. Another important benefit of internal promotions is that the employee knows the company well and they are usually more qualified for the position. The employee knows the company from 'the ground up,' they have an existing network in the company, and expectations on both sides are more clear. Internal promotions typically means that the employee is already a good fit for the culture of the company. However, companies can also benefit from some external hires as well. Outside hires bring 'fresh air,' new ideas, new approaches, and practices from other companies. The companies should in general prefer the internal promotions, but mixing in some high quality outside hires is a good practice as well.

All companies see the high potential employees a bit differently. From the information collected, there were many different characteristics and features of a potential leadership candidate, for example: positive attitude, passion, empathy, emotional maturity, humility, trustworthy and passion. All of the responses included as one of the most essential skill for a leader is curiosity. Specifically, they do not think they know everything and are always eager and interested to learn more.

The second most essential skill for the leadership positions is self-motivation. If a leader is motivated it will be possible for him/her to motivate his/hers team. Leaders must also of course be experts in their area and be continually driven to improve themselves. The responsibility is one of the characteristic for leadership position as leaders must be responsible for their actions and take the responsibility for the work of their team.

The successful leadership requires more than mere skills. Top candidates should have a clear record of performance. The companies expect from their candidates a history of results and execution on the vision of the company.

HR professionals try to track high potential employees from recruitment, but the decision typically waits for the results and the performance. All of the companies included in the research evaluate their employees at least once a year.

As can be seen in the figure number 8, companies need to work on improving the program. The email has been sent to a couple of companies with the question what is the area for the improvement. The author of the thesis received the answer that the main area for improvement is the part of the identification, because not all people belong to the group of potential leaders, for a couple of reasons. Sometimes it is because they are not mature enough for the position, or they are not a leadership personality as it seemed in the beginning. They also mentioned that their development part of the program require improvement.

The company must make sure that they found a suitable candidate. However, to find out if the company promoted the right person usually takes some time. The result of promoting a suitable candidate can be observed on employees' motivation and on the results from the reports. One of the companies mentioned they have a complicated list of steps, which every candidate has to go through to ensure that they meet the expectation and every employee in the company is treated the same way.

Some of the companies use the 360 feedback for evaluation of their potential candidates. They highly recommended this tool, because it shows real employee's skills and behavior at work. The 360 feedback can also help to create the individual training plans. The companies mostly dividing the development part into three parts. In the first part, they are using classroom training where they focus on internal tools, strategic planning, or the vision of the company and communication. This training part depends on the needs of the company. In the next part, companies focus on individual improvement by strengthening strengths and work on weaknesses. During this development part the mentor for the employee is assigned. The final part is usually optional training based on the employee's own needs and preferences.

Do you think your high potential employee program is successful or do you think it needs a lot of improvement?

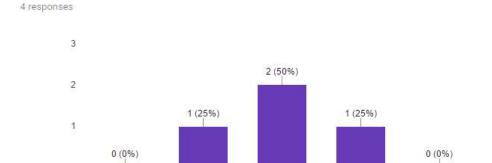


Figure 8. Response from questionnaire about success of the program for high potential leaders.

3

The HR professionals were asked how important individual characteristics of emotional intelligence for leaders are. A bit surprising is how important it is for leader, but only one company (in orange) included the emotional intelligence into the development part of their program. The graph with the result of importance of emotional intelligence can be seen in the figure number 9. As a result was identified this as an area of improvement for many companies to invest more into developing the emotional intelligence.

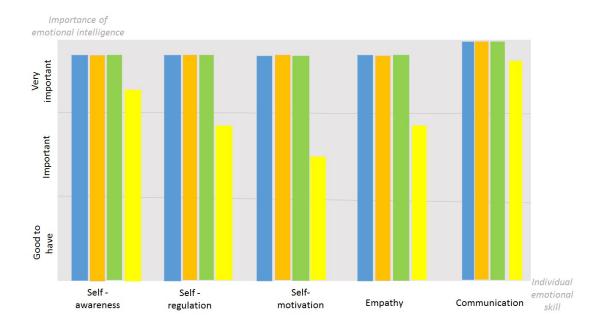


Figure 9. Graph of importance of emotional intelligence.

# 6.3.2 Result from questionnaires from employees

The goal of this questionnaire was to find out how high potential employees were satisfied with the program and how they felt this program prepared them for the future leadership position. The purpose of this questionnaire was to examine the gap between the employee's expectations and experience and see how well companies were meeting these expectations and, if necessary, reacting to needed improvements. The questionnaire gathered 9 answers from high potential employees from different multinational companies.

The first focus of the questionnaire was if employees knew the reason why they were invited into the program for high potential leaders. Additionally, what performance they had to show and skills they have. Some of the employees claims that the reason for invitation to this special program was their developed emotional intelligence, independence, doing well with cooperation with people. Not all answers were 100% clear, because some of the employees mentioned probably, or one was not even very sure, because no one had clearly communicated the reason. While some of the employees were invited to the program, some of them had directly asked their supervisor.

Employees were asked what kind of training they see as most valuable and what kind of training truly helped them. The most valuable trainings are courses that specifically help them to improve in the area they are working in. For example how to be an effective project manager, basics of accounting, or budgeting. Then they see very valuable trainings which help them to improve individual skills for example how to properly communicate, how to use strategic thinking, improving presentation skills, time management, or how better to motivate employees. One very valuable method of training is the opportunity to

work with a more experienced person. On the other hand, they saw general trainings and not all information are targeted for all of them. Some of the information during the training employees will never use. Employees were not very satisfied with extensive workbooks.

#### How valuable was the training?

8 responses

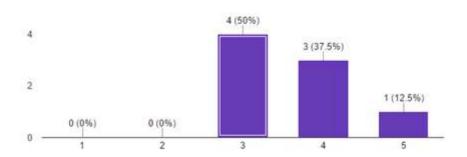


Figure number 10. The graph with satisfaction of training program

Most of the respondents saw the emotional intelligence as very important and a key area for improvement. Specifically, communication, self-regulation, and controlling one's temper were identified as areas the respondents saw as important aspects of the emotional intelligence. For some respondents emotional intelligence was included in the training and they were learning how emotional intelligence can be crucial for success. They identified learning empathy and how to handle difficult situations as important. They understood empathy as the ability to listen to people and understand the behavior of others. Generally they saw emotional intelligence as the foundation to building trust. Additionally some valuable training with emotional intelligence aspects was mentioned which centered on how to speak clearly and effectively.

#### **CONCLUSION**

Questionnaires is giving a general information about how the profile of potential candidates should look like and how important is communication, curiosity and for the leadership position. The companies confirmed how important it is to have the program for high potential employees, not only because of saving money with recruiting people form outside, but how it effects motivation across the company. Importance of emotional intelligence for the leadership position is obvious from graphs and it should be included into developing program. Employees also see emotional intelligence like one of the top priority and if it would be included into training program, the percentage of satisfaction from the program might be higher.

#### 6.4 Interviews

Interviews with HR professionals, owners of the leadership company and executive directors were conducted. The purpose of the interviews was to get a better understanding how the program works in detail, the best practices of how to identify high potential employees and how to compile the emotional intelligence into the program.

#### 6.4.1 Interview with head of the HR at Rovio

An interview was conducted with Marjo Kuosmanen (2017), head of the HR department at Rovio. She has many years of experiences with creating the program for high potential employees. The main goal was to find out the best practices how to identify high potential employees and how the program should be structured. They started the program last year for the first time with 10 employees. After the interview a questionnaire was also sent to these employees to find out the overall satisfaction with the program and how the expectations met the reality.

Similar to the responses from other companies she also identified the proper identification of high potential employees as the hardest part of the program. She reviewed with the author of the thesis: the whole process of identification at Rovio starting from the nomination, identification, who makes decisions, and what is included in their development and training. Additionally, she has similar experience from other international companies such as Nokia and others all with more 500 employees. Marjo Kuosmanen also shared the pros and cons of the program in huge international companies from the perspective of various stakeholders.

Marjo Kuosmanen outlined the main points a company should consider and the information needed before creating such a program for high potential employees. First, the company needs to know their strategy and have a business plan. This strategy and business plan should clearly state where they want to the company to be at least in four years. This is a key starting point, as it is necessary to know what kind of people they will need to achieve this success and execute on the company's vision. This is mainly a task for the executives and the top leadership. Next, the company must define the competences. This is the task for the HR department and others inside of the company. The people inside of the company needs to describe in detail what are the competences and responsibilities of management and leadership positions at the company. Then with those two steps completed, the next step is to set up a meeting with executives and discuss how the program for the high potential employee is important for the company, if it is needed, and generally get a solid commitment at the executive level for the program. The programs, given their tendency to be a very small portion of the employees, are not that expensive relative to operating costs, but it does demand a considerable investment of time and other resources to be done properly and effectively.

When the company reaches the decision to create a high potential leadership program it is then necessary to write the nomination criteria. Ideally, this is based on the company's values and practical requirements depending on the company's needs, for example willingness to travel and/or potential relocate to another country. The goal of the nomination criteria is not to write out exactly the characteristics of ideal candidates, instead this is more of an operational filter to ensure the company is reviewing the candidates who meet the general requirements. The core for the company needs is separated into three parts: Aspiration, Ability and Engagement. Aspiration means that high potential employee wants to lead others, looking for responsibilities and challenges. Ability is important because it is a combination of required leadership skills with learned skills and experiences. The third part is engagement and it is important especially because high potential employees are committed to stay with the company.

The final, the most important, and the most challenging step is to identify the talent the company would like to invest in. At Rovio this process is called the "talent review process" which is happens once a year. The process is divided into two meetings. First, they listed anyone who would qualify for the program in general. Supervisors then use the talent map and manually draw where they think their candidate is.

In the second part of the process when the final decision is made. An HR person facilitates the session and guides the discussion. This discussion is with the candidate's supervisor on topics such as how the candidate has met expectations and reviewing how exactly they fit on the talent map where the supervisor placed them. When it comes to making the final decision, Rovio has given every executive 'veto power' or the ability to block a candidate from being selected. Marjo Kuosmanen mentioned that in her experience the practices and tools in the big international companies tend to be complicated and time consuming. She prefers a more personal way and simple tools. She finds them more effective and a much better use of executive and supervisor time.

Marjo Kuosmanen created internal forms for the candidates for high potential program. This process happens once a year. The process of nomination and identification is solely the responsibility of the supervisor. Rovio also makes an effort to design and use very simple, focused forms so supervisors can clearly get their message across without having to spend a lot of time filling out paperwork. She mentioned that executives at a video game company do not believe in long forms to fill out. They do not want to spend more than 15 minutes of filling the tools for the nomination. That is also the reason why their tools are so simple and more focused on the discussions during the first and the second meeting when they make the decision about candidates. In addition to the submission of the supervisor another part of the tool is completed by an HR person.

Once the forms have been completed, the human resource department prepares all the information in digestible format for review with the candidate's name, picture, current role, and position. This document is circulated for the decision-making meeting. Then the supervisors present why they nominated this person, their strengths, as well as a review of their competences, motivation and engagement, areas for development, career aspirations and their possible next position.

In the figure number 11 can be see the talent map, which supervisors use to evaluate their reports. During the second decision making part this map is used in a discussion with an HR professional to review if the candidate is truly in the place the supervisor put them.

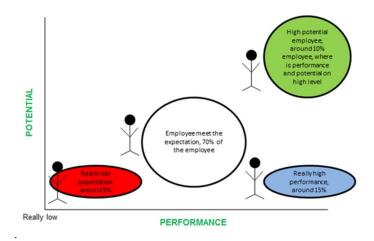


Figure 11. Talent map.

According to Marjo Kuosmanen, emotional intelligence is one of the most important skills for leaders. That said, Rovio does not include any training or content in the high potential leadership program centered on emotional intelligence.

The author of the thesis was also curious how satisfied Rovio employees are with this program. The author of the thesis used the previous questionnaire and sent it to Rovio employees. It has been collected five answers from 10 answered employees. The overall satisfaction can be seen in the figure number 12. Rovio employees in the high potential employee program expressed interest in learning more about emotional intelligence. Though there was some general information about emotional intelligence during the program, they had hoped for more specific, in depth training which could potentially be more valuable for their daily work. As a result an increased focus on emotional intelligence in future trainings is a clear step of improvement for Rovio's high potential employee training program.



# How satisfied are you with the high potential employee program?

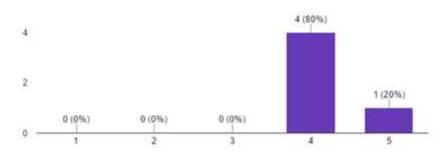


Figure 12. Overall satisfaction of Rovio employees.

On the topic of areas of improvement the head of the HR stated Rovio needed to improve how they were identifying employees for the program. Specifically she stated Rovio felt not everyone in their current program belonged there and they were very much focused on ensuring a better fit with future programs. Marjo Kuosmanen said that the other most beneficial areas of improvement are updating the training program to better benefit their day to day work life.

#### **CONCLUSION**

Every company utilizes high potential employee programs for different reasons. This company struggled with high turnover of the most valuable employees. This program serves as a motivational element for high potential employees. So far, the initial results indicate lower turnover is a positive sign the program is having the intended impact. However, Marjo Kuosmanen mentioned that they already know that from 10 nominated employees are three who are not ready for this program and she is working on improvements. She is also conscious the program needs improvements in the training program. They started this program in 2016 with only one group of 10 employees. At this stage, Marjo Kuosmanen is focusing on collecting information from her employees in order to improve the program for the next group next year.

