Unlocking Leadership Potential
Building a High Performance Workforce for the Future

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TalentCode HR
What to Expect…

1. The Business Case for Leadership Development
2. Defining “Great”
3. Identifying Leadership Potential
4. Creating Meaningful Development Plans
5. Development Programs That Work
One Standard Deviation difference in Performance = a difference in contribution of 40% of Base Salary, e.g. If shift the performance of a $60k employee from average to above average employee they will contribute $24k more to the business pa.
What We All Suspect: “Good People are Great for Business”

How much more does a high performer generate annually than an average performer?

- Increased Productivity in Operations Roles
- Increased profit in supervisory management roles
- Increased revenue in sales roles

Average Responses of 410 Corporate Officers (Source: McKinsey & Co)

The Bigger Picture…

Engagement
The Strength of an employee’s relationship with your business

Discretionary Effort

Staff Retention

Business Performance
The 12 Questions that Matter Most when Measuring Engagement

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree or Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I know what is ……</td>
<td>2. I have all the …</td>
<td>3. I have the opportunity …</td>
<td>4. In the last seven days …</td>
<td>5. My Manager or someone at work …</td>
</tr>
<tr>
<td>6. There is someone at work…</td>
<td>7. My opinions …</td>
<td>8. The mission and purpose of my company …</td>
<td>9. My colleagues are committed to …</td>
<td>10. I have a good ……</td>
</tr>
<tr>
<td>11. In the last six months I have …</td>
<td>12. In the last year I have had the opportunity…</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

How Employee Development Contributes to Engagement….

<table>
<thead>
<tr>
<th>% Increase in Employee Engagement</th>
<th>Demonstrating a Commitment to Development</th>
<th>Developing Current Skills</th>
<th>Developing New Skills</th>
<th>Development Opportunity</th>
<th>Training</th>
<th>Career Discussion with Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.7%</td>
<td>8.8%</td>
<td>6.2%</td>
<td>5.9%</td>
<td>4.8%</td>
<td>4.7%</td>
<td>COMPARE TO: 4.5% Cash Bonus</td>
</tr>
</tbody>
</table>

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Succession Planning

What would happen if I was hit by a bus?

What would happen if the staff I depend upon the most decided to leave tomorrow?

Executive Succession Plan

Key Flight Risk
High: 
Medium: 
Low: 

Potential Successor
ST (Short Term): (Ready Now to 12 months)
LT (Long Term): (Ready in 12 + months)
Stop Gap: Immediate replacement
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Count as high as you can…. in 30 seconds
Defining Great - Success Profiles

Your Blue Print for what “Great” (not good) looks like for every role in your business.

WHY
The purpose of the role and how it contributes to the business

WHAT
Responsibilities and Measures of Success

HOW
The values, skills, behaviours, knowledge and experience required to do the job at an exceptional level
Is Your Business Different Today Compared to 5 Years ago? What About the Next 5 Years?

“Due to both our company growth and changes to our business, many of our managers no longer have the leadership ability to even excel in their current roles.

Their ability contributed to our success in the past. But, what made us successful before will not make us successful in the future.”

- Head of HR, Consumer Products Business -

Leadership Brand

What are the top 3 things you want to be known for as a business?

Leadership Differentiators

What are the Leadership Differentiators that reflect each of these?
Examples of Leadership Differentiators

