



Association
of European
Businesses

AEB HR Conference:

Modern Trends in HR

SESSION I: MODERN TRENDS IN COMPENSATION & BENEFITS

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***ONE SIZE FITS ALL? OR
TAILOR C&B IN PRACTICE***

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Sub-Committee, Partner,
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***ONE SIZE FITS ALL? OR
TAILOR C&B IN PRACTICE***

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OTIS***

***COMPENSATION &
BENEFITS IN CURRENT
ECONOMIC ENVIRONMENT***

Alyona Leonova
Head of Business Line
"Market Data", Human
Capital Solutions

COMPENSATION &
BENEFITS IN CURRENT
ECONOMIC ENVIRONMENT

C&B Trends in Current Economic Environment

March 27, 2014



Current Economic Context

Country	GDP Growth, %*		
	2012	2013	2014
Russia	3.4%	1.5%	2.0%
Germany	0.9%	0.5%	1.6%
China	7.7%	7.7%	7.5%
USA	2.8%	1.9%	2.8%
Brazil	1.0%	2.3%	2.3%

*IMF, January 2014

- Russian Ruble and currencies of emerging markets sustained considerable devaluation in January-February 2014
- Devaluation in Russia occurred because of capital outflow, shrinking of growth rates and political crisis in Ukraine

- Russia's GDP growth is in line with most major economies, both developed and developing (except for China) though GDP growth in developing countries is traditionally higher than in developed ones
- According to the Ministry of Economic Development GDP growth in February 2014 was 0.3% versus the same period in 2013











Year	USD/ RUB*	% change	EUR/ RUB*	% change
2011/2012	29.17	-	38.60	-
2012/2013	30.94	6.1%	40.34	4.5%
2013/2014	36.11	16.7%	49.96	23.9%

*CBR, 21 March of respective year

Rating agency	Credit rating	Outlook
S&P	BBB	Negative
Fitch	BBB	Negative

Doing Business in Russia Index by World Bank

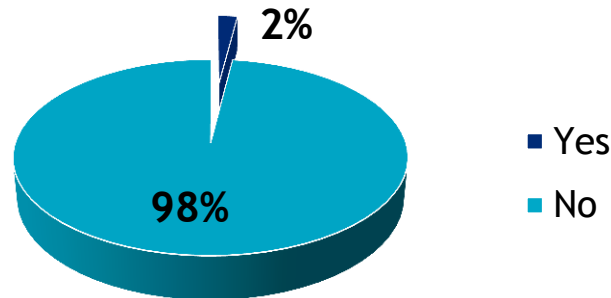
2014 vs. 2013

TOPICS	DB 2013 Rank	DB 2014 Rank	Change in Rank
Total Place in Rating	111	92	 +19
Starting a Business	100	88	 +12
Dealing with Construction Permits	180	178	 +2
Getting Electricity	188	117	 +71
Registering Property	46	17	 +29
Getting Credit	105	109	 -4
Protecting Investors	113	115	 -2
Paying Taxes	63	56	 +7
Trading Across Borders	162	157	 +5
Enforcing Contracts	10	10	No change
Resolving Insolvency	53	55	 -2

Labour Market Trends

Salary Currency

Does your company nominate salary in **foreign currency** (other than Russian Rubles) for any employee categories excluding expatriates?

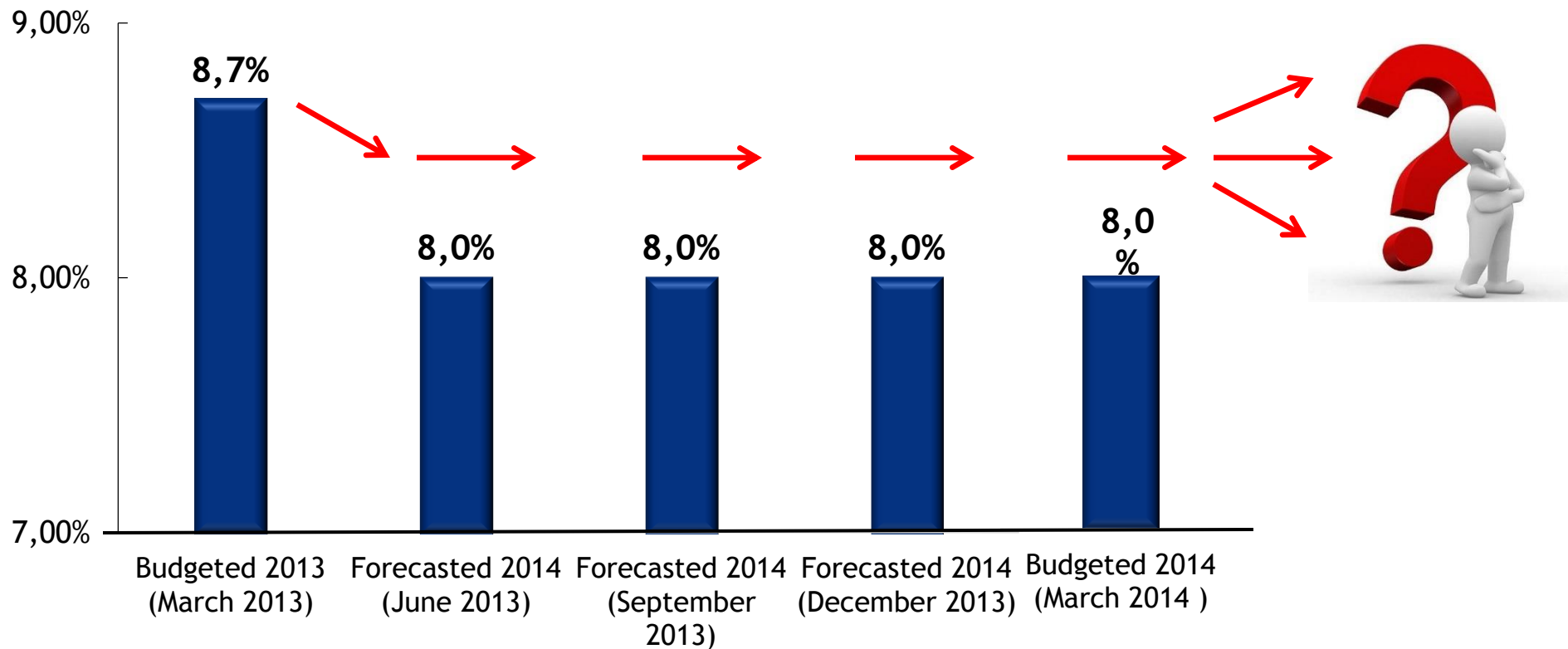


None of the companies plan to change their policies in terms of salary currency

Labour Market Trends

Salary Increase Dynamics

Salary increases forecasts were **stable** during the last year and remain stable at the beginning of 2014.