# 6.4.2 Interview with owners of Johtajuustaito company

As part of the research an interview was conducted with owners of the leadership company Johtajuustaito. At the workshop there was the opportunity to consult importance of a leadership and the best way to found a leaders within the company, or the potential employees, which could achieve the company vision. The owner of the company and a licensed emotional intelligence specialist, Kari I. Mattila and Laura Elo, hosted the interview. The interview comprised three parts on topics, which has been selected beforehand. The first part covered the information on what are the key things a company needs to consider before creating the program for high potential employees. The second part focused on the essential competences for leaders. The final part concentrated on emotional intelligence. Figure from the interview can be seen in the figure number 13.

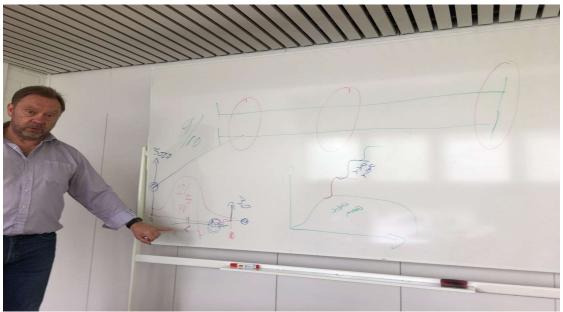


Figure 13. Interview in leadership company Johtajuustaito.

According to this interview, the first and most crucial step is the company creating and understanding their culture. The company needs this understanding to know if someone is a good fit for the company now and in the future. Additional by the lifespan of the employee should be considered. They need to consider what life span of employee should be. Is the goal of the program to develop middle managers next year or a new CEO in 5 years? As part of that consideration, the requirements and challenges of that goal should be reviewed and clearly understood. Finally, the need and opportunities for the diversity should be strongly considered. As the value of outside thinkers from diverse backgrounds can have a very positive impact on the pace of innovation and growth at an organization.

When creating tools and forms for the employee evaluation the company must know where the employee see themselves in the future. Is there truly ambition to grow with the company? The forms should aim to gain information of the strengths and the weaknesses. How self-aware are the potential leaders they are considering? This is an important

question as the less self-aware one is the harder it can be to learn and develop, especially the key personal skills and emotional intelligence leadership requires. Ensuring proper, thorough review this process should use multiple forms of consideration. They see 360 feedback as very helpful tool, but the identification of potential employee should not rely only on that only. Kari I. Mattila highly recommended the use multiple of forms to gain more information about the potential candidate. Johtajuustaito company uses for identification of potential leaders the Emotions and behavior at work questionnaire.

Johtajuustaito evaluates emotional intelligence by using the Emotions and behavior at work questionnaire. They see the emotional intelligence as the key for the success. The company recommending using tests which are maintained by Psychological organizations. For example, the one Kari I. Mattila is using, the British Psychological Society monitors "Emotions and Behavior at Work". Licensed test are recommended especially because trained professionals monitor the test and deliver the results. It is necessary to have an in person evaluation, because there are variables the test cannot cover. This process controls for extreme situations where someone happened to be completing the form during an unusually stressful or emotional day, for example on the same day they found out a close friend had died.

Companies can of course find some free tests online, but the tests may not always be accurate or up to the date. According to Kari I. Mattila, the tests alone are not always accurate. The free tests always leave something out, whether that is that the results just indicate major features (you are average or more or less than the average) or only some elements are covered (for example they cover decisiveness but not empathy). Empathy is delicate ability to measure and the proper questions, process, and review is required to assess it.

The Emotions and Behavior at Work questionnaire collect information on how the candidate is ready and willing to make the decisions. The tests seeks to measure if the candidate has the ability to motivate a team and influence others and how the potential leader deals with various situations in the workplace. The questions also try to measure how resilient the person is during stressful times.

The EBW test divides leaders into three groups. In the first group are people who do their work well, but the company should not expect extreme passion from them. The second group is the middle: this type of employees are the most common people with predictable behavior. They are passionate, they mostly agree with everything, and do what is expected from them. In the third group are people behaving out of ordinary at some points, for example: they want to lead, wants to make decisions, and they are not afraid of responsibility. This type of employees are unpredictable and harder to manage. Every company needs different type of employees and this test can help to recruit the best person.

The final suggestion from the workshop was during interview for new leaders it is the best for a company to follow their instincts, but very carefully. "If there is some bell going off in your head about that person, think about it." Sometimes people can think that bell ringing in your head is bad, but it might do not have to be bad sign, maybe just the interviewed person is different and that does not necessarily have to be bad sign. The company does not need copies and they should be looking for different types of employees.

#### **CONCLUSION**

This workshop gave an author of the thesis an opportunity to look at the leadership problematic from different perspective. First, is important to look for the people who will fulfill the culture of the company. In addition, it is crucial for the success of the company to be open to different leadership style. The emotional intelligence test can help the company to recognize the abilities of individuals. The best way to run this test is to hire a licensed, outside profession. Laura Elo highly recommending that leaders are needed specially for middle management, because they are the one who are with constant contact with employees and customers and executives could "hide "in the office.

# 6.4.3 Interview with people manager at Dame Jidlo

A company, which has just created such a program was found. This company will be used to get better understanding how to create program for high potential employees from the scratch. The people manager, Petr Rak at Dame Jidlo was interviewed. This small Czech company has 260 employees. This interview gave to this project overlook how to create the program, where to start and the main points that needs to be included into creating new program.

#### The first question was why the company decided to create this program.

The main reason was the size of the company. They got to the point when they have over 260 employee and are still growing. In that moment things were disorganized. The new CEO demanded a restructuring of current companies processes. They did not have a clear understanding of the culture of the company, strategy, or even the competences for the manager positions. In addition to various other challenges, it was very difficult for HR department to recruit and promote people without a clear idea of the company's needs and goals.

One specific example provided was of a recruitment mistake when they hired a very experienced person into a leadership position. After just two months however they realized this person did not belong at their company. If the company culture, strategy, and competences for leaders were clearly understood earlier than this person would have never been hired and this mistake would have been avoided.

# The second question was in what order they made when compiling program for high potential employees.

The first important step was putting together a clear understanding of the company culture. For this task, an external Strategy consulting firm was hired. This company organized workshop for the whole management team where they together drafted an understanding of the corporate culture. The main activity of this workshop to understand why it is important to define the corporate culture. The main purpose of the workshop was to align the

specifics of their corporate culture. The secondary goal was to reach a common understanding and to achieve motivation and co-ownership in the team. An additional goal was to define together as a team what must subsequently happen in order for the described culture and competence of the team to develop and become a reality.

Then based on the now clear understanding of the company culture, the Strategy consulting company outlined the strategy of the company using Experience Strategy Canvas. In this Canvas is included what the company expecting from the employees, how they going to reach these types of employees, who is involved in the company and guiding principles.

Then they needed to set up competences. Since the HR department does not have enough experiences with this topic, they hired external consultant to help them. Part of the creating competences was also creating a career path. Career path included clearly defined job description. Career path also include the lifecycle of the employee from the start of his / employment until their relationship with the company ends. It also defines the roles and responsibilities of individual workers who are part of the entire recruiting process. How they select new and existing employees to for various employee groups such as specialists, operations, leaders, and managers. The career path also covered: what does it look like to get into work for the first time, personal component of the employee, training, change of the position and leaving the company.

#### Last question, how is the program for high potential employees organized?

This company markets themselves to potential employees as intensely focused on the development of their team. Their ideology is that employees have the opportunity to pursue any position in the company. Therefore, if they have an open position they will always first look internally to fill this position. Every employee of the company has 14 days to apply for any free position before the position is open to the public. Every internal employee has the opportunity to go through the entire interview even if they do not fully meet the job requirements. First, they talk to HR personalist and express interest. The questions are based on if the employee is capable to fulfill the company's culture and goals. Additional questions correspond to the required competences. If this person is not ready for the position, but HR personalist sees the potential they start to work on their personal development. The company provides external training depending what this person needs. Then they work on the development of this potential employee, giving them extra tasks and projects to develop their skills. This company does not use any internal documents yet, because they still wants to keep their "personal touch" instead of using impersonal corporate documents. The HR department has available year budget for the training program that they need to follow.

#### **CONCLUSION**

This research part is especially important and will help at the beginning of creating the program for high potential employees. Petr Rak points out the important parts which should be included in the program. As a first step the company has to understand their culture and strategy. Every company has to consider all their employees and have to have detailed description of employee's roles and behavior expectations that leads company to achieve long-term goals and to be successful.

# 6.5 Brainstorming with professionals from executive teams

The brainstorming method was organized through the Google docs form tool. All three executives had a week to complete it. The google drive tool gave them the opportunity to come back to it, read others comments, and even discuss the questions. The form used for brainstorming can be seen in the figure bellow and in Appendix (3).

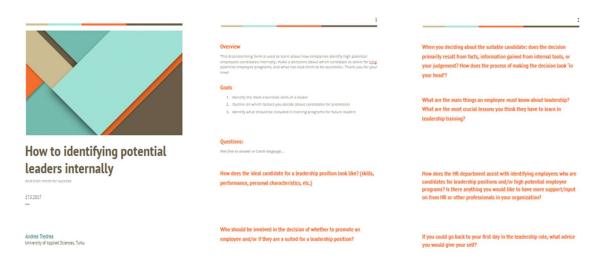


Figure 14. Brainstorming form.

The first section asked the executives what a candidate for a leadership position looked like from their perspective. The second part reviewed the decision making process, who should be involved, the driving elements of the decision, if they only used internal tools, and what role their 'instincts' played the decision. Then followed a review of what should be training program. In addition, how HR department could assist them and support during the identification process. The survey closed with the question: If you could go back to your first day in the leadership role, what advice you would give yourself.

In the first part, executives reviewed all the characteristics they felt were crucial for leaders. The communication was highlighted as a key skill for success. They also believe a collaborative, somewhat informal style is most helpful, so that employees feel that they can approach the boss (without being "friends," some distance is needed). Communication should be a two way street where the person is also able to accept the feedback and create an individual action plan for improvement. The communication style of the leader should seek to empower other managers and staff to spread the same message to ensure the consistency throughout the company.

The leader should step back to let staff do their work, but also be poised to step in if necessary. The ideal leader know employee's weaknesses and should know if, when, and how to support them. He, or she should be micromanager, but it should be also a person capable of making decisions without complete information.

They also know when decisions need to be made and who is accountable for them. One of the questioned executive said: "they have to fire, to be able to ignite" which means leader without positive energy and new ideas has nothing to hand over to their subordinates. A suitable candidate is not afraid to go to conflict. This does not mean they seek out conflict, but they are able to handle the unpleasant situations. The final notes offered on this topic were traits of honesty, optimism, and generally being a balanced person.

They all believed that the direct supervisor knows best whether the employee has the skills and abilities to advance to a promotion or leadership position. The supervisor is the person who works with the candidate on a long-term basis and the supervisor is a person who should always be included into the decision-making process. The supervisor is the one who gives tasks to the employee and sees their work. Especially the supervisor is important during decision-making part because they constantly monitor the performance of their employee, evaluate the work and know the candidate the most.

The HR department also plays very important role in the whole process of identifying high potential employees. The HR department should monitor the entire organizational process of searching for potentials within the company. The employees from HR should also play very important role during decision-making process and help to identify staff who might be a good candidate for the promotion. In a well-functioning organization with a well-structured plan for identifying, promoting and developing high potential employees the "act of promotion" is usually a formality. However, if company has not well structured plan for identifying the high potential employees internally, than the company must create different assessment centers which usually cost the company more time and money.

Using the internal tools and making the decision about a suitable candidate is not as important for the executives. More important is working with the employees. By working with employees' means: support to employees, monitoring the performance, evaluation, and giving the feedback. One of the executives said: "Companies need to constantly working on promoting talented employees. It is important to establish some objective criteria within the organization upon which people are judged. One of the key indicators is if the candidate is delivering high results above their expected KPIs (key performance indicator) in area they are responsible for. In addition, it is important the candidate is interested and motivated for a promotion and a leadership role.

One example provided was of an employee who was high performing and working at the company in a sales position for five years. It was very impressive result, because most people only lasted half a year in this position. From the executive point of view this person is ready for promotion and to teach others how to do it. However, the employee did not accept the promotion because he simply wanted to be a great employee instead of the average manager. The employee knew he had no ability to lead people. Ideally in this situation that supervisor gradually begin to prepare this person for managerial role and try to "unblock him" which is not always working, but there is a chance to train and get capable leader. This is an example of how is super important for companies to regularly developing and promoting talents within a team.

Not everyone can be, wants to be, or should be a leader. However, if someone has the leadership ambitions and skills, a mentor is an excellent way for the mentee to develop into a leader. It seems for the questioned executives a mentor is one of the best way to learn new skills and it is better than any training course available. A mentor can guide and explain, and more importantly, show by example, what works well.

The executive provided many other pieces of advice on how to become a better leader and develop one's leadership skills. The most important for development is to be conscious about own weaknesses and strengths. From this point they can start making development

plans. Leader should never wait for someone to tell them what to learn. They need to proactively finding a ways to get better. A leader is the person who is willing to learn new things and always looking for improvements. The strengths and weaknesses can be developed also by putting potential employee into all kinds of situations such as: leading small group of people, volunteer for assignments, asking for help from superiors or experts, exposing them into difficult challenges. In general, the potential leader should take some risks that are challenging and not always pleasant. This kind of experience accrues over time, so that when one is actually in the leadership position, he/she has a base of knowledge and confidence about people and decision-making upon which to draw.

