

# HIGH POTENTIAL BUSINESS OUTCOMES

HOGAN RESEARCH DIVISION

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THE SCIENCE OF PERSONALITY

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## EXECUTIVE SUMMARY

Recently Hogan began a two-phase research project examining the characteristics of high potential employees. During Phase I, we compiled data from nearly 5,000 employees identified as “high potentials” in their current organization. Phase II involved collecting performance metrics to compare successful high potential employees with those who eventually derail or leave the company.

This report highlights Hogan’s Phase II research findings using data from several clients who identified employees as “high potential” and measured performance, turnover, and promotion trends in these emerging leader populations. Our report includes results based on over 500 high potential managers who completed the Hogan Personality Inventory (HPI), the Hogan Development Survey (HDS), and the Motives, Values, Preferences Inventory (MVPI).

Robert Hogan comments on our current findings:

*The performance appraisal literature shows clearly that supervisors’ ratings are an imperfect index of job performance. Supervisors typically give higher ratings to employees they like, employees who may or may not be high performers. Similarly, managers are typically designated as high potentials based on supervisors’ ratings; this means politics are as important as performance in determining the careers of high potential managers. The Hogan data tell us a few things about that process.*

*First, there is nothing particularly remarkable about managers who have been designated as high potential; they are mildly elevated on all the scales that predict good managerial performance, and they receive somewhat lower scores on all the scales that predict derailment.*

*Second, we often see new managers perform well and get noticed in the short term using effective “getting along” and getting ahead” strategies. Once promoted, these strengths turn to weaknesses due to the stress and pressure that result from the constant demands as a senior leader. For example, confidence turns to arrogance or a good planner becomes a micromanager.*

*Third, the profile for good managers is pretty much the same in every organization; the major differences occur on the MVPI, which indicates a person’s fit with the corporate culture—which, in turn, is defined by the values of senior management. That is to say, fitting in with the local culture is a big part of what it means to do a good job.*

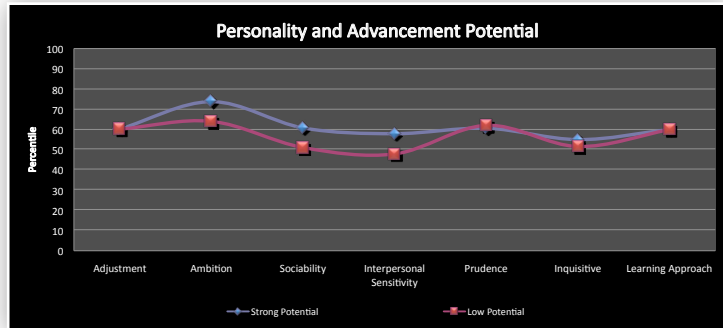
*The lesson is clear: when choosing high potential managers, organizations would be well advised to look beyond supervisors’ ratings and consider a candidate’s ability to work with others and fit in with the culture.*

In the coming months, Hogan will continue to examine performance, promotion, and turnover data for additional high potential samples. Additional data will allow us to build on our initial findings to determine which characteristics are most closely associated with promotion, performance, and derailment both within and across companies. For more information about this project, or to discuss our findings in more detail, please contact Jeff Foster at [jfoster@hoganassessments.com](mailto:jfoster@hoganassessments.com) or (918)749-0632.

# IMPACT OF PERSONALITY ON HIGH POTENTIAL PERFORMANCE

## Case Study 1

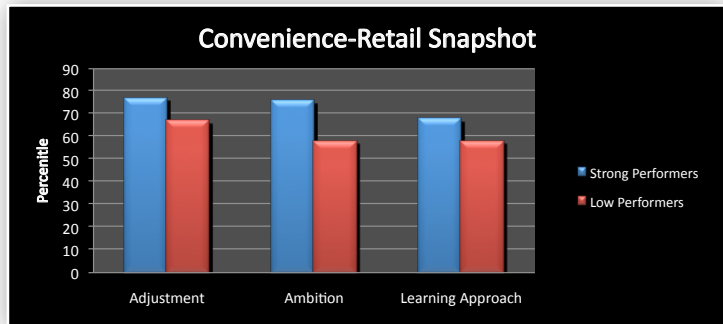
A global engineering design firm invested heavily in developing their existing managerial pool into the next wave of high potential leaders. They implemented Hogan as part of their high potential identification program. Those identified as having strong potential for advancement were higher on three key scales: HPI Ambition, Sociability, and Interpersonal Sensitivity.