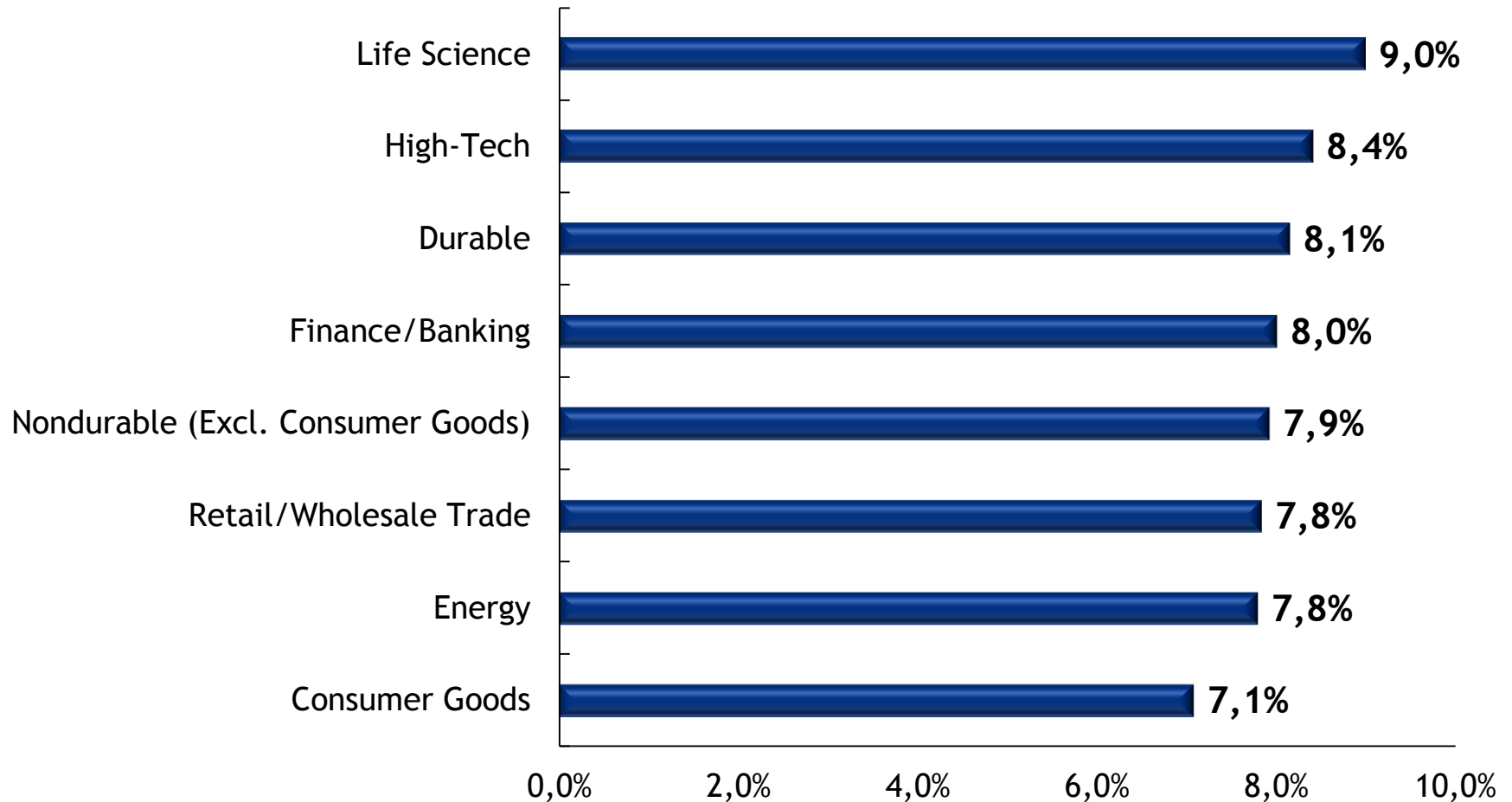
*Average value is based on median by all career streams

Source: Salary Movement Survey, March, June, September, December 2013; March 2014

Labour Market Trends

Salary Increases by Industries

Salary increases forecasts may slightly differ **depending on the industry.**

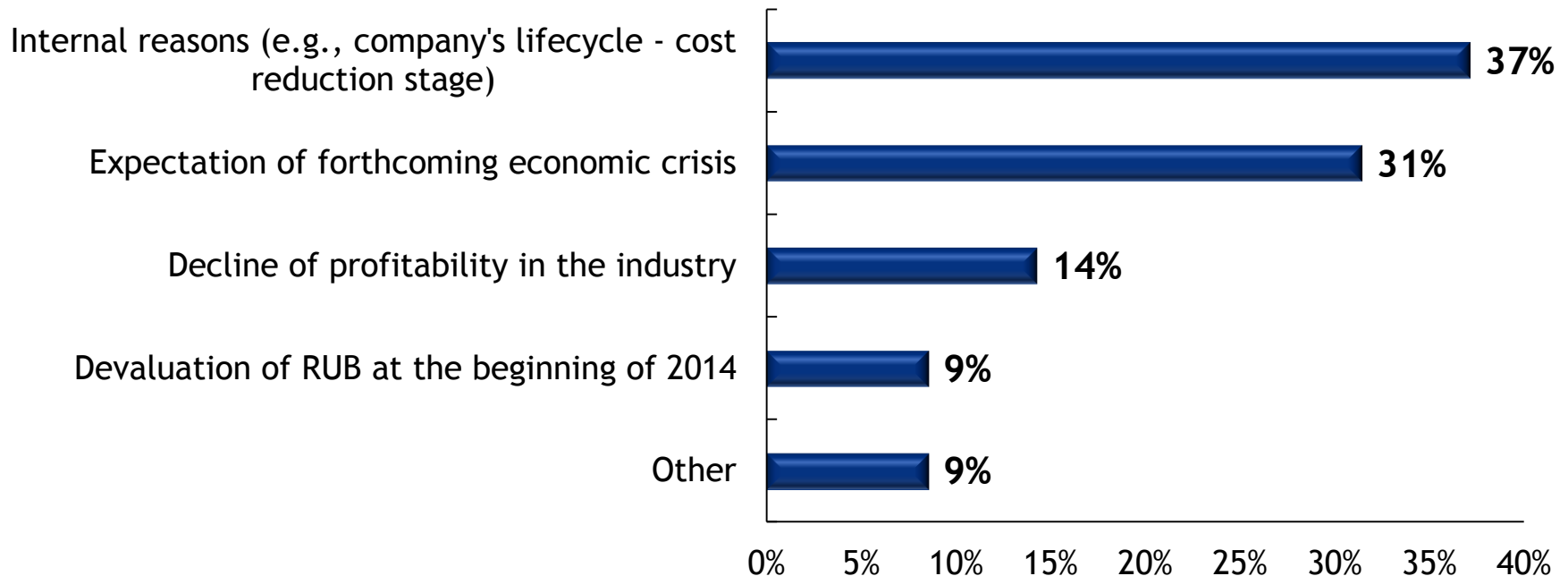
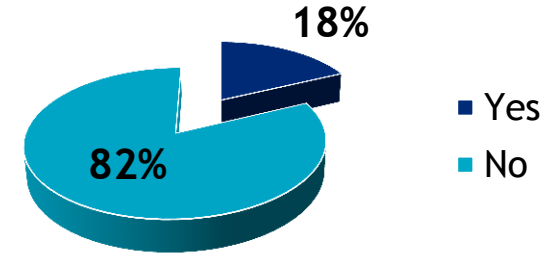