Ideally, the HR department can be an important partner in providing "objective" information about candidates who might have potential or who have been overlooked. The Human resource department should play the role of administrator and system developer, which helps the organization to identify and develop leaders. They should be responsible for creating suitable tests and tools for identifying the potential employees. They should be able to make use of the results, teach others how to properly use the internal tools and the whole process of recruiting and identifying potential employees. The recruitment of new employee, or making interviews with potential employees ensuring that company have enough capable employees. Furthermore, they also need to focus on creating effective program, which will be motivational, save money and time. Reward/incentive practices should also be the focus of HR, which should lead to fewer problems in the company and in the employee relations area.

People from executive team were asked what advice they would give themselves when they started to work in leadership position. At the beginning of taking leadership position is important learn about leadership, about the company and gain more confidence. Learn how to be more resolute and how to "say goodbye" to people who do not match to the team. Do not to be afraid making changes and stand for your own opinion. Also in the beginning of the career is important to learn how to balance work and private life. Accepting own mistakes and learn from them. You are a leader of others and your time is better to spent on the big things and motivating others.

#### **CONCLUSION**

Experienced executives across different companies shared valuable information about their expectations from the high potential employees. Leaders have to constantly perform above average, have the ability to cooperate with others, share knowledge and work on their weaknesses without waiting for some recommendation. The company needs an effective and well-organized system of identifying potential employees and developing their skills. Then the part of making decisions is formality. The company that concentrate on monitoring of all employees ensuring that the candidates are capable to take the leadership position.

#### 7 PROGRAM FOR HIGH POTENTIAL EMPLOYEES

The service design tools were used to create such a program. The creation was using information from theoretical literature and included research. The approach creating the program the author of the thesis was inspired by "the double diamond methodology" which is in detail explained in the chapter 2.2. The process of creating the program is divided into four stages: discover, define, develop and deliver.

# 7.1 Discovering different programs

The first part of the Double Diamond methodology is discovery. The discovery portion is a research step which in this case utilized questionnaires and interviews with HR professionals and employees. The goal was to collect information about high potential employee programs and identify what are the essential skills for leaders and how to develop them. The primary result of the research discovered what is most important and impactful for the program for high potential employees. In addition, how such a program can be beneficial for both the companies running the program and the employees participating. According to a book "Service design thinking" the discovery part should not bring the solution, but more likely get a bigger picture of the whole problem area. Not only that, by service design thinking the company gets a better understanding of how the whole process is working. (Stickdorn & Schneider 2011, 120.)

In responses to the questionnaires companies provided information about how important it is to have an organized and well-structured program for identifying potential leaders. Finding a suitable candidate is the beginning of the whole program and perhaps the most critical step of the process. It is also necessary for the company to invest in quality training to ensure the success. Success means that a leader is capable to lead and motivate employees to achieve higher performance and together achieve the goals of the company.

The employee during the research has also been placed into the center of consideration. It is important to find out how impactful the program has for individual employees. From interviews and the questionnaires was discovered what are employee's expectations and the best way how a company can develop and improve their leadership skills. As a result of the research personas and customer journey were created, which helps to identify the needs of the employees and how their experiences could be implemented in creating the program for high potential employees.

### 7.1.1 Personas

For this project two personas were created. Every persona represents here one type of leader at two different companies. This provides different perspectives on how the program should be created depending on the needs of the company and personality of their leaders.

First persona Dylan represents a group of ambitious leaders in a video game company. Employees who always looking for new challenges and opportunities for personal growth. The second personal Lenka, represents employees in a coffee company who love what they are doing, they are not looking for promotions, not ambitious, but the company chooses them as high potential employees because they can see some leadership potential.

# Description of first persona

Dylan is a 33 year old product manager. He is working at a video game industry for more than a decade. His hobby became his work and he is always looking for ways how to get better.

He is married and has one child. Even though in his free time he always finds a time to play video games from other companies to find out why other games are successful and what makes the games profitable.

#### **Expectations**

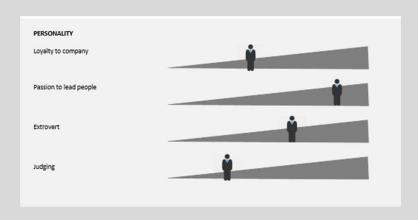
He is working at the present company for two years. Dylan is good at his job, which can be seen in the commercial success of the games he works on. He is very ambitious and expecting growth for the company. Dylan is constantly looking for new opportunities and that is one of the reason why he was included at his company into the program for high potential employees. After one and half year he was promoted. Dylan's expectation is when he start working at a new company (after showing his ability and high performance) to get better projects to work on, or promotion.

#### Challenges

Dylan's biggest challenge is to lead a bigger team of people. He would love to improve emotional intelligence skills especially empathy. He believes this would help him lead and manage bigger groups of people.

#### Personal goal

Work on something which has a big impact and working on interesting projects, which will keep him challenged. Additionally, to lead a bigger group of people.



# Description of second persona

Lenka is a 46 year old woman, working as a store manager. Lenka is divorced and has two kids, aged 13 and 18.

She has worked in hospitality all her life. She needs to be in constant contact with people. She was always best at customer service and talking with customers. Lenka really appreciate high quality in food and coffee and shares this passion with her family. She also loves cooking and that is one of the reasons why she enjoys working in a Café.

#### **Expectations**

She was never ambitious and did not expect any higher position. She is the kind of employee who likes being good at what she is doing instead of being an average employee. However, she is working hard for the current company for more than 8 years. She is very loyal and expects from the company a higher salary and benefits.

#### Challenges

Even though her job became her hobby, she is struggling finding a balance between her personal and work life. She would like to find more time for her family and time for resting without thinking about work.

#### Personal goal

Be good at what she is doing and find a balance between the personal and work life.



# 7.1.2 Customer journey

In the customer journey, the process of the entire program can be seen on the beginning when an employee started to work for the company. The journey outlines an employee's expectations from the program and what is going on with the employee after finishing the program. A customer journey points out the possibility for improving the program from the employee point of view. The "satisfaction and thinking" section includes best practices for an even more successful program for high potentials.

The first customer journey (see in figure number 15 and in Appendix(5)) was created based on an interview with employees in a coffee company and shows their individual stages of work development, the process how the employee has been accepted into the program, training program and what is happening with the employee after the program. In this customer journey the best opportunity how to improve the service can be see especially in part of satisfaction and thinking. Employees in this company are aware of this program, because they are afraid of failure, filling complicated training manuals and working in the position before the end of the training.

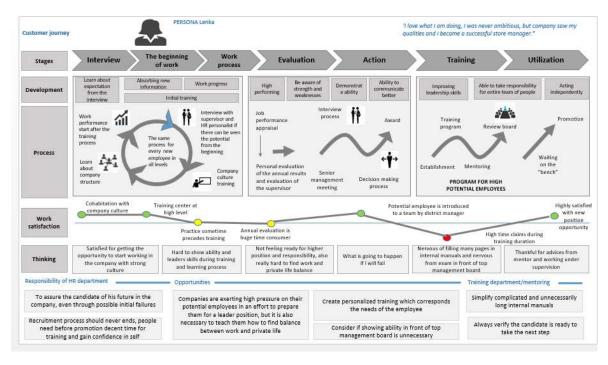


Figure 15. Lenka's customer journey.

The second customer journey (seen in the figure number 16 and in Appendix(6)) was based on research from employees in a video game company. Here can be seen that employees are highly satisfied with the company itself. Employees who are accepted into the program for high potential employees expecting better quality of the training program. Employees expecting more training in the core business, emotional intelligence and knowledge, which could be use in their daily work. After completing the training program, they want to benefit from the knowledge. The program works great as a motivational element, but it serves only as training and development in leadership. This program actually does not give any future development in the company after the end of the program.

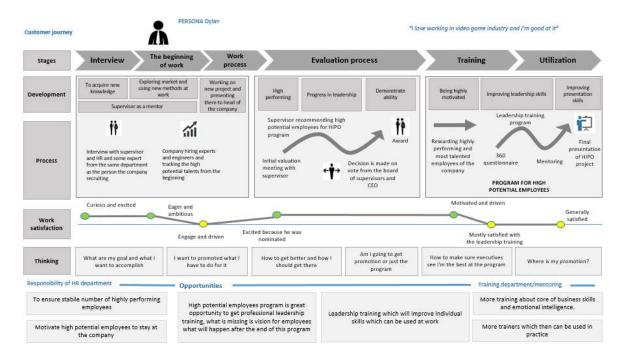


Figure 16. Dylan's customer journey.

# 7.2 Defining process of the program

During the first Discovery phase, as described by The Double Diamond methodology, a great deal of information was gained on how high potential employee programs are utilized. As a next step, as recommended by The Double Diamond methodology, it is necessary to narrow the large amount of information collected in the research down to the best ideas. For this part of the project the blueprint to select the best ideas company was created. This service design tool identified what matters the most.

The primary input for creating blueprint was through the interviews with a HR Specialist. As a result a great deal of information was gained about how the program works in detail and how impactful it is for daily work life of their employees. The blueprint in this case shows areas that work well for a company and for employees and will be implemented in creating the program.

# 7.2.1 The service blueprint

The blueprint serves as a detailed description of the individual service. In this case one blueprint was created based on an interview with Marjo Kuosmanen. The blueprint seen in the figure 17 and in Appendix (7), includes a visual scheme of the company's perspective and its employees. This blueprint serves as an indication of how this program works in the company and how it could be structured.

This blueprint shows the detailed description of the video game company. This blueprint is related to first persona Dylan in chapter 7.1.1 and Dylan's customer journey in chapter 7.1.2. The purpose of this blueprint is to see in detail how their program works. This serves as an inspiration how the program for this project could be created. This program was created for motivational reasons and a low retention rate of the best performing employees. It has been created to reward the high potential employees at the company, give them valuable leadership training, a mentor, and see how other offices in the EU work. Also all employees from HIPO program go to the biggest video game conference which is once a year in the USA.

In the blueprint the individual steps of employees from when they start working for the company can be seen. The HR tracks the potential employees for the program from when they start working for the company. HR once a year announces the beginning of the program. Every employee who is working for the company at least once a year has the opportunity to be included into the HIPO program. Each supervisor recommends high potential employees from their team. The CEO, head of HR, and supervisor then hold a meeting to discuss the candidate. The supervisor presents a summary of their skills and performance. The final decision is based on votes. Every employee who is included in the program must receive a unanimous vote from the whole committee. The HR personalist finds out that this program did not affect the fluctuation as they expected. Deficiencies were also detected at the beginning of the program in identification part. At the beginning of the training it was found out that three of ten promoted high potential employee should not be in this program. This means that the company should enhance their program in the decision making process especially in the voting process. The fluctuation also proves that the program did not affect it and it is necessary to improve the program based on needs of their employee. As can be seen in the customer journey, employees expect a change, after a program has ended, for example, a promotion.

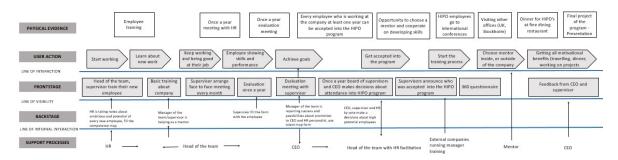


Figure 17. Blueprint of video game company.

# 7.3 Developing program for high potential employees

This part covers developing the program itself. This program is the result of the information collected in research and information gained by applying service design tools.

It is vital to have a structured process for identifying and developing potential leaders. The importance of having a structured process of identifying and developing potential leaders was proven in previous paragraphs and supported by theoretical research and interviews

with professionals from several multinational companies. However, a company that wants to have this program must before consider whether it meets certain requirements. These requirements, such as having a strong culture in a company or a set of goals, are essential for the company. The company having a clear vision and a set of goals are able to find suitable candidates and ensure that requirements are met.

The interview with the company which is just working on creating this program also helped with the process of creating the program. Thanks to this finding such as: establishing the culture and setting the main goals, the company is able to create an ideal candidate profile. If a company cannot make profile an ideal candidate who would achieve a business goal, the company is also unable to find a perfect match of the person who will perform the tasks they expect.

Below a structured plan for how a company should proceed when creating a program can be seen. It starts with a focus on the company itself. In particular, a clear understanding of the company culture, strategies, and goals. Additionally, the company should have a clear organizational structure with an understandable hierarchy and a career path which includes description of responsibilities and competences for every position. Once these needs are clearly understood the program can be created to address the company's requirements. Finally, the training and development of individual skills can be outlined in the framework of the company's needs, requirements, and culture.

#### COMPANY

Culture of the company, strategy and goal

#### ORGANIZATIONAL STRUCTURE

Specify the management hierarchy, create career path, specify responsibilities and competencies every position

#### PROGRAM FOR HIGH POTENTIAL EMPLOYEE

Purpose of the program

- Junior leadership program
- · Senior leadership program

Training program

Figure 17. Structure of creating the program for high potential employees.

# **7.3.1 Company**

Before creating the program, the company must have a clear understanding of the company culture. Once an understanding of the culture is established it is possible to set specific goals and outline the strategy. This is the necessary foundation in order to design a high potential employee program that helps a company accomplish it is goals.

The important key for the business success is to build a strong **company culture**. A strong, successful culture needs to be recognized by the people and share values, attitude and a high level of standards. The strong company culture is giving a clear vision. This vision is giving perspective of what kind of people are needed to fulfill the company culture.