Managers were rated as “high potential” when they showed a competitive spirit, took initiative, and appeared socially skilled – both when making a strong first impression and maintaining relationships over time.

## Case Study 2

A regional chain of convenience stores began using personality assessments to develop and groom their store managers for more senior leadership roles. High potential managers were rated as either strong or low performers on overall job performance.



Managers who adjust quickly to heavy workloads (higher Adjustment), take the initiative (higher Ambition) and push for training (higher Learning Approach) often get noticed.

In general, managers who receive a high potential designation are mildly elevated on HPI scales that have historically predicted good managerial performance. However, these bright side characteristics are only one piece to consider when building a high potential identification profile, as derailers and cultural fit play a significant role as seen in the next sections.

## IMPACT OF DERAILERS ON HIGH POTENTIAL PROMOTION

### Case Study 3

A market leading Fortune 100 retail company was losing operational focus and was slow to adapt business practices.

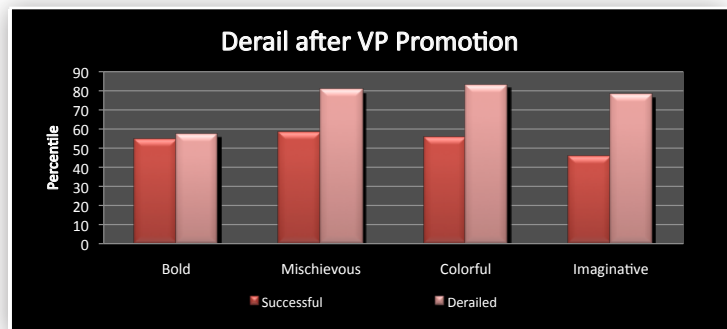
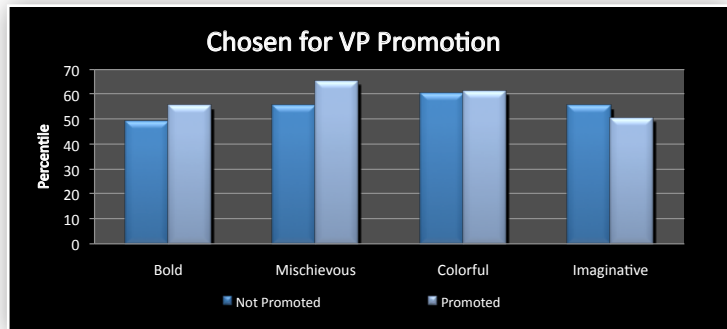
They began using Hogan HDS scales to help identify problem areas within their existing high potential identification program.

Initially, the highly confident risk takers (e.g., higher Bold, Mischievous) looked most attractive and were promoted into senior roles.

#### *Two Years Later*

However, after promotion and once in the new role for a period of time it became apparent that they lacked follow through on promises (higher Mischievous), focused on themselves (higher Colorful), and chased a lot of bad ideas (higher Imaginative).

This resulted in a loss of operational execution, unfulfilled promises, and business endeavors that went nowhere but cost a lot of money.



### Case Study 4

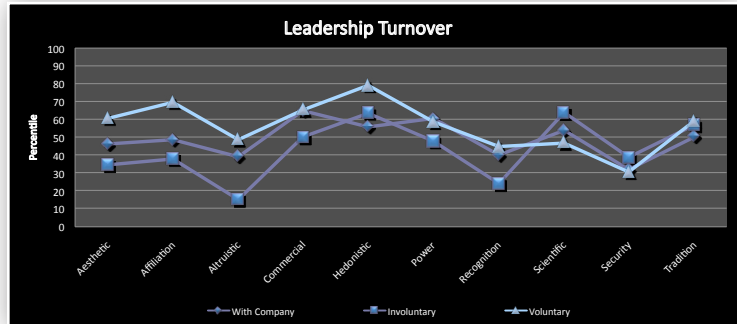
A well known technology company used the Hogan suite of assessments to better understand their emerging leader high potential population. They focused on improving retention and team engagement. Similar to Study 3, managers and directors who are charming and push the limits (higher Mischievous), appear engaging and dramatic (higher Colorful) and come across as extremely competitive (higher Bold) had more engaged teams.