Labour Market Trends

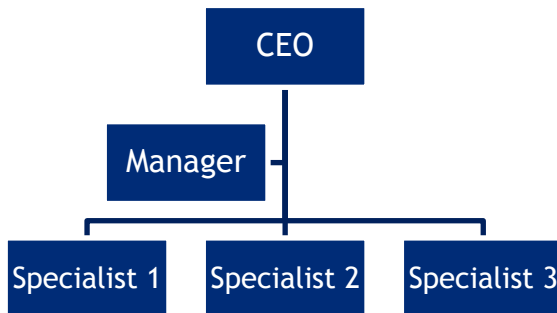
Labor Cost Reduction

What are the main **reasons** for labor costs reduction?

Does your company have **formalized goals** for labor costs reduction?



- ➡ Cost reduction
- ➡ Structures
- ➡ Performance



Organization structures review

- Job evaluation & Grading
- Management positions reduction
- Further support of job evaluation as a process

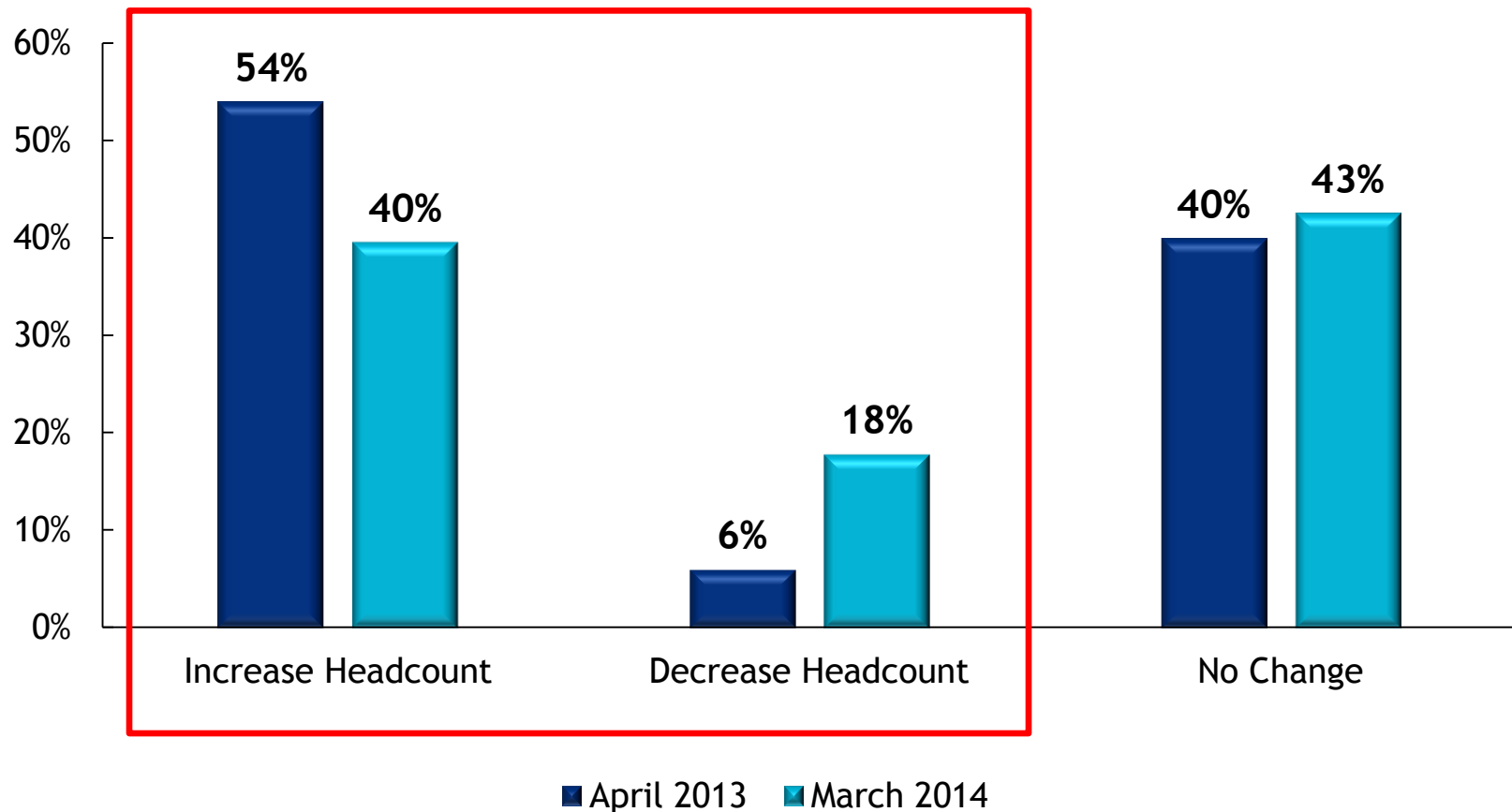
Labor planning & measurement

- LEAN
- Future focus on office staff
- Processes automation

Labour Market Trends

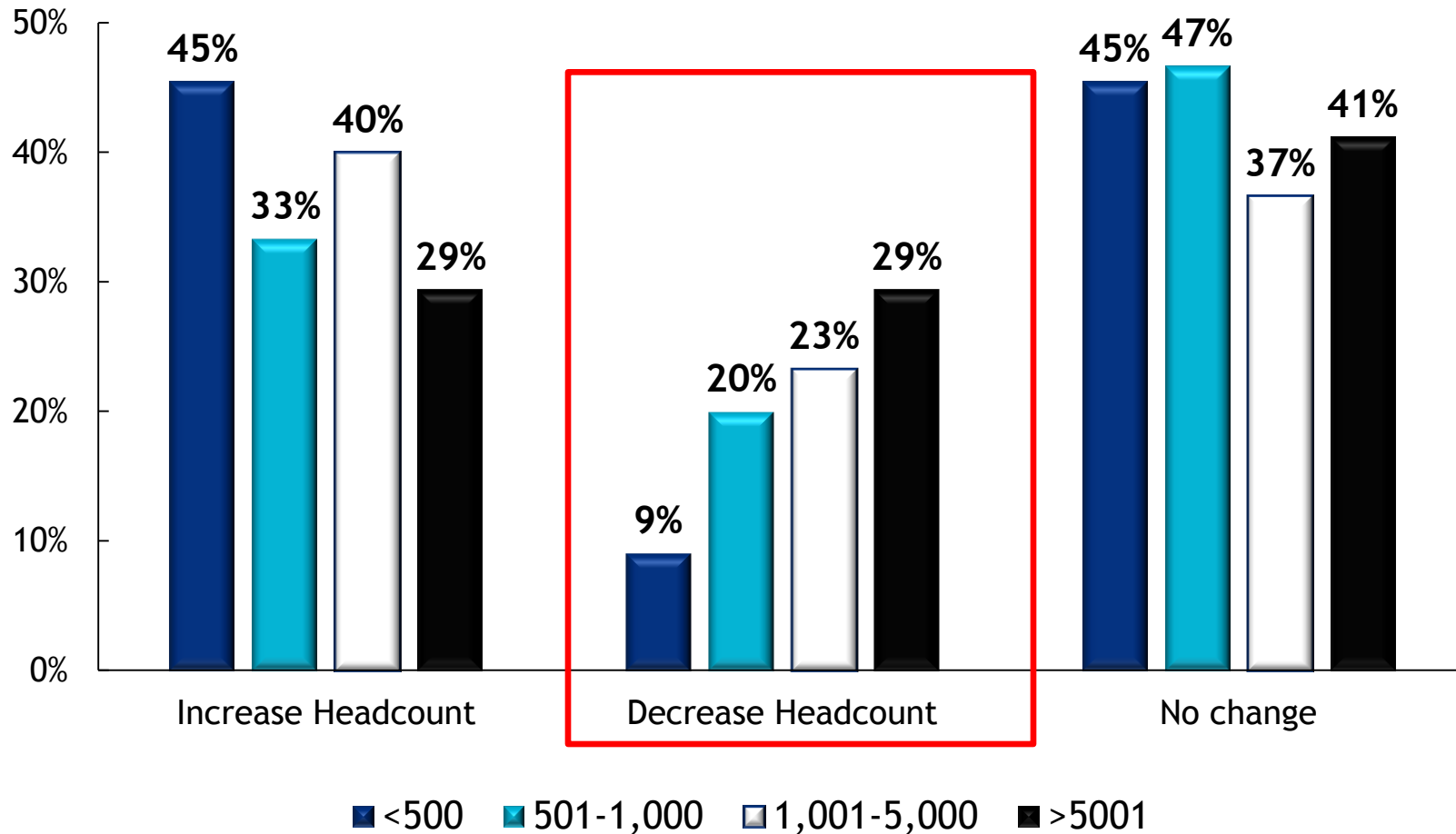
Hiring Intentions

Hiring intentions by the end of 2014



Labour Market Trends

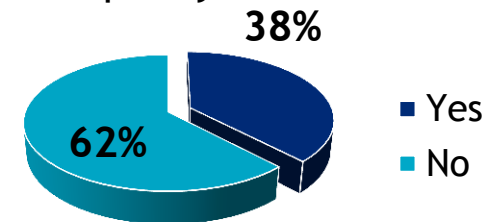
Hiring Intentions Depending on a Company's Headcount



Labour Market Trends

Bonus Scheme

Does your company plan any change in its bonus policy?



All changes are focused on making bonus scheme more **transparent** and **motivating**

Typical changes:

Parameter	Typical Change
Employee groups	<ul style="list-style-type: none"> ➤ Plan is typically reviewed for Sales Staff ➤ Additional adjustments may be applied depending on an employee's grade and function
Target bonus %	<ul style="list-style-type: none"> ➤ Increased target bonus %
Bonus payment threshold	<ul style="list-style-type: none"> ➤ More challenging bonus payment threshold
Corporate vs. individual goals	Underline the link between corporate and individual goals by: <ul style="list-style-type: none"> ➤ Increased weight of individual goals ➤ Implementation of corporate goals if they were missing
Payment frequency	<ul style="list-style-type: none"> ➤ Focus on long-term productivity by changing appraisal period and bonus payment frequency from semi-annual/quarterly to annual where possible

Performance & Variable Pay











- Review of KPIs and variable pay
- More aggressive paymix
- More selective approach to salary review (grades, market comparison & performance)

Labour Market Trends

Benefits

Does your company plan to change benefit plans?

(Total exceeds 100% as some companies indicated several options)

Yes, we plan to expand our benefits plan	No	Yes, we plan to cut our benefits plan
30%	64%	8%
<p>→ Corporate Cars</p>  <p>→ Flexible Benefits</p>  <p>→ Relocation</p>  <p>→ Meals</p>  <p>→ Life and Accident Insurance</p>  <p>→ Private Medical Insurance</p> 		<p>→ Corporate Cars</p>  <p>→ Private Medical Insurance</p> 