<table>
<thead>
<tr>
<th>This organisation is known for…</th>
<th>Leaders at this organisation are known for…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wal-Mart</td>
<td>Always low prices</td>
</tr>
<tr>
<td>FedEx</td>
<td>Absolutely, positively, doing whatever it takes</td>
</tr>
<tr>
<td>Lexus</td>
<td>Pursuit of perfection</td>
</tr>
<tr>
<td>FedEx</td>
<td>Managing logistics, meeting deadlines, solving problems quickly</td>
</tr>
<tr>
<td>Lexus</td>
<td>Managing quality processes (lean manufacturing and design, Six Sigma) for continuous improvement</td>
</tr>
<tr>
<td>Procter &amp; Gamble</td>
<td>Brands you know and trust</td>
</tr>
<tr>
<td>Procter &amp; Gamble</td>
<td>Developing consumer insights, precisely targeted marketing, production innovation</td>
</tr>
<tr>
<td>McKinsey</td>
<td>CEO’s trusted adviser</td>
</tr>
<tr>
<td>Boeing</td>
<td>People working together as a global enterprise for aerospace leadership</td>
</tr>
<tr>
<td>Boeing</td>
<td>Solving global problems, working as teams, possessing technical excellence in aerospace</td>
</tr>
<tr>
<td>Apple</td>
<td>Innovation and design</td>
</tr>
<tr>
<td>PepsiCo</td>
<td>Appealing to the younger generation</td>
</tr>
<tr>
<td>PepsiCo</td>
<td>Building the next generation talent</td>
</tr>
</tbody>
</table>

What to Expect…

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3 of 4 companies lack the criteria for identifying high potential employees (DDI)
A High Potential Employee has the Desire and Ability to rise and succeed in more complex and senior positions within your business.

**Insufficient Capabilities:**
If you don’t have the capabilities to perform in another role. Your probability of success is 0%

How can you change this?

**Average Engagement:**
If you hesitate to believe that working for the SSC is in your best interest. Your probability of success in a more senior role is 13%

How can you change this?

**Average Aspiration:**
If you don’t want it enough, your probability of success at the next level is 44%

How can you change this?

All Three Components Drive Future Success
Leadership Potential Gap

The majority of employees have limited potential to truly excel as leaders at the next level.

Source: Corporate Leadership Council

**Distribution of workforce probability of performing in the top quartile in a more senior role.**

- Nearly half the workforce has less than a 50% chance of being a top performer at the next level.
- About 5% of employees have a less than 75% chance of being a top performer at the next level.

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**Rising Stars** – Hi Potential but lacks experience, needs development and exposure.

**Growers** – Hi Potential, Hi Performing, in need of development assignments.

**Keepers** – Solid performers whose potential matches level of accountability.

**Movers / Blockers** – Blocking the dev. of rising leaders or poor performers. Redeploy or move out.

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**Potential**

- Low
- High

**Performance**

- Low
- High
Common Errors

1 Assuming High Potentials are Engaged:

- High potentials generally have higher expectations for how they should be treated, starting with simply being identified as a high potential.

- Senior leaders should recognise them early and often, give them opportunities to help solve the company’s biggest problems and “take their pulse” regularly to ensure they are engaged.

2 Confusing High Performance with Future Potential:

- More than 70 per cent of today’s top performers lack critical attributes essential to their success in future roles. The bulk of talent investments are being wasted on individuals whose potential may not be that high.

- In addition to technical, intellectual and emotional competencies, a rising star with true potential connects with the company and its mission, and is motivated by a desire for recognition, advancement and future rewards.
Common Errors

3 Delegating the Management of Top Talent:

- There is often an assumption that line managers know their people best, but they should not bear the sole responsibility for managing top talent.
- If they do, candidates can be selected solely on the basis of recent performance and offered narrow development opportunities limited to their own business units.
- Managers may not know potential when they see it nor be motivated to develop others with high potential.
- It follows that responsibility for high potential development should also be shared by leaders.

Key Message so Far…

1 Great people will make a difference to your business, ensure everyone is developing
2 Define Great for every role in your business (Success Profiles)
3 Differentiate your high potentials from your high performers and develop them accordingly
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Before you Jump into Development Planning:

Define Great

Leadership Gap Analysis

Self Awareness (Feedback)