Ari Weinzweig, Zingerman's co-founder has in his article (2017) written the main steps for how to create and maintain a strong culture of the organization. The recommended process for establishing a strong culture of the company starts with the leadership of the company in a brainstorming session. The board of directors and co-founder sit down together and write out their core values and goals. Next, with this information, the strategy to achieve these goals via the core values can be outlined. The company can follow these steps below to outline the culture and cultural development plan.

The board of directors must clarify the company culture, main core values, goals and actions. This clarification will give a whole picture of the company and responsibility resulting therefrom for every employee. Employees have to live with this culture of the company. It is important to know what the culture of the company is, but more important are the actions that maintain this culture. This is a critical point especially for leaders because their behavior and acts affect the whole organizational culture and the behavior of their employees. Leaders needs to make sure their words match the needs and how to handle situations if the things do not match up. Leaders are the ones who have to make decision who should be hired, or fired and reward people who fulfill the organizational culture. (Weinzweig 2017.)

The next step of creating the company culture is finding a way to measure success. How employees fulfill the company culture and building even stronger one sharing the values and behavior resulting from there. A company should define the main characteristics how the culture should be fulfilled, what are the behaviors, and expectations. Based on determined expectations the organization has to be able to measure every employee and their fulfilling of the company culture. (Weinzweig 2017.)

The company must motivate their employees and keep them on the right path of building a strong culture. A company should never forget to reward their employees for maintaining the culture of the company. If the company wants employees to behave one way they need to also give something back. The employees expect the company to behave in the same way as they want their employees to behave. Rewarding does not have to mean giving only extra money, but a company should use various settings how to reward and recognition for building and spreading corporate culture over time. (Weinzweig 2017.)

If the company did not create the culture yet these steps serve as a recommendation how it can be built. It is giving a picture how the culture is important and the main steps to ensure that the company culture is fulfilled.

Among the other requirements, before creating the program itself it is necessary to have a set of goals. It is important for the company to define how to achieve their vision in measurable and realistic terms. The main goals have to be crystal clear for all employees. It has to be defined where the company is heading, while strategy demonstrates the plan how the company is going to get there. How to create goals and strategy is explained in the paragraphs below.

One approach for setting goals is the S.M.A.R.T. technique.

- Specific
- Measurable
- Attainable
- Realistic
- Time bound

The company has to specify the goal they want to accomplish. It needs to be well defined and clear. To set up and create specific goals is based on questions: **what** exactly has to be achieved, to specify **where** it should happen, **who** will be involved, to establish **when** it is going to happen. The last question during specifying the goal is **why** this is important, the purpose and benefits.

The goals needs to be measurable to keep them on the right track. By specifying the exact price, percentage, or specify to measure the success. The questions of creating measurable goals are targeted on questions such as how much, or how many.

The goals need to be realistic and attainable. The company has to know if they have enough capacity, capability, talent, or money to achieve certain goals.

The goal of the company must be relevant for the company's priorities. By keeping relevant goals the company will ensure developing with the focus to achieve a vision. (MindTools 2017.)

The requirements such as strong culture, a set of goals and strategy how to achieve it are necessary before creating the program itself. It is giving a company information what type of leaders they will need for achieving these goals. The leadership skills and behavior for meeting the business objectives can be different. By establishing strong culture and having a set of main goals will help a company to find out what assumptions, abilities and skills are necessary to meet these goals. These important requirements will give the company indications how many and what types of leaders are needed.

#### Strategy

Strategy is an approach how to achieve one's goals. In the planning of a strategy the organization should include employees from all departments and define how their activities and responsibilities ensure the achievement of the set goals.

Research shows many approaches how to set up the strategy. According to a Forbes article there is one easy way to accomplish this task. Here is an example how a company can proceed during the creation of the strategy. It is based on five questions (Aileron 2011):

• Determine <u>where</u> the company stands on the market. By conducting external and internal audits to find out and get an understanding of competition and market place

- By identifying what is the priority and their main goals is giving a company direction how to achieve goal and in the long term and how to fulfill the mission of the company
- Specify what are the goals to measure the progress and success
- Determine who is responsible for achieving these objectives
- Ensuring progress and achievement of the target is necessary to execute regular control

# 7.3.2 Organizational structure

Companies use different types of management hierarchy. Which one they use depends mostly on size of the company and their preferences. Building an organizational structure is essential to understand who is responsible for delegating, supervising, and coordinating tasks. That will serve as an approach how the program for high potential employees can be structured. The most common types of organization structures are flat arnd hierarchical.

A flat organization is one with few or no levels of management. This structure does not require any job titles, managers, or executives. This structure gives more responsibility to individuals and everyone in this structure is equal. One advantage of this structure is empowering individual employees. They are more personally motivated to succeed. Applying this structure is primarily recommended to a small, or medium size companies.

In hierarchical structure all employees answering to someone and usually on the top is CEO. This structure is gives employees information about to whom they need to report.

#### Hierarchy of the company

Top management is focused on controlling the entire company. The top management group is consist from directors, president, vice-president, and CEO.

The middle management is directly reporting to top management and is responsible for executing the company's plans. Into this group are general managers, branch managers, and department managers.

Last management type is low management and they are mostly focused on controlling and meets the middle management tasks (Boundless Business).

#### Career path

A career path specifies all work positions in the company, its required skills, and the require capabilities. In the part of the program for high potential employees must be included career plan where is specify what individual steps employees needs to take before their promotion. Career path will help company to create development process of their employees. The career path gives clear information on how long an employee has to be in a position before promotion, the whole process before and during promotion, and the training plan for individual positions. (Heatfield 2016.)

#### **Set of competences**

Every position of the company requires different skills. It is important to specify these competences with a detailed description for leadership positions and create appropriate

approach for every single position. In the chapter, 3.5.1 can be found an example of approach of competences required for leadership position and it is necessity of having these skills.

# 7.3.3 Program for high potential employees

The best practices from the research were used to create the program. Research also shows that program for high potential employees must start with a question: Why this program is needed? The program for this thesis was created in purpose to ensure the organizational structure of the company, the best way how to find potential employees within the company, and to ensure that sufficient leadership delivers results.

This program for high potential employees focuses on all employees within a company, their development into the low middle management and development from low management to middle management. This program is focused on creating a structured plan for identification of high potential employees, training them, and preparing them for the next position. This program is a step in the process before a promotion to a leadership position. The position does not have to be available right after the training, however. The candidate will be on the "waiting list" and until a position will be available. The low management program is named the Junior leadership program and program of identifying potential leaders to middle management is named the Senior leadership program.

This program will ensure that the company correctly identifies high potential employees internally and trains them to be successful. This will be ensured by using internal tools and applying the same rules, which will be applied to all employees equally. If an employee starts working in the company in the lowest position, they need to go through all the steps, which are required in this program and it means going first through the Junior leadership program and then the Senior leadership program. That is the way company will ensure that employee has enough knowledge about the company and became the experts in their area before the promotion.

The process of identifying high potential employees requires an annual meeting with all employees and managers from the low management. The main purpose of this process is to give an opportunity for every employee to discuss their expectations, giving and receiving feedback and creating plan for personal development. This program should gain a stable and organized structure that can be understood by every employee of the company. Employees will know exactly what is expected and what they have to do if they want professional growth within the company.

The author of the thesis also found it is helpful to incorporate the evaluation of all employees into the program. The evaluation part of this program was inspired by Jack Welch, CEO of General Electric. (Vollmer 2005.) He developed a performance appraisal system, which requires honest feedback and gives clear information to employees where they stand in the company. It is an evaluation where all employees are divided into three groups depending how they are performing, good/average/poor. These types of performance represents the division in three groups, top 20, middle 70 and bottom 10. This system is rewarding employees in the group of top 20, developing group of middle 70

employees and lead them towards how to get to the top 20, and managing group of bottom 10 to quickly improve so they are part of the middle 70 group.

# JUNIOR LEADERSHIP PROGRAM

The Junior leadership program is intended for all employees of the company. The possibility to be included in the Junior leadership program will be discussed at an evaluation meeting to be held once a year.

The annual meeting is organized by a supervisor, or a team leader. During this annual meeting team leader discusses with the employee job results compared to expectations for the year. Part of the meeting is to discuss the possibility to be included into the Junior leadership program if the employer performance is in the group of top 20.

This process should start at the beginning of the year. The reason for this is because all goals for the years are set up and the company will get enough time to train new high potential employees and have them ready for upcoming available positions.

This annual meeting must start with the question how satisfied is the employee is with the company and find out about their expectations. The supervisor should also give the employee specific feedback as part of the evaluation. This step requires a rigorous preparation and careful monitoring of behavior from the supervisor as well as fulfillment of tasks during the whole year.

During the discussion it has to be clearly explained from the direct supervisor how they see their work performance and set precise reasons for the evaluation. This process will give an employee information how to improve their skills and to get from the bottom 10 to middle 70 and from 70 possibilities to the top 20.

The internal tool for this meeting is very simple and gives the whole picture of employee's performance and ability. The tool created for the Junior leadership program can be seen in the figure number 18.

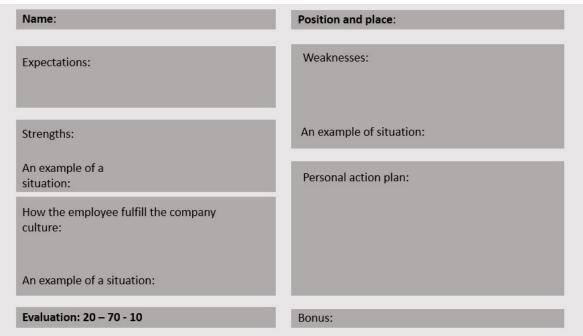


Figure 18. Evaluation form for the Junior leadership program.

The first window is to collect the information of the employee's expectations and gives them space to give feedback. By Welsh ideology "the winning company lets their employees to speak out" which means that the company needs to encourage their employees to give honest feedback (Vollmer 2005). This part is filled during the meeting together with an employee, the rest of the form is filled by the supervisor before the meeting.

The company culture is the core of the business success and it needs to be part of the discussion. The supervisor evaluates how an employee fulfills the company culture and gives examples of where this performance can be seen.

The strengths and weaknesses portion gives the employee information about their behavior and skills. Specific examples should be provided here as well to help communicate any findings.

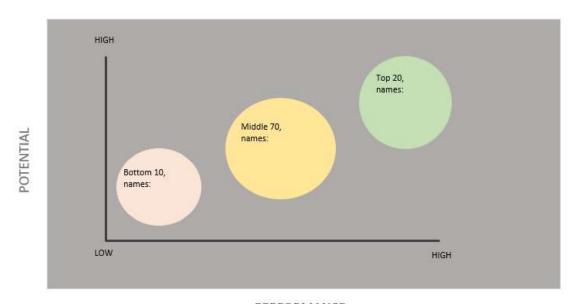
A personal action plan is the suggestion of the supervisor how to achieve improvement in the individual areas where it is needed. An individual plan is based on "Key performance Indicators", which means this plan must measure and include who will be involved, what has to be improved, and a deadline.

In the last part the evaluation can be seen which places the employee into the group top 20, middle 70, or bottom 10. This is based on the performance and behavior of the employee performing during the evaluation period. It has to be clearly explained by the supervisor why the employee is placed into the group they are assigned.

In the last part the window "bonus" can be seen. The purpose of this meeting is to motivate employees and part of the annual meeting should be rewarding employees for excellent job performance.

#### Decision making process

Based on the annual meeting and evaluation the supervisor should have enough information about all their employees to place them into the map. This leadership map, which can be seen below, provides a clear and simple overview on potential talents within the team.



PERFORMANCE Figure 19. Leadership map.

The junior leadership program is a development program for any employee within the company who are performing far above expectations, fulfill the company culture, and have the leadership ability. After annual meetings have been concluded, all the supervisors will propose names of employees for the program and this list will be sent to a HR specialist. The HR specialist with later arrange interviews. The supervisor will also send 360 questionnaire to at least 5 employees who are working with potential employees to make sure about the ability of high potential employees. The HR personalist will then have the completed the 360 questionnaire, leadership map, and evaluation form as materials to review. Based on the interview and this information the HR personalist will make a decision about including the individual in the Junior leadership program.

# Senior leadership program

The senior leadership program is intended for all employees in the low management. Supervisors or team leaders who are responsible for the employees in low management are responsible for organizing annual meetings to evaluate who will be invited to the program. This annual meeting is an evaluation where the team leader with an employee discusses job results and demands from the job position during the whole year. Part of the meeting is to discuss the possibility to be included into the Senior leadership program if the employee performance is in the top 20 group.

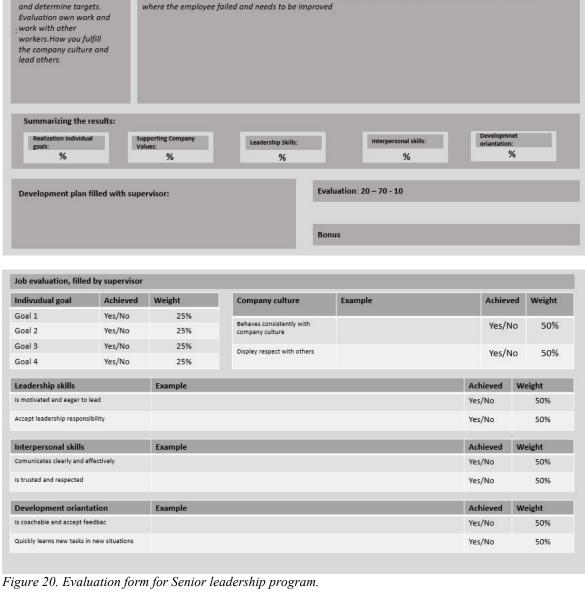
This process also starts at the beginning of the year. The purpose is because all goals for the year are set up and the company will get enough time to train new high potential employees and have them ready for upcoming available positions.