Labour Market Trends

Benefits - Typical Changes

Benefit	Expand	Cut
Corporate Cars	<ul style="list-style-type: none"> ➤ List of employees eligible for a company car ➤ Compensation limits 	<ul style="list-style-type: none"> ➤ List of employees eligible for a company car i.e. clear criteria: status or business need ➤ Fuel limits
Flexible Benefits	<ul style="list-style-type: none"> ➤ Implementation of the plan ➤ Additional benefits inside the existing plan 	
Relocation	<ul style="list-style-type: none"> ➤ Implementation of formalized relocation policy ➤ Increase of limits for relocation 	
Meals	<ul style="list-style-type: none"> ➤ Implementation of meal assistance ➤ Increase of meal allowance amount 	
Life and Accident Insurance	<ul style="list-style-type: none"> ➤ Implementation of the insurance plan ➤ Coverage: critical illnesses 	
Private Medical Insurance	<ul style="list-style-type: none"> ➤ List of services 	<ul style="list-style-type: none"> ➤ Relatives' private medical insurance (fully or with an employee's partial contribution) ➤ List of services

Benefits



- Benefits review with further reduction: mobiles & cars
- Same cost with better service (health plans improvement after employee survey 2013)

➡ Communication

- Employees surveys
- Selling compensations & benefits to employees



Labour Market Trends

Core Trends

- Companies tend to be careful in terms of any HR decisions due to uncertain economic context
- Focus on HR processes optimization and increase of employees effectiveness through:
 - organization structure optimization
 - SMART goals and linkage of a company's results with individual performance
 - transparent performance evaluation policy



Human Capital Solutions



MERCER

OTIS

Anton Kushner

***CEO, Russian Standard
Insurance***

***THE BENEFITS CAFETERIA.
STEP BY STEP GUIDE OF
IMPLEMENTING
EFFECTIVE FLEXIBLE
BENEFITS SYSTEM***

Denis Chalov

*General Manager, AGroup
Russia*

***THE BENEFITS CAFETERIA.
STEP BY STEP GUIDE OF
IMPLEMENTING
EFFECTIVE FLEXIBLE
BENEFITS SYSTEM***



THE BENEFITS CAFETERIA. STEP BY STEP GUIDE OF IMPLEMENTING EFFECTIVE FLEXIBLE BENEFITS SYSTEM

Anton Kushner, CEO, Russian Standard

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The War for Talent is Over, and the Talent Won

– Josh Bersin, Forbes, December 2013

Unique people require personal approach...