Over time, these high profile individuals advance into senior level management roles. Once there, they derailed and were more likely to leave the company. It appears that the "Moving Against" characteristics that seem productive at the lower manager levels become more destructive as they rise to more prominent roles in the organization.

# IMPACT OF CULTURE FIT ON HIGH POTENTIAL TURNOVER

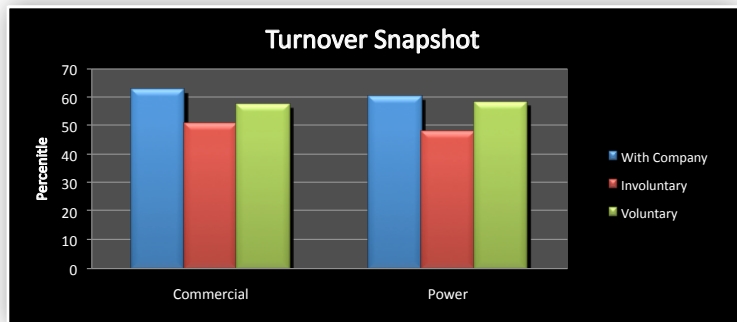
## Case Study 5

A Fortune 100 technology company identified a small sample of senior leaders who were considered high potential and appeared ready to be the next wave of top executives in the organization. Relative to those still with the company, senior leaders who left involuntarily had lower scores across the majority of MVPI scales, indicating a poor fit with the company's culture.



## Case Study 6

A Fortune 500 company wanted to limit the turnover that plagued their high potential leadership pool. After collecting MVPI scores from their leadership ranks, Hogan compared voluntary and involuntary turnover.



High potential managers who left voluntarily aligned well with those still with the company on the majority of MVPI scales, except they had slightly lower scores on Commercial.

In contrast, those who left involuntarily were lower on Commercial and markedly lower on Power, indicating poor fit with the company's culture.

Over time, this lack of fit likely resulted in performance issues that contributed to their eventual dismissal- because they were less concerned about the bottom-line and not very strategic about their careers.

## CONCLUDING REMARKS

In general, employees identified as having strong potential for advancement appear to have a distinct personality profile compared to those who are still being developed for future roles. High potential employees score higher on bright side personality scales that relate to two key areas: (a) setting the bar high for themselves and others, and (b) interacting and engaging with others while building and maintaining long-term relationships. This translates into getting ahead and getting along with others.

Although good managers show “potential” based on their drive, charisma, and social skills, over time, these strengths begin to work against them and often lead to leadership derailment. This corroborates others’ observations that early strengths can become weaknesses.

In fact, our examples show how, at higher levels, rising stars fail to adapt their style – what worked at the lower levels now hurts team engagement and eventual work group performance. Although these derailing trends are discouraging, they provide areas to monitor and coach people before these characteristics result in involuntary turnover after being promoted to more senior roles.

The principal factor driving turnover in the high potential population is poor organizational fit. Based on these findings, Hogan recommends designing a customized personality- and values-based profile that emphasizes the scales that differentiate the company’s successful high potential managers from (a) general benchmarks, (b) those likely to leave the organization, and (c) those likely to be demoted. Without this information, companies will continue to invest in employees who ultimately derail or leave.

Our research highlights both similarities and differences across high potential samples and provides guidance for decision makers interested in designing talent management systems or fine-tuning existing leadership development programs.

Given the competitiveness and turbulence of the global workforce, and the considerable resources companies invest in promoting leaders from within, organizations want to know how their future leadership compares to that of their competitors. Hogan continues to collect benchmark data that provides a baseline for future comparisons and reveals the key characteristics high potential employees need for future success.