The internal tool used for the annual evaluation meeting can be seen in the figure below. This form is more complex than the form for the Junior Leadership program and focuses on leadership skills. Employees who will go through the Senior leadership program will have an opportunity to be promoted into the middle management. These employees have already some basic experience with leading, delegating and achieving goals in a low management. The purpose of this meeting is to use this tool to find out if they have the ability and skills to be leaders in the middle management.

Position and place:

Summarize of work results and determine targets. Evaluation of an employee work and how they work with other

workers, leading skills and point out examples when profiling of great examples of leading skills and examples



JOB EVALUATION

Self evaluation:

Summarize how you see

your work, work results

Name of employee

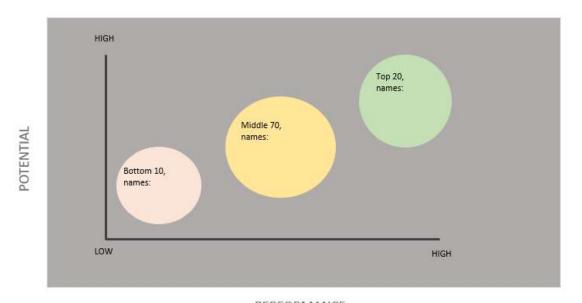
Supervisor evaluation:

Before the meeting employee (employee from low management) fills the self-evaluation where they evaluate their current work.

After an overall evaluation the employee together with supervisor sets up the development plan. If the employee is in the top 20 group they also discuss the possibility to be included into the Senior leadership program.

### Decision making process

Based on the evaluation of the annual meeting the supervisor should have enough information about all their employees from low management and can have be placed into the map. This leadership map which can be see bellow provides a clear and simple overview on potential talents within the team. This map will be used during the top management meeting. The map will help to start a discussion and making the decision about potential candidates and possibilities for Senior leadership program.



PERFORMANCE
Figure 21. Leadership map for senior leadership program.

In order to be invited into the program, first the potential employee must meet the condition of being placed in the top 20 group. After the annual meeting the supervisor can then recommend high potential employees for the Senior leadership program.

The HR personalist organizes an interview with each of the employees who were recommended for the program. The HR will send a 360 feedback questionnaire to the potential candidates co-workers and subordinates to find out how other people see them. Then HR will have for the interview job evaluation form and 360 feedback. This feedback will help to start the discussion and for HR starting question and find out the potential and capabilities for leadership position.

After the interview HR will organize a meeting with all supervisors and someone from the top management. During this meeting HR will discuss with the supervisors the pros and cons of each candidate. The final decision about the potential candidates will be made by someone from the top management.

#### The supervisor's responsibilities

To evaluate the whole employee work, behavior and performance requires rigorous preparation. The supervisor needs to observe the behavior and employee performance during the whole year. Ideally, this review should be carefully noted so there is a written record for others to review. The supervisor needs to organize an evaluation meeting with every employee of the team. The supervisor should also listen very carefully and collect honest feedback from the employee.

During the decision-making meeting, they need to be ready to present why they choose their high potential candidates and show not only their strength, but also weakness.

#### Top management responsibilities

Top management plays an important role during the decision making part. The top management will make the ultimate decision about who the future leaders of the company will be.

#### **Function of human resource department**

- Train all supervisors how to conduct the meetings with their subordinates and how to properly use the internal tools
- o Announce the start of annual meetings and make sure every supervisor arranges the meeting with every employee on their team
- o Interview all Junior leadership candidates and make final decisions
- o HR personalist also interviews every high potential employee recommended by the supervisor to the Senior leadership program

# 7.3.4 Development portion of the program

The training and development part of the program determine the development needs of potential leaders. In this part the structure of the development program and the best option can be found, according to the research, for how to train and develop leadership skills. The training structure also includes the application of best practices from several multinational companies, feedback of high potential employees, and specific advice from experienced leaders.

The companies will use 360 feedback to create an individual development plan. This feedback will help to explore real employees' skills and behavior at work and areas need for improvement. This feedback helps to create an individual training plan. Companies should divide the development program into three parts: first classroom training with focus on internal training manuals, strategic planning, and the vision of the company. In the second part is a focus on individual improvements and for this part a mentor is assigned. The last part is usually optional training based on employee's own needs.

Companies answered that emotional intelligence is essential and key for success of their leaders and it should be included into the program for a high potential employees. For

employees emotional intelligence is also a very important topic and area, which needs to be improved. Generally, they see emotional intelligence as the foundation to building trust. Specifically the most important areas of emotional intelligence for improvement are communication, self-regulation, and controlling one's temper.

Questioned employees see as the most valuable training, which truly help them with their improvement. Especially they see valuable trainings, which specifically help them to improve area they are working in. In the figure below can be seen the general satisfaction with the training program they went through. In the figure, it can be seen that companies needs work harder on creating better development program to meet employees' needs. The goal of creating this development part is to find how employees benefit more, on a daily basis, from the training program. For example, they see training that helps them to improve an individuals such as how to properly communicate, how to use strategic thinking, improving presentation skills, time management, or how better to motivate employee as particularly valuable. Also identified as a very valuable part of training is the opportunity to consult and/or work with a much more experienced person.

### How valuable was the training?

9 responses

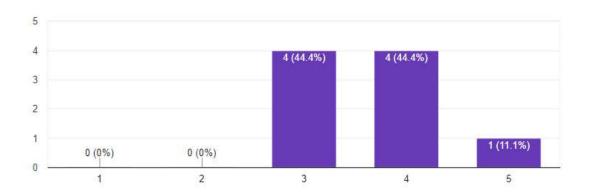


Figure 22. General satisfaction with the training program.

Questioned executive directors believe it is very important to specify one's own weaknesses and strengths. Being conscious about one's skills is the starting point for creating a individual development plan. Potential leaders need to proactively look for improvements. That could be achieved by putting into all kinds of situations themselves. For example: leading small groups of people, volunteer for assignments, asking for help from superiors or experts, or exposing them to difficult challenges. In general, taking some risks that are challenging and not always pleasant. If someone has leadership ambitions and skills, a mentor is an excellent way for the mentee to develop into a leader and help them manage these challenges successfully. They believe that high experienced mentor is better than any training course. A mentor can guide and explain, and more importantly, show by example, what works well. Being a mentor takes time, effort, and commitment, but it is something leaders should know and pass on; someday, the person they mentor will mentor someone else.

# Structured development plan

The development part of Junior and Senior leadership programs consist of three parts. The first part is classroom training focused on developing the leadership skills required for a leadership position. In the second part a mentor is assigned. In the last part of the development program the potential employee must go through the output test.

#### o The first part of the development program

The first part of the development program consists of classroom training. At the beginning of the program the potential employees must be trained in detail about: company culture, goals, and strategy. Every position of the company requires different skills. Part of the classroom training will also concentrate on developing these essential leadership skills: how to solve problems, communication skills, how to build honesty in your team, confidence, and delegation.

The last part of the classroom training will focus on emotional intelligence. Emotional intelligence is a key for leadership success and this training will be hosted by licensed professionals.

#### o Mentoring

A mentor plays one of the most important roles in the training and preparing the potential employee for their next position. The mentor must be an experienced person, know the company, and the position really well. Additionally this person should go through at least some basic training about how to train people, how to use internal manuals, and how to create a development plan.

#### o Indivudual training plan

This part should be created with mentor and utilize the results of the 360 questionnaire. Every potential leader must be aware of their own strengths and weaknesses. Based on this and the feedback from their coworkers they can create an individual development plan.

The individual training plan should be created based on prioritizing development needs and take into account the competences necessary for the position.

#### Output test

A company needs to be sure before any promotion that the candidate has developed the necessary leadership skills and eliminated any significant weaknesses. The maturity, or output, test is designed to find out if the candidate is ready for the next position. In research it was identified that companies are using different methods to identify the maturity of their potential leaders. However, it was also found out that different types of review boards are too stressful for employees and not always proof of capability.

The output test of Junior, or Senior leadership program will end with a practical test. Every employee after the training program will try the next level position for a month under supervision of their mentor. At the end of the month the mentor evaluates their work and gives feedback to the top management if the candidate is capable to take the next level position. Top management will make the final decision if the potential candidate can be promoted into the leadership position.

Employees who have successfully completed all the steps of the Junior, or Senior leadership program and training are ready to take the next level position. The next step is either waiting "on the bench" for a position to be available for immediate promotion.

# 7.4 Prototyping

Prototyping is not possible in this case, because it has been created without a commissioner. Expert review methodology will be used to find out the suitability of this program.

The expert review method will bring together one experienced HR professional, emotional intelligence specialist (and also leadership developer), and one experienced leader. The main goal is to find out if they see this program as suitable and useful for companies creating a program for high potential employees.

The head of HR, Marjo Kuosmanen was chosen because she has many years of experience about creating the program for high potential employees in big corporate companies as well as in small companies. The owner of a leadership company Kari I. Mattila was included because of his insights into how the high potential employees should be chosen and the correct way how to make decisions. The experienced employee, Julie Dolezalova, was included to evaluate this program. She was included with the purpose to find out if this program meets the expectations from employee's point of view.

All of the experts mentioned above have been sent the manual for review, which can be seen in the figure below and in Appendix (8). This manual gives an overview of the whole program. The manual and an attached detailed explanation of every step are in the Appendix (9). The experts all received a list with specific questions (see in Appendix (4)) to ensure consistent, comparable feedback.

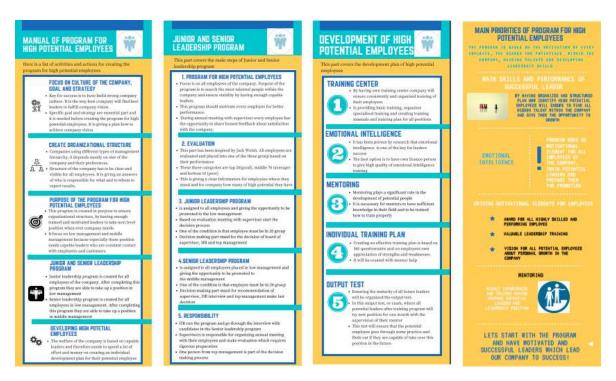


Figure 23. First version of a manual Junior and Senior leadership program.

# 7.4.1 Feedback from expert review of the manual

The expert review was used instead of prototyping and author of the thesis collected feedbacks from free different professionals. The main goal was to find out how the program can be improved and also if it is possible to be implemented in the real life.

First, the author of the thesis received feedback from Kari I. Mattila, the emotional intelligence specialist and leadership developer. He wrote general feedback about the manual: "The way of presenting this (Manual) is easy to read and hence easy to absorb". However, he would like to see it enhanced in two areas: classroom training and emotional intelligence development. The classroom training in his opinion should be supported by frequent micro-learning action, which takes normally under 10 minutes. He also recommended applying in the development part more agile approach. The second area for improvement is the emotional intelligence portion where the development should start with a personality assessment. He also points out that the organizational structure is important, but more important for the company is to concentrate on organizational success.

The second feedback was collected from Julia Dolezalova. She is working more than a decade as a manager in a hospitality. She also had an opportunity to be part of this type of leadership program. Julia Dolezalovala wrote general feedback about this program: "I generally agree with the plan and I took part in a similar program. I believe such training program could be great motivation tool for employees as many of them seek new opportunities and responsibility." She sees big potential in improving the development part and she has some concerns about the output test. Julia Dolezalova recommended in the development part to concentrate on constructive feedback instead of judging and

criticizing. The constructive feedback is sometimes even a difficult task for experienced leaders. The capability to succeed the future was measured using an assigned individual project. In her point of view this is the most useful process. She sees more adequate to measure, or test the real potential through individual project instead of output test. The main concern about the output test is if the one month is enough to show the capability for a leadership role.

Finally, was received the feedback from head of the HR at Rovio, Marjo Kuosmanen. She wrote a general feedback about this program: "In general, I have to say that you have done an excellent work. I see this kind of program working in a bigger company where there is more employees so you can actually have different development paths and talent maps for senior and junior leaders." She is proposing that would be better to organize more than one meeting with managers to have feedback sessions. Yearly sessions are not enough especially with high potential employees.

# 7.5 Delivery of a final version of the manual

The final step in Double diamond methodology is delivering the enhanced service or product. This final version of the program for high potential employees has been improved based on the expert review. The expert review was found very useful, which helped to find holes in the program from the different expert perspectives. The improved manual can be seen in the figure 23 and also in Appendix (10).

The author of the thesis according to expert review developed a solid program for high potential leaders within the company. However, questioned professionals believe that more important purpose of the program should be to achieve organizational success instead of concentrating on organizational structure. Of course, for any company this or any type of program for high potentials is a step forward. The questioned professionals also would like to see an improvement especially in the development part and in the output test.

The development part will start with the classroom training as was planned in the first version of the manual. This training will give general information about the company culture, goals and strategies.

The next part of the training program was updated to include micro learning. The micro learning according to an article by Ayesha Habeed Omer (2017) can be used in any company in different industries. Micro learning is learning which can easily be accessed by an employee anytime and from their choice of devices. This type of learning will help to improve the required competences for different positions in the company. This type of learning takes from 3 till 10 minutes every day.