Your employees are unique.

Why Not Spend Money on What Employees Need?



Thanks! The flowers are exactly what I need
at the moment!

With Cafeteria, it is Easier than Usually Deemed

Employees choose benefits they need, and value them more highly

Employers always provide benefits that are highly valued

Employees are given a sense of control and involvement by having a choice

Employers enjoy higher attraction and retention rates

Cafeteria budgets are fixed

Automation cost is low

Step by
Step

Survey your employees

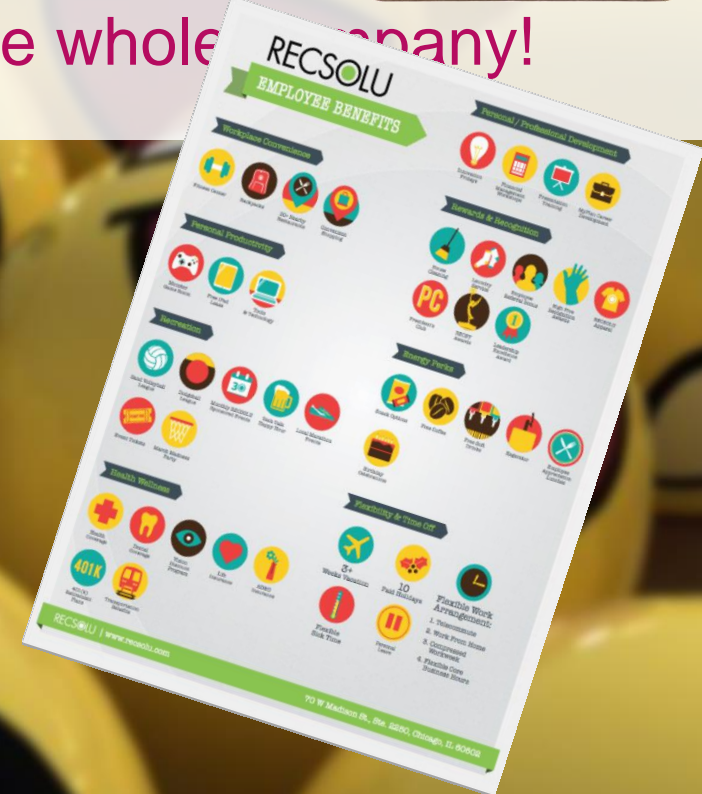


- Which benefits are not used
- Which benefits are valued
- What each of your employee wants
- How much your employees are willing to
- Age
- Region
- Grade
- Etc...

Engage Your Employees in Decision Making

Step 1

- Get top & middle management onboard, especially CEO
- Plan your media campaign, explain benefits to employees
- Fire all your cannons, reach every employee
- Analyze results thoroughly, communicate lightly
- Make sure to deliver the results to the whole company!



Build Your Benefit Model

Step 2



	A	B	C	D	E	F
1	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	
2	20 000,00	30 000,00	50 000,00	70 000,00	100 000,00	
3						
4	Seniority					
5	3 Years	5 Years	7 Years	10 Years	15 Years	
6	+ 10 000,00	+ 20 000,00	+ 30 000,00	+ 40 000,00	+ 50 000,00	
7						
8						

Build Your Benefit Model

Step 2



Most valued



Least valued

	A	B	C	D	E
1	Proposed benefit	Min	Max	Period	
2	Corporate mobile phone	500,00	2000,00	Month	
3	Voluntary medical insurance	10000,00	50000,00	Year	
4	Meal allowance	150,00	300,00	Day	
5	Voluntary medical insurance for children	20000,00	50000,00	Year	
5	Accident insurance	9000,00	25000,00	Year	
7	Flexible work schedule	0,00	0,00		
3	Corporate mortgage loan	50000,00	100000,00	Month	
3	Health resort treatment	20000,00	40000,00	Year	
0	Kindergarten allowance	5000,00	15000,00	Month	
1	English language training course	20000,00	30000,00	Year	
2	Other training courses	20000,00	30000,00	Year	
3	Additional courses for children	10000,00	20000,00	Year	
4	Transportation allowance	1000,00	2000,00	Month	
5	Birthday gifts	2000,00	5000,00	Year	
6	Birthday gifts for children	2000,00	5000,00	Year	
7	Birthday celebration for children	10000,00	20000,00	Year	
8					

Build Your Benefit Model

Step 2



	A	B	C	D
1		Grade 3		
2	Limit per grade (rubles)	50 000,00		
3	Limit per grade (coins)	500,00		
4				
5		Price, coins	Minimum coverage by employee, %	
5	Corporate mobile phone	60	0%	
7	Voluntary medical insurance (Standard)	100	0%	
3	Voluntary medical insurance (Business upgrade)	250	50%	
3	Voluntary medical insurance (VIP upgrade)	500	50%	
0	Meal allowance	440	0%	
1	Voluntary medical insurance for children	200	50%	
2	Accident insurance	150	0%	
3	Flexible work schedule	100	0%	
4				



How to keep costs under control

- Provide valued benefits based on seniority level
- Introduce co-financing for valued benefits
- Tie certain benefits to appraisal results
- Invite partners and organize effective worksite marketing campaign
- Insurance plans: provide base plans to everyone, enable upgrade



Now prepare for
implementation 😊

Cafeteria Plan Implementation

Step 3

- Get top & middle management onboard, especially CEO
- Run pilot project to prove the concept, get feedback, improve
- Run media campaigns, reach every employee
- Automate everything you can



- Online enrollment
- Life time events processing
- Interaction with benefit vendors
- Cost tracking and budgeting

Cafeteria Plan Implementation

Step 3

Testing_DEM53

51

1

Peter Kreisel

Активность

Личное

Команда

Компания

Профи

Настройки

Еще

Назад

Мои бенефиты

Текущие льготы (4)

Выбранные льготы (2)

Доступные льготы (3)

Все

Путешествия

Транспорт

Все

Фиксированные

Гибкие

Мои льготы

Данные о членах семьи

Путешествия

Страхование путешествий

3.0

★★★★☆

Лимит: 1 Штук(а)/Год

Покрывается работником: нет

Период: 25/09/2013 - 24/09/2014

Подписать до 24/09/2013

Подписаться

Страхование путешествий

5.0

★★★★★

Лимит: 1 Штук(а)/Год

Покрывается работником: нет

Период: 25/09/2013 - 24/09/2014

Выбрать до 24/09/2013

Выбрать

320 премиальных баллов

Транспорт

Парковка

5.0

★★★★★

Лимит: 1 Штук(а)/Год

Покрывается работником: 10% (1500 RUR)