Create a Desire to Change
Leadership Gap Analysis

Identify Individual & Team development needs

<table>
<thead>
<tr>
<th>Leadership Skills</th>
<th>Person A</th>
<th>Person B</th>
<th>Person C</th>
<th>Person D</th>
<th>Person E</th>
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<tbody>
<tr>
<td>Challenging the Status Quo</td>
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<td>3.0</td>
<td>3.0</td>
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<td>Inspiring Others</td>
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<td>Building Capability</td>
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<td>Overall Leadership Rating</td>
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<td>3.2</td>
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<table>
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<td>The Customer Rules</td>
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<td>Passion for Success</td>
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<td>6.0</td>
<td>3.0</td>
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<td>Teamwork</td>
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<td>3.0</td>
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<td>Simplicity</td>
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<td>Overall Values Alignment</td>
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<td>3.3</td>
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<td>Executive Presence</td>
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<td>Emotional Resilience</td>
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<td>Adaptability</td>
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<td>3.0</td>
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<td>2.0</td>
<td>3.0</td>
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<td>Communication</td>
<td>3.0</td>
<td>2.0</td>
<td>3.0</td>
<td>3.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Overall Personal Style</td>
<td>3.0</td>
<td>2.8</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
</tbody>
</table>

| Ability Rating            | 3.1      | 3.1      | 3.3      | 2.9      | 3.1      |
| Engagement Rating         | 5.0      | 4.0      | 5.0      | 4.0      | 5.0      |
| Application Rating        | 4.0      | 4.0      | 4.0      | 3.0      | 4.0      |

How to Assess Leadership Potential

“A Day in the Life of” Leadership Development Assessment

- Business analysis
- Board presentation
- Stakeholder meeting
- Customer / supplier meeting
- Direct report / performance issue
- Leadership style assessment

Pros:
- Very accurate picture of potential, strengths and development needs
- Enables participants to experience what the job is like at the next level up.

Cons:
- More expensive

On the job opportunities to “step up”

- Strategic projects
- Role secondments
- Annual leave covers
- Job shadowing

Pros:
- Accurate picture of potential, strengths and development needs
- Quick and cost effective

Cons:
- Short snap shot that may not reveal all the behaviours required for success
How to Assess Leadership Potential

360 Degree Feedback
Feedback from Managers, Self, Direct Reports and Peers

Pros:
✓ Well rounded feedback from multiple perspectives

Cons:
✗ Feedback must be delivered with sensitivity by a professional or is can be too confronting.

Performance Review
A well designed and structured performance review to capture WHAT leaders have achieved and HOW they have achieved it.

Pros:
✓ Not confronting and part of everyday expectations.

Cons:
✗ The quality of information can be poor depending on the honesty of feedback and the accuracy of information.

What is Measured in a 360?

- Delivering Results
- Solving Problems
- Adapting Approaches
- Influencing People
- Global Performance Measures
- Meeting Objectives
- Applying Specialist Expertise
- Demonstrating Potential
What is Your Dominant Style?

Order & Control

Action Focused

Nurturing

Change Oriented

What If You Overuse this Style?

Order & Control

Action Focused

Nurturing

Change Oriented

- Bitter & Twisted (see no other way, fixed views)
- Mercenary or Tyrant (cruel, unreasonable)
- Overbearing, won’t delegate
- Mad, out of control, unable to see reality
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Targeted Development Initiatives

- Individual Development Plans
  - Reviewed quarterly as part of your Performance & Development Review Process

- Team Development Programs
  - Extended over 6-12 months focused workshops delivered for target groups
70:20:10 Rule

70% Practice & On the Job Learning
- Testing new behaviours and skills
- New experiences
- Learning opportunities

20% Through Other People
- Coaching
- Feedback
- Networking

10% Formal Education & Training
- Training courses
- Conferences
- Industry events and forums

Targeting Improved Business Results

Workshop 1
- Learning Goals
- Training
- Practice
- Action Planning

Mid way Manager Discussion

Workshop 2
- Action Plan Review
- Learning Goals
- Training
- Practice
- Action Planning

Train → Coach → Hold Accountable
Rank Order of Development Initiatives by Importance

1. Amount of decision making authority
2. Creating a development plan
3. Interacting with peers
4. External coaching
5. Mentoring
6. Feedback
7. Turning around a struggling business
8. People management skill development
9. Working in new functional areas
10. Working in foreign countries
11. Launching a new business product
12. Number of direct reports
13. External training (offsite)
14. Technical skills courses
15. Business skills courses
Leadership Challenge