At the end of the training, an evaluation of the mentors will be also included. Based on the feedback from Kari I. Mattila: "The major challenge I see in real life, is not about the

**DEVELOPMENT OF HIGH** POTENTIAL EMPLOYEES **CLASSROOM TRAINING**  Training covers the company culture, goals, and strategy. · Training will focus on developing leadership skills by using micro learning. Training will include: how to solve problems. communication skills, how to build honesty, confidence, and delegation. **EMOTIONAL INTELLIGENCE** · Research strongly supports emotional intelligence as a key trait of successful leaders. Emotional intelligence training run by a licenced professional. · The development part of EI will start with MENTORING

Mentoring plays a key role in development. · Successful mentors have extensive knowledge in their field and have been trained on best mentorship practices. On the end of the training period mentor will be evaluated by employees to find out behavior and support during the training. INDIVIDUAL TRAINING PLAN · The mentor creates a training plan with the mentee based on the 360 questionnaire and on employees own evaluation of their strengths and weaknesses. **OUTPUT TEST** · An output test will ensure the maturity of all future leaders. · In this output test, or exam, all potential leaders after completing the training program will try a new position for one month with the supervision of their mento · This test will ensure that the potential employee goes through some practice and finds out if they are truly capable of take over this position in the future. · On the end of the trial will be organized 360 degree meeting where the potential leader recieve feedback from the whole team

potential leader, but about his/her superior. The program should have an assessment / evaluation on his/her behavior and support!" In this way the company will get clear information that the assigned mentor fulfilled his role and prepared the potential employee for the future position.

The output test is also improved based on the feedback. At the end of the test more agile leadership approach is added. Instead, only the mentor will be responsible for evaluation, 360-degree meeting will be organized. The whole team will be invited for an informal evaluation meeting in a casual "safe" environment that will make the team to feel comfortable. During this meeting every one will give each other honest feedback (Jurgen 2011, 242-244). After this meeting the mentor will give an evaluation from the meeting to a member from the top management. Top management will make the final decision if the potential candidate can be promoted into the leadership position.

The companies should compile the emotional intelligence into the training program. Professor David Goleman (Daniel Goleman), American psychologist, the author whose publications focus primarily on emotional intelligence claims in his publications the development of emotional intelligence should start with the assessment. The assessment is a good option to identify individual development needs. The result from the assessment ensures that the training will be targeted on developing the areas where it is needed.

Figure 24. Improved part of the manual.

#### 8 CONCLUSION

The aim of the thesis focused on creating a program for high potential leaders within the company and training them to success. Great leaders increase productivity, creativity, and generally make companies more profitable and valuable. The competitive advantage on the market place can be gain by having the program for high potential leaders. The goal was to create a program which includes both how to best identify potential leaders and the most effective way how to train them. Both of these aspects are crucial to the success of a high potential employee program. For this project, it was not possible and practical to find a commissioner. As a result, the research focused on gathering a large data set from several international companies, leadership and training experts, and others sources instead of devoting the efforts to one individual commissioner.

Every company is always looking for an advantage in the marketplace. Organizations must come up with new strategies, discovering the need of customers, and always be at least one step before their competitors. One sway company can do this is to increase the quality of their talents and better training them to achieve organizational success. The organizational success can be achieved by creating an effective program for high potential leaders. This type of program is able identify the potential within the company, develop their leadership skills and ensure the organizational success. The research also focused on developing leadership skills with concentration on emotional intelligence. The importance of emotional intelligence has been proved in this thesis. The program also works well as a motivational element across the company only if it is well constructed.

The research, to create such a program for high potential employees focused on two main questions: How to identify the right high potential employees? The second question what kinds of skills leaders require and must be developed in training? Both questions led the research what type of professionals must be find to get the answers to create this program. Different companies, professionals and leaders used for the research was found by the author of the thesis during previous work career. The main questions were answered during the research and helped to create and in the end to even enhance the program.

#### 8.1 Evaluation

This program serves as a manual for how a High Potential Employee Program can be created. Of course, executing such a program will be resource intensive for any organization. However, service design utilizes a different approach and tools which helped to create such a program. In this thesis service design thinking was used to find a solution and best practices how to identify the leadership potential within the company and train new leaders to more success. This program needs to be improved and tailored to organizational needs. The company looking for advantages on the market place should consider and take the important steps such as creating personas, employee journey and blueprint to find out how their program should be created. All required service design tools in this thesis can lead the company and find a best solution how create such a program.

This project was interesting and I had an opportunity to talk with a few experienced professionals from HR, leadership and emotional intelligence experts, and experienced leaders. Even though I collected significant valuable information, I think the research part of my thesis should have been better planned from the start. Initially this work was a bit disorganized. I had yet to formulate a clear idea of what information I hoped to collect one of the primary sources of this information was from busy executives and leaders who were not always easy to access. If I would start again I would create questionnaires differently. On some questions, people answered only yes, or no, but I was expecting a deeper explanation. In the future, I will be sure to construct questionnaires more better collecting the information I am seeking.

Via the expert review I collected valuable feedback about this program. This feedback helped me to look at the program from the perspective of experienced leaders. Virtually all information and feedback I received was used to improve the program. The program now should be able to succeed in the real life.

I spoke with several specialists and collected a great deal of research via books, articles, etc. and as a result, I was able to put together this program. During this project, I learned a lot about leadership and how to apply service design into leadership. Hopefully this knowledge will be an advantage and I will be able to apply my knowledge in a talent department in the near future.

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#### Questionnaire for high potential employee

This survey is part of my MBA thesis work on High Potential Employee programs. Thank you for taking the time to fill it out. Your input is greatly appreciated!

	2	3	4	5	
					with '5' being very satisfied
L <b>How in</b> Mark only			s progr	am bee	n on your work life?
1	2	3	4	5	
					with '5' being very impactful
l. If yes, he progr		ecific s	kills an	d perfor	mance were the primary factors in yo

6. How were you informed that you	were invited to t	ne high potential e	mployee program?

Powered by Google Forms

#### **Questionnaire for HR professionals**

This questionnaire is used to learn about how your company identifies high potential employees internally and leads them to more success. It's divided into three parts and it should take less than an hour of your time.

Do you have an experience with program for high potential employees?	
Does the process of identifying of high potential leaders start with recruitment of the employee, or do you wait for the employee performance?	
Do you think your high potential employee pro a lot of improvement?  Mark only one oval.  1 2 3 4 5	ogram is successful or do you think it needs
	e scale 1-5, 5 is the best
What is the benefit of promoting employees in	ternally?
	Does the process of identifying of high potential leaders start with recruitment of the employee, or do you wait for the employee performance?  Do you think your high potential employee proa lot of improvement?  Mark only one oval.  1 2 3 4 5  In your experience, is it more expensive (recruitment costs, training costs, reduced productivity during onboarding, etc) to hire leaders external than to promote them

7.	What skills do you think high potential employees must have?
8.	What kind of performance usually gets an employee invited to the high potential employ program?
9.	Is there some particular time the employee has to work in the company before being invited to the high potential employee program?
Э.	Generally, what percentage of employees who complete the HIPO program stay with the company for one year? Two years? Three or more years?
1.	How do you make sure you have the right person the company needs?

13. Is the program supposed to prepare your employee for higher position, or is it this program part of the promotion?  14. How many working days does the HIPO training take?  15. What is included in this training program?  16. What kind of skill leaders have to have at the company?	12.	Who is included into decision making of selecting who participates in the HIPO program?
14. How many working days does the HIPO training take?  15. What is included in this training program?  16. What kind of skill leaders have to have at the company?		
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16. What kind of skill leaders have to have at the company?		
	15.	What is included in this training program?
	16	What kind of skill leaders have to have at the company?
17. Do you external companies help with training or you have your own training center?	10.	what kind of skill leaders have to have at the company !
17. Do you external companies help with training or you have your own training center?		
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18.	. Are you tamiliar with term emotional intelligend Mark only one oval.	e ?
	Yes	
	No	
40		•
19.	. How important is for leader to have self-awaren	ess?
20.	. How important is for leader to have self-regulat	ion?
21.	. How important is for leader to be self-motivated	<b>!?</b>
22.	. How important is for leader to have empathy?	
23.	. How important is for leader to have social skills	(communication)?

ls Emotional intelligence training or discussion awareness self-regulation, motivation, empat	

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Google Forms



# How to identifying potential leaders internally

And train them for success

17.5.2017 Andrea Tredrea

University of Applied Sciences, Turku

#### **Overview**

This brainstorming form is used to learn about how companies identify high potential employees candidates internally, make a decisions about which candidate to select for high potential employee programs, and what has lead them to be successful. Thank you for your time!

#### Goals

- 1. Identify the most essentials skills of a leader
- 2. Outline on which factors you decide about candidates for promotion
- 3. Identify what should be included in training programs for future leaders

#### **Questions:**

Feel free to answer in Czech language....

How does the ideal candidate for a leadership position look like? (Skills, performance, personal characteristics, etc.)

Who should be involved in the decision of whether to promote an employee and/or if they are a suited for a leadership position?

When you deciding about the suitable candidate: does the decision primarily result from facts, information gained from internal tools, or your judgement? How does the process of making the decision look 'in your head'?

What are the main things an employee must know about leadership? What are the most crucial lessons you think they have to learn in leadership training?

How does the HR department assist with identifying employees who are candidates for leadership positions and/or high potential employee programs? Is there anything you would like to have more support/input on from HR or other professionals in your organization?

If you could go back to your first day in the leadership role, what advice you would give yourself?



#### **Expert review**

Program for high potential employees and lead to more success

25.10.2017

#### Andrea Tredrea

Student at Novia University of Applied Sciences, Turku

#### **Overview**

Companies are always looking for a competitive advantage. One of the most meaningful and defensible is high quality leadership. Great leaders and capable managers increase productivity, creativity, and generally make their firms more profitable and valuable.

For my thesis, I concentrated on how a firm can gain a competitive advantage by identifying and supporting potential leaders within company more effectively with a high potential employee program.

My goal was to create a program which includes both how to best identify potential leaders and the most effective training. Both aspects are crucial to the success of a high potential employee program. Training is expensive and time consuming so this program will seek to give firms the best return on the investment possible by identifying the most effective leadership identification and training practices.

In the program for identifying high potential leaders, I am selecting the best practices from different real world programs. The foundation of this program I created should be usable in all companies. However, to make some changes in different companies will be necessity; it will depend on needs of the company.

#### **Goal from this expert review**

- To create this program I applied service design methodology and some of the service design tools. Part of the service design process require testing and prototyping. In this case prototyping is not possible and instead I'm using this research method "expert review" to get feedback and insights from HR professionals and experienced leaders.
- 2. This program has been sent to you because you are an experienced HR professional and have many years of experiences with creating the program for high potential employees. The goal is to get valuable feedback if this program is suitable for any company, or it could be used as an approach for creating the program for high potential employees. I would like to also find out if this program has enough important attributes which shouldn't be missed in the program.

#### How to proceed this feedback

- First open the file "MANUAL" (attached in email) This manual is a structured plan
  how the program for high potential employees should be created based on research
  and best practices of few international companies and expectation of their
  employees.
- As a next step open the file "Detailed description". If you'll have some questions
  about some of the steps in the program you should be able to find all information in
  this document. Of course, there are much more information about this program in
  my Thesis, for example the tools for identification I created, or deeper steps of the
  program. However I was trying to make it for you as simple as possible. If you
  would be interested or you would need more information please let me know.
- Below in this document can be see the questions and I would like to kindly ask you to fill it up.

#### Here is the list of questions

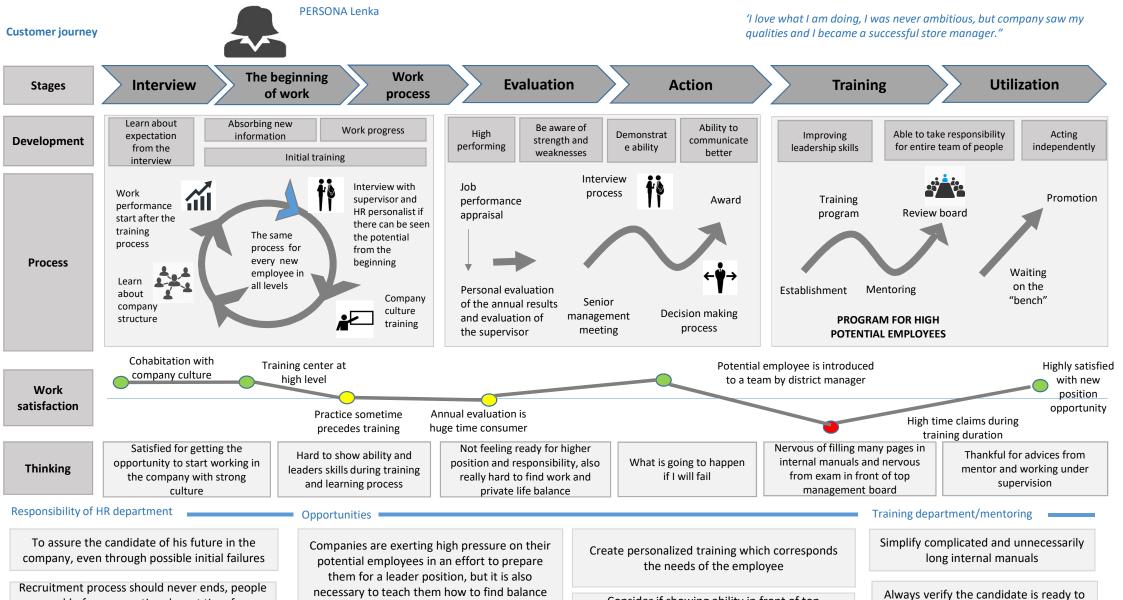
Please write an answer right under the question

I. What is your general feedback about the program?

The structure, suitability for any company, or do you think it could be used as an tool during creating the program? In your professional opinion do you think this program can succeed in the real life?