Период: 25/09/2013 - 24/09/2014

Выбрать до 24/09/2013

Выбрать

200 премиальных баллов

Программа премиальных баллов

Период: 01.01.2013 - 01.02.2014

Всего баллов: 1000

Израсходовано: 0

Остаток: 1000

Сумма к доплате 0.00 RUR

Benefit catalog

Employee budget

Benefit cost

Benefit rating

HRB Human Capital Management System

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About

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Employee basket

Manage relatives

Cafeteria Plan Implementation

Step 3

The screenshot displays the HRB Portal 5.3 interface. The top navigation bar includes the portal name, a notification bell, and a user profile for 'Маргарита Алексеевна Круглова'. The main content area shows the profile of 'ОАО Медицина' with a 4.5-star rating, address in Moscow, contact information, and a map. A sidebar on the left contains navigation links like 'Активности', 'Личное', 'Компания', 'Профи', and 'Настройка'. The bottom of the page features a footer with copyright information and a system status link.

HRB Portal 5.3

← Назад **Льготы** > Описание льготы > Обсуждение

ОАО Медицина 4.5 ★★★★★

Россия, Москва, 2-й Тверской-Ямской переулок, дом 10 125047

Телефон: +7 495 966-08-34
Факс: +7 495 966-08-35
www.medicina.ru/

Написать отзыв Опрос в теме

New review...

Clinic's rating

Clinic's location

Clinic's description

Employees' comments

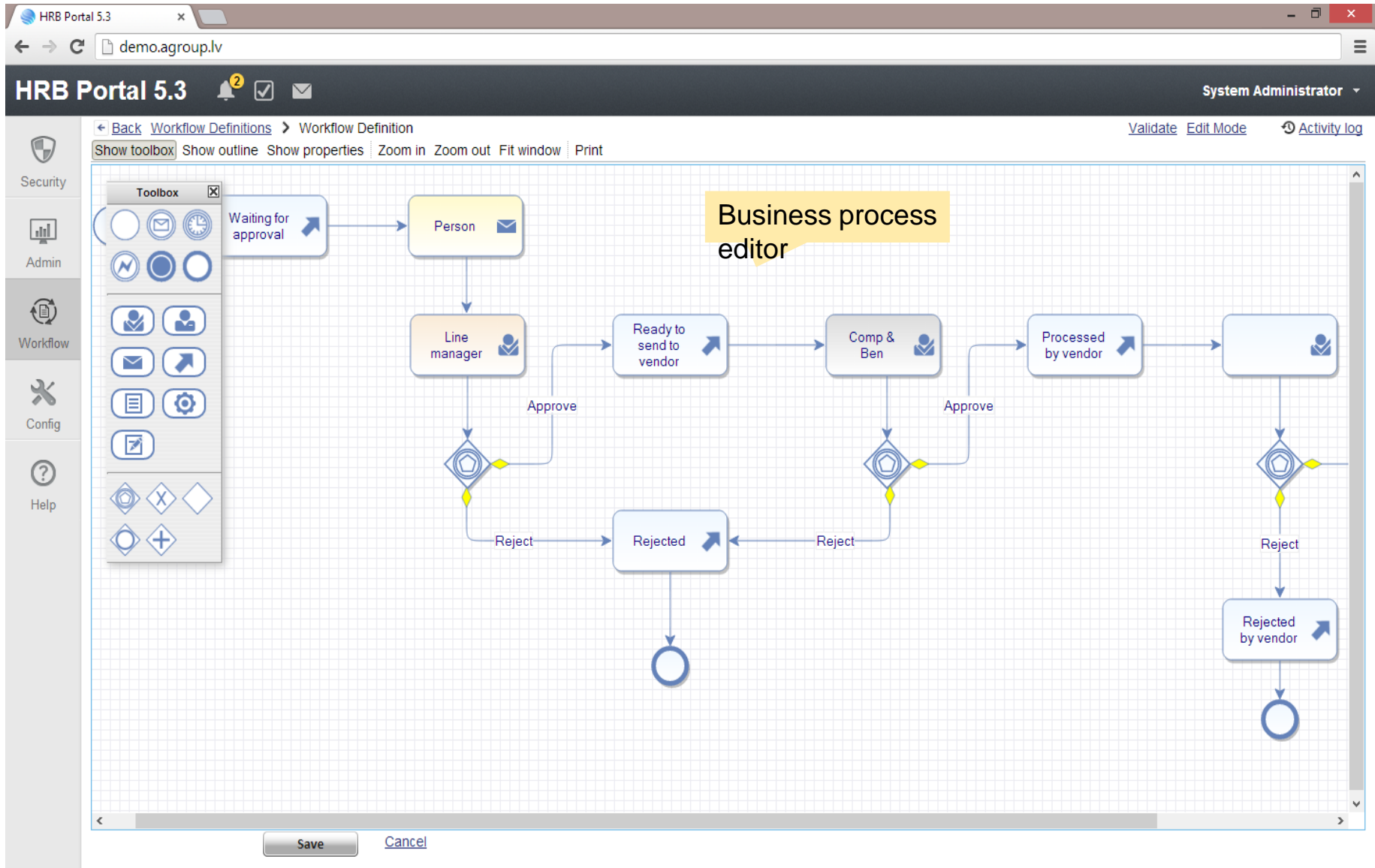
Крылов Павел Алексеевич, 25 Сентябрь в 13:25
Здорово конечно, но на мой взгляд слишком уж пафосно... к чему эти фонтаны и арфы в коридоре?! Но оборудование и врачи конечно супер!

Круглова Маргарита Алексеевна, 24 Сентябрь в 19:30
Прекрасная поликлиника!

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Cafeteria Plan Implementation

Step 3



How to Fail the Cafeteria Plan

- Never talk to employees – you know better
- Never share any information
- Don't sell the idea to CEO
- Never automate – Excel's the best tool
- Don't test, don't pilot
- Once done, relax



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SESSION I: MODERN TRENDS IN ASSESSMENT, TRAINING AND DEVELOPMENT

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***Managing Director, Chair of
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Training & Development
Sub-Committee, Managing
Director SHL Russia & CIS***

Mikhail Arkhipov

***Vice-President, Human
Resources, Member of the
Executive Board, Mobile
Telesystems OJSC ("MTS")***

***ENGAGEMENT IS POWER:
OPPORTUNITIES AND
THREATS IN TELECOM
CORPORATIONS***

Magdalena Kustra-Olszewska

Managing Consultant, Aon Hewitt

***WHAT MAKES AN
ENGAGING LEADER? FOUR
LEADERSHIP ATTRIBUTES
THAT IMPACT EMPLOYEE
ENGAGEMENT***



What makes an Engaging Leader?

leadership attributes that impact employee engagement

By Aon Hewitt



The question that used to come up was....