1. Design a 12 month in-house managed development program for:
   a. Your Leadership Team
   b. Your Management Team
   c. Your High Potentials (future leaders)

2. You have $3,000 per person to spend

3. You have 15 minutes

Sample Development Program

1. Build a Leadership Community
   - Key stakeholder engagement
   - Role clarification

![Diagram](https://example.com/diagram.png)
2. Getting to Know Yourself

- 360 degree feedback survey
- Strengths
- Development areas & blind spots
- Stop - Start - Continue

3. Owning Your Development Plan

- Accelerated leadership development plan
- Program workbook
- Regular accountability discussion with Leadership group

<table>
<thead>
<tr>
<th>Name:</th>
<th>Development Coach:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title, Department:</td>
<td>Date:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Development Objective</th>
<th>Review Category</th>
<th>Action Steps</th>
<th>Support (Coach)</th>
<th>Success Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective #1 Build capability of my direct reports so I can delegate effectively</td>
<td>Building High Performing Teams</td>
<td>1. Evaluate skills and capability gaps in my team</td>
<td>Need a methodology and tools to evaluate skill gaps</td>
<td>1. Documented skill gap analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Put in place development plans for each team member</td>
<td></td>
<td>2. Development plans in place, with quarterly reviews</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Identify aspects of my job to delegate and establish timeframes</td>
<td></td>
<td>3. Remove non value added tasks from my role</td>
</tr>
</tbody>
</table>
4. Seeing the Big Picture

How it all comes together

- 6 monthly business update
- Led by CEO, Managing Director & COO
- Vision and values
- Competitive landscape
- Current & future business pressure
- Growth plans & business strategy

5. Following the Value Chain

Group workshops, presented by Department Heads

- Department goals
- Contribution to business objectives
- Challenges
- Opportunities
- Group feedback on what the department does well and where they could improve

- Design
- Production
- Planning
- Supply Chain

- Sales
- Marketing
- IT & eCommerce
- Operations

- Finance
- Human Resources
6. Building Leadership Skills

- 6 x 3 hour group workshops on relevant areas of leadership.
- Workshops will be designed based on group development needs and the Leadership Success Profile. Examples:

  - Communicating to Inspire Performance
  - Building a Culture of Innovation
  - Building High Performing Teams
  - Financial Data and Business Metrics to Make Informed Decisions
  - Leading Change Initiatives
  - Influencing Others Towards the Desired Outcomes

6. Building Leadership Skills

Will be trained as a Mentor for 1-2 employees in the High Potential Program

- Mentees will be from a different department
- Meet each mentee for 1 hour per month
- Break down silos across the business
- Develop leadership skills
- Build internal capability
- Involvement in strategic projects
- Opportunity to gain exposure to key roles through secondments, annual leave cover or job shadowing
Key Take Away Messages From Today:

1. Developing your People will Provide a Competitive Advantage
   - Shift from good to great to drive a high performance workforce
   - Increase retention
   - Succession planning to mitigate business risk
2 Success Profiles are Your Blue Print for Success
- Define what “great” looks like for all roles
- This is central to ensuring you get a ROI from your development programs

3 Know Potential When you See It
- Differentiate performance from potential
- Invest in growing your high potential staff and retaining your high performing staff
4 Build a Culture of Continuous Development

- 70:20:10 rule for development
- Create individual development plans throughout the business
- Supplement these with carefully designed leadership programs that hold participants accountable for behavioural change

Leadership Challenge

1) Access our free 10 week video series that expands on today's presentation

2) Let me know if you are interested in a free consultation for your business (please leave me your card)
How we help our clients

The Foundations of Greatness
We provide advice, policies & templates to keep you compliant.

The Heart of Greatness
We set you up with the critical people systems that sit at the core of great business.

Resourcing Greatness
We ensure you can attract and hire the right people to maintain your momentum.

Developing Greatness
We ensure you have star players and star teams at all levels.

Embedding Greatness
We embed HR Specialists in your business to power your momentum.

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Thank you for joining us