- II. Do you think that development part is sufficient for potential leaders?
  - Is this developing part contains all important attributes which could lead leaders to more success?
- III. Would you like to share more thought or ideas how to improve this program?

#### **Answers**



between work and private life

need before promotion decent time for

training and gain confidence in self

Consider if showing ability in front of top

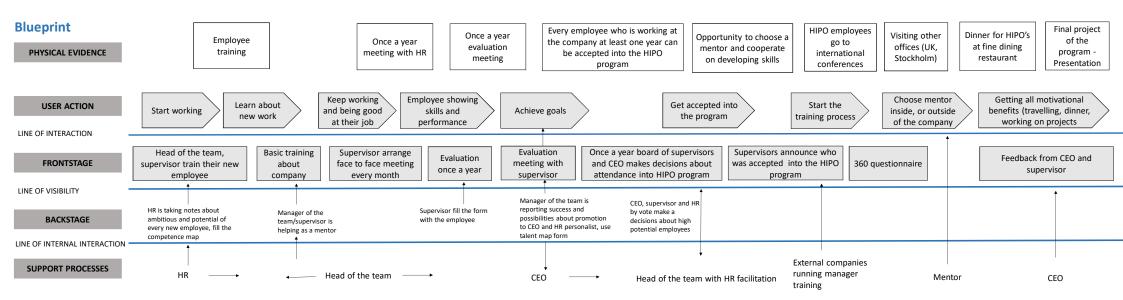
management board is unnecessary

take the next step

#### **Customer journey**



Work The beginning **Interview Evaluation process Training** Utilization Stages of work process Exploring market and Working on To acquire new using new methods at Improving new project and High Being highly knowledge Demonstrate Improving leadership skills presentation Development Progress in leadership work presenting performing motivated ability skills them to head of Supervisor as a mentor the company Leadership training Supervisor recommending high program potential employees for HIPO program Award Rewarding highly Final performing and presentation Company hiring experts Interview with supervisor most talented 360 of HIPO and engineers and and HR and some expert **Process** Initial valuation Mentoring employees of the questionnaire Decision is made on tracking the high project from the same department meeting with potential talents from the vote from the board company as the person the company supervisor recruiting beginning of supervisors and PROGRAM FOR HIGH CEO **POTENTIAL EMPLOYEES** Motivated and driven Curious and excited Eager and Generally ambitious Work satisfied satisfaction Excited because he was Mostly satisfied with Engage and driven nominated the leadership training Am I going to get How to make sure executives What are my goal and what I I want to promoted what I How to get better and how I **Thinking** Where is my promotion? promotion or just the should get there want to accomplish have to do for it see I'm the best at the program program Responsibility of HR department Training department/mentoring **Opportunities** More training about core of business skills To ensure stabile number of highly performing High potential employees program is great and emotional intelligence. employees opportunity to get professional leadership Leadership training which will improve individual training, what is missing is vision for employees skills which can be used at work More trainers which then can be used in Motivate high potential employees to stay at what will happen after the end of this program practice the company



## PROGRAM FOR HIGH POTENTIAL EMPLOYEES



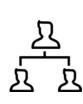
Here is a list of activities and actions a company must consider before creating the program plus some general information on programs program for high potential employees

## FOCUS ON CULTURE OF THE COMPANY, GOALS, AND STRATEGY



- Key for success is to have a strong company culture. It is how a company will find the best leaders to fulfill the company vision.
- Specific goals and a clear strategy are essential and needed before creating the program for high potential employees.

#### **CREATE ORGANIZATIONAL STRUCTURE**



- Companies use different types of management hierarchy; it depends mostly on size of the company and their preferences.
- Structure of the company has to be clear and visible for all employees. It informs employees who is responsible for what and to whom to report results.

## PURPOSE OF THE PROGRAM FOR HIGH POTENTIAL EMPLOYEES



- This program is created to ensure organizational structure, by having enough trained and motivated leaders ready and available when positions become open.
- It focuses on low management and middle management. These roles are often the hardest to fill quickly with outside hires as they can require a lot of specific knowledge & experience.

## JUNIOR AND SENIOR LEADERSHIP PROGRAM



- Junior leadership program is created for all employees of the company. After completing this program they are prepared for a position in low management
- Senior leadership program is created for all employees in low management. After completing this program they are prepared for a position in middle management

### DEVELOPING HIGH POTETIAL EMPLOYEES



• Companies rely on talented leaders for stability and growth. A high potential employee program is an investment in ensuring a steady supply of this critical resource.

## JUNIOR AND SENIOR LEADERSHIP PROGRAM



This section covers the main steps of Junior and Senior leadership program

#### 1. PROGRAM FOR HIGH POTENTIAL EMPLOYEES

- Purpose of the program is to search the most talented people within the company, identify leadership potential, and ensure stability by training capable leaders.
- This program should motivate every employee of the company and drive better performance.
- During an annual meeting with their supervisor every employee has the opportunity to share honest feedback with the company.

#### 2. EVALUATION

- This part has been inspired by Jack Welch. All employees are evaluated and placed into one of the three group based on their performance.
- These three categories are top 20(good), middle 70 (average) and bottom 10 (poor).
- This evaluation provides clear information about employees performance and help identify candidates for high potential employee programs

#### 3. JUNIOR LEADERSHIP PROGRAM

- All employees have the opportunity to participate and be promoted to lower management.
- The decision making process starts with an evaluation meeting with supervisor.
- One of the condition is that employee must be in the top 20 group.
- HR also interviews all candidates and has veto power over who will participate in the program.

#### 4.SENIOR LEADERSHIP PROGRAM

- All employees in lower management have the opportunity to participate in the program and be promoted to middle management.
- One of the conditions is that the employee must be in the top 20 group.
- Top management has veto power over the final decision.

#### 5. RESPONSIBILITY

- HR runs the program and the interviews with candidates for Junior and Senior leadership program
- Junior and Senior leadership program
  Supervisors are responsible for organizing annual meetings with all employees and the evaluation.

### DEVELOPMENT OF HIGH POTENTIAL EMPLOYEES



This part covers the development plan for high potential employees in the Junior and Senior leadership programs.

#### **CLASSROOM TRAINING**



- Training covers the company culture, goals, and strategy.
- Training should develop leadership skills: how to solve problems, communication skills, how to build honesty, confidence, and delegation.

#### **EMOTIONAL INTELLIGENCE**



- Research strongly supports emotional intelligence as a key trait of successful leaders.
- Emotional intelligence training run by a licenced professional.

#### **MENTORING**



- Mentoring plays a key role in development.
- Successful mentors have extensive knowledge in their field and have been trained on best mentorship practices.

#### INDIVIDUAL TRAINING PLAN



• The mentor creates a training plan with the mentee based on the 360 questionnaire and on employees own evaluation of their strengths and weaknesses.

#### **OUTPUT TEST**



- An output test will ensure the maturity of all future leaders.
- In this output test, or exam, all potential leaders after completing the training program will try a new position for one month with the supervision of their mentor
- This test will ensure that the potential employee goes through some practice and finds out if they are truly capable of take over this position in the future.

## MAIN PRIORITIES OF PROGRAM FOR HIGH POTENTIAL EMPLOYEES

THE PROGRAM WORKS AS MOTIVATIONAL ELEMENT ACROSS
THE COMPANY.

#### MAIN SKILLS AND PERFORMANCE OF A SUCCESSFUL LEADER



THE COMPANY IS ABLE TO FIND HIDDEN TALENTS BY HAVING AN ORGANIZED AND STRUCTURED PLAN "HOW TO IDENTIFY HIGH POTENTIAL EMPLOYEES". ALL EMPLOYEES GET THE OPPORTUNITY FOR PROFESSIONAL GROWTH

EMOTIONAL INTELIGENCE

PROGRAM SHOULD
WORK AS A
MOTIVATIONAL ELEMENT
FOR ALL EMPLOYEES.
THE TRAINING WILL
HELP
POTENTIAL EMPLOYEES
BE PREPARED FOR THE

NEXT POSITION.

DRIVING MOTIVATIONAL ELEMENTS FOR EMPLOYEES

- AWARD FOR ALL HIGHLY SKILLED AND HIGH PERFORMING EMPLOYEE
- ★ VALUABLE LEADERSHIP TRAINING
- VISION FOR ALL POTENTIAL EMPLOYEES ABOUT PROFESSIONAL GROWTH IN THE COMPANY

#### MENTORING

HIGHLY EXPERIENCED
AND TRAINED MENTOR
PREPARES POTENTIAL
LEADERS FOR
LEADERSHIP
POSITIONS



LETS START WITH THE PROGRAM
AND HAVE MOTIVATED,
SUCCESSFUL LEADERS WHICH LEAD
OUR COMPANY TO SUCCESS!

### Detailed description of program for high potential employees



Before creating the program, the company must have a clear understanding of the company culture. Once an understanding of the culture is established it is then possible to set specific goals and outline the strategy. This is the necessary foundation in order to design a high potential employee program that helps a company accomplish their goals.

To have built strong **company culture** is important for business success. A strong, successful culture needs to be recognized by people and share values, attitude and high level of standards. Culture where can be see clear vision. This vision is giving perspective of what kind of people are needed to fulfill the company culture.

Among the other requirements, before creating the program itself is necessary to have a **set of goals**. It is important for the company to define well how to achieve their vision in measurable and realistic terms. The main goals has to be crystal clear for all employees and need to be define where the company is heading, while strategy demonstrates the plan how the company is going to get there.

**Strategy** serves as an approach how to achieve goals. Into the planning a strategy should organization include employees from all departments and define how their activities and responsibilities ensure the achievement of the set goals.

Companies using different types of management hierarchy, it depends mostly on size of the company and their preferences. Building an **organizational structure** is essential to gain information who is responsible for delegating, supervising, and coordinating tasks. That will serve as an approach how the program for high potential employees can be structured.

Creating the program itself applying best practices from research. Research also shows that program for high potential employees must start with question: Why this program is needed. This program for this thesis was created in purpose to ensure the organizational structure of the company, the best way how to find potential employees within the company and to ensure sufficient leadership to bring results.



This program for high potential employees focus on all employees within a company, their development into the low middle management and development from low management to middle management. This program is focusing on creating structured plan for identification of high potential employees, their training and preparing them for the next position. The program is preparing and developing capability for leadership position. This program is the process before the promotion to the leadership position and the position does not have to be available right after the training, but candidate will be on the "waiting list" and wait for the time when the position will be available. The low management program will take a name Junior leadership program, and program of identifying potential leaders to middle management is taking a name Senior leadership program.

This program will ensure that company correctly identify high potential employees internally and train them to more success. This will be ensured by using internal tools and applying same rules, which will be applied to all employees equally. If employee starts working in the company on the lowest position, they need to go through all the steps, which are required in this program and it means go first through Junior leadership program and then Senior leadership program. That is the way company will ensure that employee has enough knowledge about the company and became the experts in their area before the promotion. Process of identifying high potential employees require annual meeting with all employees and managers from low management and it was made in purpose to give an

opportunity to every employee to discuss their expectation, giving and receiving feedback and create plan for personal development. By this program will gain stable and organized structure that can be understood by every employee of the company. Employees will know exactly what they expect and what they have to do if they want professionally growing with the company.

Author of the thesis also find out that it is appropriate to incorporate into the program the evaluation of all employees. The evaluation part of this program was inspired by Jack Welch, CEO of General Electric. He became with performance appraisal system, which require honest feedback and giving information to an employee where they stand in the company. It is an evaluation where all employees are divided into three groups depend how they performing, good/average/poor. These types of performance represents the division into three groups, top 20, middle 70 and bottom 10. This system is rewarding employees in the group of top 20, developing group of middle 70 employees and lead them towards how to get to the top 20 and managing group of bottom 10. (Stanford Business, 2005)

#### JUNIOR LEADER\$HIP PROGRAM

The Junior Leadership program is intended for all employees of the company. The opportunity to participate in the program will be discussed at an evaluation meeting held once a year.

The annual evaluation meeting is hosted by the supervisor or team leader who is responsible for the employee's development. The supervisor discusses job results in relation to their goals for the year. Included in this meeting is a discussion on the possibility to be included in the Junior Leadership program if the employee performance is in the group of the top 20.

This process should start in the beginning of the year, because all goals for the year are set. The company will have enough time to train new high potential employees and have them ready for any available positions.

This meeting should start with the question: how satisfied is the employee with the company? The employee and supervisor should share a clear understanding of the employee's expectations and goals. The supervisor

should also give the employee feedback. This step requires from the supervisor rigorous preparation and careful monitoring of behavior and fulfillment of tasks during the whole year.

The supervisor should clearly explain during the discussion how they see the employee's performance and communicate precise reasons for the evaluation. This process will give the employee information how to improve their skills. It should include clear steps for how the employee can go from the bottom 10 to middle 70 or from the high 70 to the top 20.

Internal tool for this meeting is very simple. It should provide a complete picture of employee's performance and ability. The tool created for the Junior leadership program evaluation can be seen below.