**How is it possible that
within the same organization
one department may have 29%
and the other 85% engagement score ?**

That is why we started to investigate and decode....

- **Competency based interviews** with managers who:
 - Lead the teams with engagement score at least 20 p.p. higher then their company's average
 - Achieve their business goals on the expected level at least
- **Focus group interviews** with the employees working in teams with engagement score higher then their company's average (as compared to those with lower engagement levels)
- **Annual analysis of the engagement studies results** of the Aon Hewitt's Best Employers Study Program (ca 100 companies / year), that confirms the impact of the Engaging Leader attributes
- **Constant model verification** with the selected Engaging Leaders participating in Aon Hewitt's engagement studies

And what we discovered was...



Credibility

Building the team's trust through personal integrity, emotion control in difficult situations as well as being available and ready to give constructive feedback.

- **Integrity**

- Behaves in line with the principles and values that she/he promotes
- She/he is a role model when it comes to her/his attitude and behaviour
- Treats others with respect

- **Self-control and confidence**

- Remains calm under pressure and in stressful situations
- Shows confidence when dealing with others and in decisions she/he takes

- **Availability**

- Is accessible for employees and co-workers
- Gives timely and constructive feedback
- Gets personally involved in difficult circumstances



People focus

Motivating people to develop and succeed in the company, based on the knowledge of their strengths and weaknesses as well as through understanding of their motivations, ambitions and fears; inspiring and supporting actions aimed at development; adequately recognizing individual input and efforts made.

- **Inspiration to development**

- Knows the strengths and weaknesses of her/his employees
- Supports the employees' development, even if that may result in „loosing” them for another team
- Assigns tasks and projects according to the talents and strengths of the employees

- **Support and promotion**

- When assigning tasks and roles, provides adequate support
- Adequately addresses the employees' motivations, ambitions and fears
- Builds authority of those whom she/he ascribes new roles/responsibilities
- Represents the team and takes care of their interests

- **Recognition**

- Recognizes contribution of each team member
- Promotes her/his employee successes across the company



Goal Focus

Building engagement for tasks and goals assigned, based on setting the direction for the team, building accountability as well as integrating the team around the common goals.

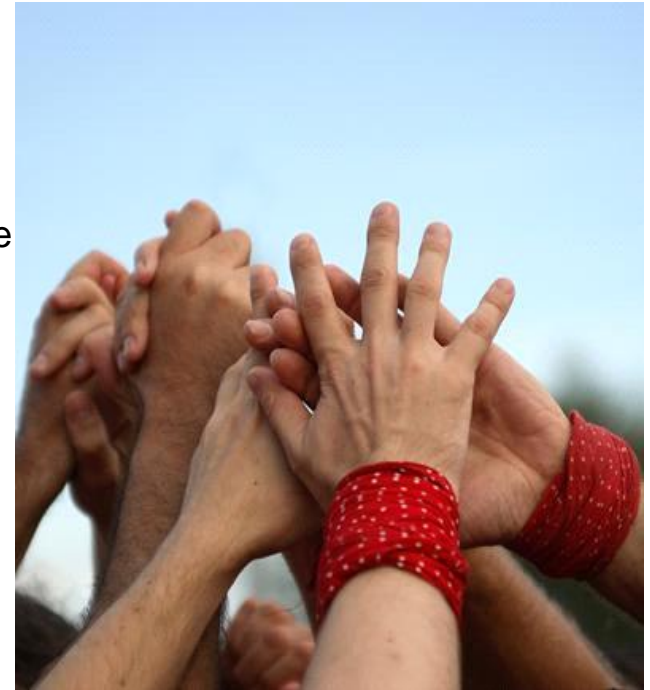
- **Direction**
 - Sets directions for the team
 - Clearly communicates priorities
- **Goals and autonomy**
 - Sets ambitious goals and delivery standards
 - Gives accountability and provides autonomy in performing given tasks
 - Monitors and communicates progress of delivering goals
 - Holds people accountable for the results and ensures delivery
- **Integration**
 - Integrates the team around common goals
 - Boosts positive energy and enthusiasm for achieving goals
 - Uses "we, us, our" more than "me, you, mine"



Contact

Enabling information exchange and dialogue regarding the actions, undertakings and changes important to the team; personal engagement into communication with the team; encouraging people to propose changes and improvements; openness to the feedback from the team.

- **Sincere communication**
 - Communicates regularly and openly with her/his team
 - Openly communicates difficult information and decisions
 - Addresses doubts and discusses important issues with the team
- **Openness to feedback**
 - Turns to the team for ideas, considers their ideas for improvements
 - Is open to feedback and takes it into consideration in her/his actions
 - Actively seeks feedback
- **Common celebration of success**
 - Celebrates success together with the team



Since it is the impact zone of an individual leader, why not make an individual plan based on the Engaging Leader Model?

That is how the concept of the Engaging Leader workshop was developed –for leaders to discover **what they can actually do** to positively impact their people's engagement and commit to their individual action plan !

ENGAGING LEADER WORKSHOP

- **Working actively** on the selected development areas for each of the Engaging Leader's Attributes
- **Sharing experience**, seeking **practical solutions**
- Planning **specific actions that need to be taken** in order for specific behaviours to come to life
- Putting together **individual development plan** along with a **practical implementation concept – what specifically I will do**