Name:	Position and place:
Expectation:	Weaknesses:
Strengths:	An example of situation:
An example of situation:	Personal action plan:
How employee fulfill the company culture:	
An example of situation:	
Evaluation: 20 – 70 - 10	Bonus:

Figure 18, Evaluation form for Junior leadership program.

The first window collects information on what the employee's expectations are and also provides space to give feedback. By Welsh ideology, "the winning company lets their employees to speak out" which means company needs to encourage their employees give honest feedback. (Stanford Business, 2005) This part is completed during the meeting together with an employee. The rest of the form is filled by supervisor before the meeting.

Company culture is a key to business success so it should be part of the discussion. The supervisor evaluates how employee fulfill the company cultures and give examples where can be seen in their performance.

The strength and weaknesses provides the employee information about their behavior and skills. Here should also be included specific examples of their behavior that lead to this conclusion.

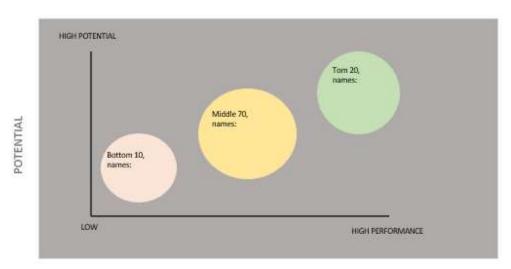
The personal action plan is the suggestion of the supervisor for how to achieve improvement in the individual areas where it is needed. The individual plan is based on "Key performance Indicators." Which means this plan must measurable and include who will be involved, what has to be improved, and deadline.

In the last part can be seen the final evaluation which places the employee into the either top 20, middle 70, or bottom 10 group. This is based on the performance and behavior of the employee performing during the evaluation period. It has to be clearly explained by supervisor why made the selection.

In the last part can be seen the window "bonus". Purpose of this meeting is motivate the employees and part of the annual meeting should be rewarding employees for excellent job performance.

#### **Decision making process**

Based on annual meeting and evaluation the supervisor has enough information about all their employees and can place them into the map. This leadership map, which can be seen bellow, provides a clear and simple overview on potential talents within the team.



PERFORMANCE

Figure 19, Leadership map.

The Junior leadership program is a development program for any employee within the company who is presenting great performance, fulfill company culture, and has leadership abilities. After the annual meeting all supervisors will propose names of employees as candidates for the program. The candidates will be sent for an interview with an HR personalist. The supervisor will also send a 360 questionnaire to at least 5 employees who are working with potential employees. HR personalist will have the completed 360 questionnaire, leadership map, and evaluation form. Based on the interview and other required internal tools the HR personalist will make a decision about including the candidate into the Junior leadership program.

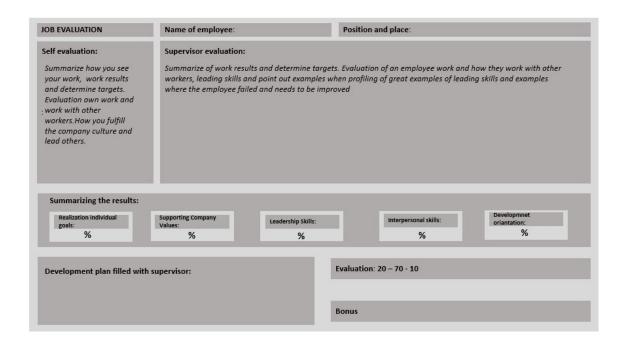
#### \$enior leader\$hip program

Senior leadership program is intended for all employees in low management. Supervisor or team leader who is responsible for the employee from low management organizes annual meeting. This annual meeting is an evaluation where team leader with an employee discuss job results and demands from the job position during the whole year (summarizing the result during the year or from the time employee started to work for the

company). Part of the meeting is to discuss possibility to be included into the Senior leadership program if the employer performance is in the group of top 20.

This process also start in the beginning of the year, because all goals for the years are set up and company will get enough time to train new high potential employees and have them ready for upcoming available positions.

The internal tool used for annual evaluation meeting can be seen on the picture. This form is even more complex and focuses on leadership skills. Employees who will go through the Senior leadership program will have an opportunity to be promoted into the middle management. These employees has already some basic experience with leading, delegating and achieving goals in a low management and purpose of this meeting and using this tool is to find out if they have ability and skills to be leaders in middle management.



Indivudual goal	Achieved	Weight	Company culture	Example	Achie	ved Weight
Goal 1	Yes/No	25%			100	
Goal 2	Yes/No	25%	company culture	Behaves consistently with company culture		No 50%
Goal 3	Yes/No	25%	Displey respect with others		Yes/	No 50%
Goal 4	Yes/No	25%	5-57-57		resy	NO 50%
Leadership skills	_	Example		_	Achieved	Weight
Is motivated and eager to	lead				Yes/No	50%
Accept leadership respon:	sibility				Yes/No	50%
Interpersonal skills		Example			Achieved	Weight
Comunicates clearly and e	effectively				Yes/No	50%
Is trusted and respected					Yes/No	50%
Development oriant	tation	Example		_	Achieved	Weight
is coachable and accept fe	eedbac				Yes/No	50%
Quickly learns new tasks i	n new situations				Yes/No	50%

Figure 20, Evaluation form for Senior leadership program.

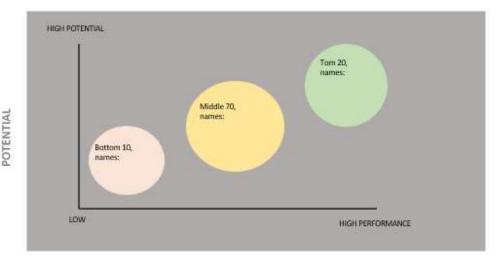
Before the meeting employee (employee from low management) fill the self-evaluation where they evaluate current work.

During the meeting supervisor give an employee time to read whole job evaluation form. Then supervisor go through with the employee of the whole form and explain the reasons for the evaluation individual resorts and the overall evaluation.

After an overall evaluation employee together with supervisor a set-up the development plan and if the employee is in the top 20 group discuss the possibilities be included into the program to Senior leadership program.

#### **Decision making process**

Based on annual meeting and evaluation supervisor has enough information about all their employees from low management and can placed them into the map. This leadership map which can be see bellow is give clear and simple overview on potential talents within the team. This map will be used during top management meeting and discussion and making the decision about potential candidate and possibilities for Senior leadership program.



PERFORMANCE

Figure 21,

Leadership map for senior leadership program.

First potential employee must meet the condition and be placed in the top 20 group. After an annual meeting supervisor recommend high potential employees for Senior leadership program.

HR personalist organize interview with each of them. The HR will sent an 360 feedback questionnaire to the potential candidates co-workers and subordinates to find out how other people see the work of the potential candidate. The HR will have for the interview job evaluation form and 360 feedback which will help to start the discussion and for HR starting question and find out the potential and capabilities for leadership position.

After the interview will HR organize meeting with all supervisor and someone from the top management. During this meeting HR will discuss with supervisor pros and cons of the candidate. The final decision about the potential candidate will do one member from the top management.

#### Supervisor's responsibilities

To evaluate whole employee work, behavior and performance requires a rigorous preparation. The supervisor need to observing behavior and employee performance during the whole year and if necessary to make notes. Supervisor need to organize evaluation meeting with every employee of the team. Supervisor should be also listening very carefully and gaining the honest feedback from the employee.

During the decision-making meeting, they need to be ready to present why they choose their high potential candidates and show not only their strength, but also weakness.

#### Top management responsibilities

Top management plays important role during the decision making part. Into the During the decision making part about candidates to Senior leadership program they make the last decision about the potential employees.

#### Function of human resource department

 Train all supervisors how to conduct the meetings with their subordinates and how to properly use the internal tools.

- Announce the start of annual meetings and make sure that every supervisor will arrange the meeting with every employee of their team
- o Interview all Junior leadership candidates and make final decision
- HR personalist also interview every high potential employee recommended by supervisor to Senior leadership program

#### **Development plan**



The development part of Junior and Senior leadership program consists of three parts. The first part is classroom training focused on developing the leadership skills required for leadership position. In the second part a mentor is assigned. In the last part of the development program the potential employee must go through the output test.

First part of the development program

First part of the development program consists of classroom training. At the beginning of the program the potential employees must be trained in detail about: company culture, goals, and strategy. Every position of the company requires different skills. Part of the classroom training will be also a concentration on developing these essential leadership skills: how to solve problems, communication skills, how to build honesty in your team, confidence, and delegation.

The last part of the classroom training will focus on emotional intelligence. Emotional intelligence is a key for leadership success and this training will be hosted by licensed professionals.

#### Mentoring

A mentor plays one of the most important role in the training in preparing the potential employee for their next position. The mentor must be an experienced person, know the company, and the position really well. Additionally this person should go through at least some basic training about how to train people, how to use internal manuals, and how to create a development plan.

#### Indivudual training plan

This part should be created with mentor and using the results of the 360 questionnaire. Every potential leader must be aware of their own strengths and weaknesses. Based on that and feedback from other coworkers they can create an individual development plan.

The individual training plan should be created based on prioritizing development needs and take into account the competencies necessary for the position.

Output test

Company needs to be sure before promotion that the candidate has developed the necessary leadership skills and eliminated any significant weaknesses. The maturity leadership test is designed to find out if the candidate is ready for the next position. In research it was identified that companies are using different methods to identify the maturity of their potential leaders. However, it was also found out that different types of review boards are too stressful for employees and not always proof of capability.

Output test of Junior, or Senior leadership program will end with a practical test. Every employee after the training program will try the next level position for a month under supervision of their mentor. On the end of the month the mentor evaluates their work and gives feedback to the top management if the candidate is capable to take next level position. Top management will make the final decision if the potential candidate can be promoted into the leadership position.

Employees who have successfully completed all the steps of the Junior, or Senior leadership program and training are ready to take the next level position. The next step is either waiting "on the bench" for a position to be available for immediate promotion.

## PROGRAM FOR HIGH POTENTIAL EMPLOYEES



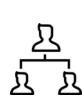
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- All employees in lower management have the opportunity to participate in the program and be promoted to middle management.
- One of the conditions is that the employee must be in the top 20 group.
- Top management has veto power over the final decision.

#### 5. RESPONSIBILITY

- HR runs the program and the interviews with candidates for Junior and Senior leadership program
- Junior and Senior leadership program
  Supervisors are responsible for organizing annual meetings with all employees and the evaluation.

### DEVELOPMENT OF HIGH POTENTIAL EMPLOYEES



This part covers the development plan for high potential employees in the Junior and Senior leadership programs.

#### **CLASSROOM TRAINING**

• Training covers the company culture, goals, and strategy.



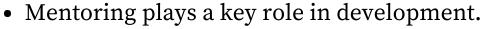
• Training will focus on developing leadership skills by using micro learning. Training will include: how to solve problems, communication skills, how to build honesty, confidence, and delegation.

#### **EMOTIONAL INTELLIGENCE**



- Research strongly supports emotional intelligence as a key trait of successful leaders.
- Emotional intelligence training run by a licenced professional.
- The development part of EI will start with personal assesment

#### **MENTORING**





- Successful mentors have extensive knowledge in their field and have been trained on best mentorship practices.
- On the end of the training period mentor will be evaluated by employees to find out behavior and support during the training.

#### INDIVIDUAL TRAINING PLAN



The mentor creates a training plan with the mentee based on the 360 questionnaire and on employees own evaluation of their strengths and weaknesses.

#### **OUTPUT TEST**



- An output test will ensure the maturity of all future leaders.
- In this output test, or exam, all potential leaders after completing the training program will try a new position for one month with the supervision of their mentor
- This test will ensure that the potential employee goes through some practice and finds out if they are truly capable of take over this position in the future.
- this position in the future.

   On the end of the trial will be organized 360-degree meeting where the potential leader

recieve feedback from the whole team

## MAIN PRIORITIES OF PROGRAM FOR HIGH POTENTIAL EMPLOYEES

THE PROGRAM WORKS AS MOTIVATIONAL ELEMENT ACROSS
THE COMPANY.

#### MAIN SKILLS AND PERFORMANCE OF A SUCCESSFUL LEADER



THE COMPANY IS ABLE TO FIND HIDDEN TALENTS BY HAVING AN ORGANIZED AND STRUCTURED PLAN "HOW TO IDENTIFY HIGH POTENTIAL EMPLOYEES". ALL EMPLOYEES GET THE OPPORTUNITY FOR PROFESSIONAL GROWTH

EMOTIONAL INTELIGENCE

PROGRAM SHOULD
WORK AS A
MOTIVATIONAL ELEMENT
FOR ALL EMPLOYEES.
THE TRAINING WILL
HELP
POTENTIAL EMPLOYEES
BE PREPARED FOR THE

NEXT POSITION.

DRIVING MOTIVATIONAL ELEMENTS FOR EMPLOYEES

- AWARD FOR ALL HIGHLY SKILLED AND HIGH PERFORMING EMPLOYEE
- ★ VALUABLE LEADERSHIP TRAINING
- VISION FOR ALL POTENTIAL EMPLOYEES ABOUT PROFESSIONAL GROWTH IN THE COMPANY

#### MENTORING

HIGHLY EXPERIENCED
AND TRAINED MENTOR
PREPARES POTENTIAL
LEADERS FOR
LEADERSHIP
POSITIONS



LETS START WITH THE PROGRAM
AND HAVE MOTIVATED,
SUCCESSFUL LEADERS WHICH LEAD
OUR COMPANY TO SUCCESS!