Individual
exercises



Group
exercises



Discussions
and knowledge
sharing



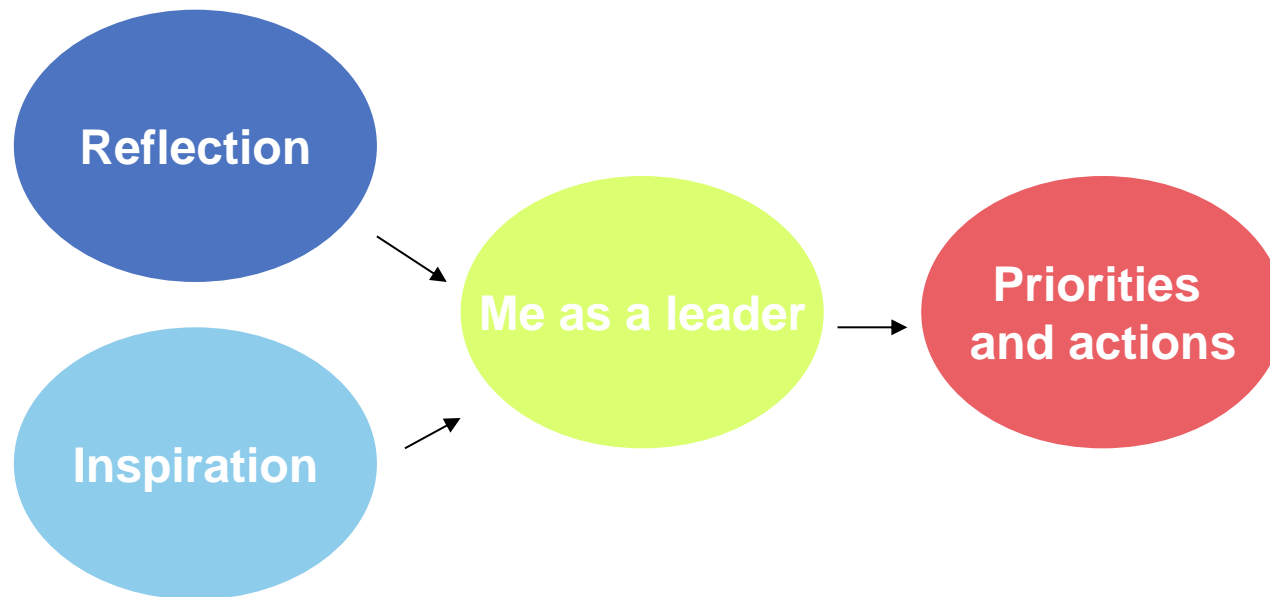
Presenting
conclusions and
solutions



Defined
exercise time

...in order to

- **Build awareness of the Aon Hewitt's Engaging Leader Model** for building the team's engagement in a more focused and effective way
- **Reflect** – individually and in the team - upon the attributes of the Engaging Leader
- **Share experience** and field-tested leadership practices
- **DEVELOP YOUR OWN PATHWAY TO BECOMING AN ENGAGING LEADER!** – identify priorities that we should focus on in order to enhance and build the engagement of our teams



Elena Komissarova

***Talent Acquisition Manager,
Nestle***

***INCREASING TALENT
SELECTION QUALITY***

Irina Zarina

***Head of Consulting, SHL
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***INCREASING TALENT
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***TALENT ACCELERATION
PROGRAM FOR EMERGING
MARKETS***

Henkel Talents Acceleration Program



Alena Nagornyak
Talent & Leadership Development
Henkel Central & Eastern Europe



Excellence is our Passion



**THANK GOD
IT'S MONDAY**



Excellence is our Passion

Who we are

Henkel at a glance 2013

Around

47,000

employees all over
the world

16.5 billion euros
sales

43%

of our sales generated
in emerging markets

136 years

of brand success

44%

of our sales generated
by our top 10 brands

170

manufacturing around
the world

Who we are

Global leading positions in consumer and industrial businesses

Consumer Businesses

Laundry & Home Care



Beauty Care



Industrial Business

Adhesive Technologies



Who we are

Main Henkel brands in Russia

Consumer Businesses

Laundry & Home Care



Beauty Care



Industrial Business

Adhesive Technologies



Our challenge

Targets 2016



20 bn € sales

10 bn € sales in emerging markets

10 % earnings per share¹

Including continuous portfolio optimization.

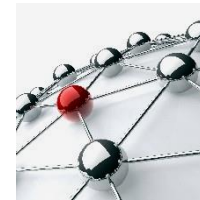
¹ Average annual growth in adjusted earnings per preferred share (compound annual growth rate/CAGR).

Sales on Emerging Markets should grow by almost 35%

Emerging markets in global framework

Obstacles to building effective international teams

- Market growth faster than talent **readiness**
- Lack of a **leadership pipeline**
- **Retention** problems
- **Cultural** differences
- **Balancing** local and global talent



Clear need in special fast track development program for EM

Talent Acceleration Program

Objectives

- Build **strong pipeline** of 'next generation' leaders
- **Engage talents** through career & personal development
- Foster world class **leadership standards**
- Provide top level **exposure**
- Work in **diverse and cross cultural** environment
- Implement '**leaders developing leaders**'

Support Emerging Markets growth and business development

Talent Acceleration Program

Participants selection criteria

- Participate **all businesses, functions** and **countries**
- **Top talents** from junior and middle managerial levels
- Fluent **English**
- High **mobility**
- High **learning agility**
- **Ambitious** outlook on one's career

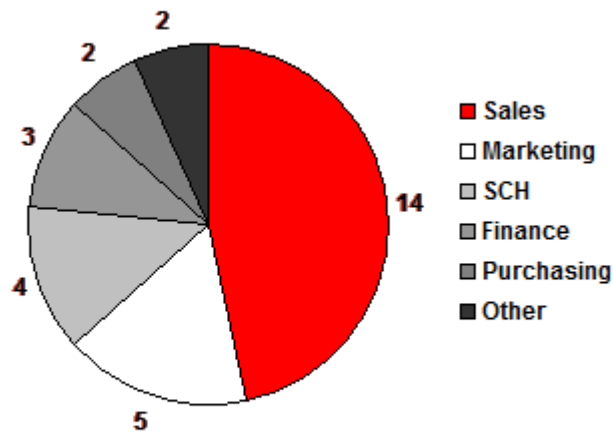


30 participants per Region

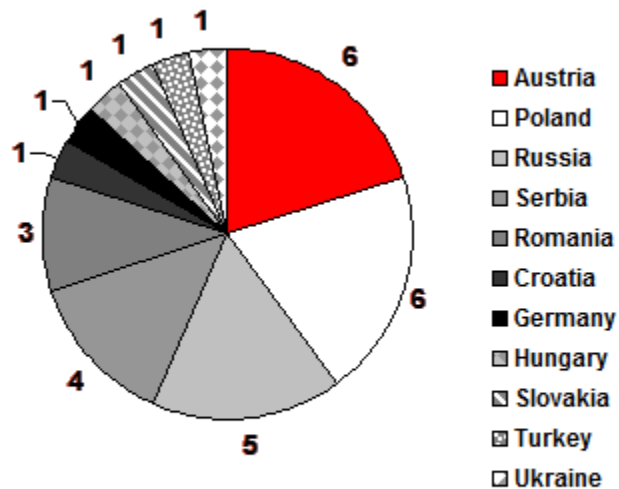
Talent Acceleration Program 2014 in CEE

Participants diversity split

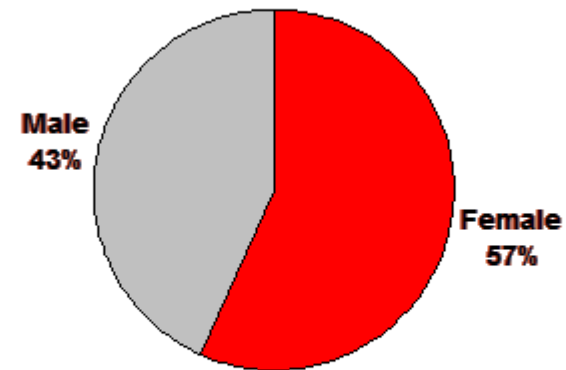
Function



Country

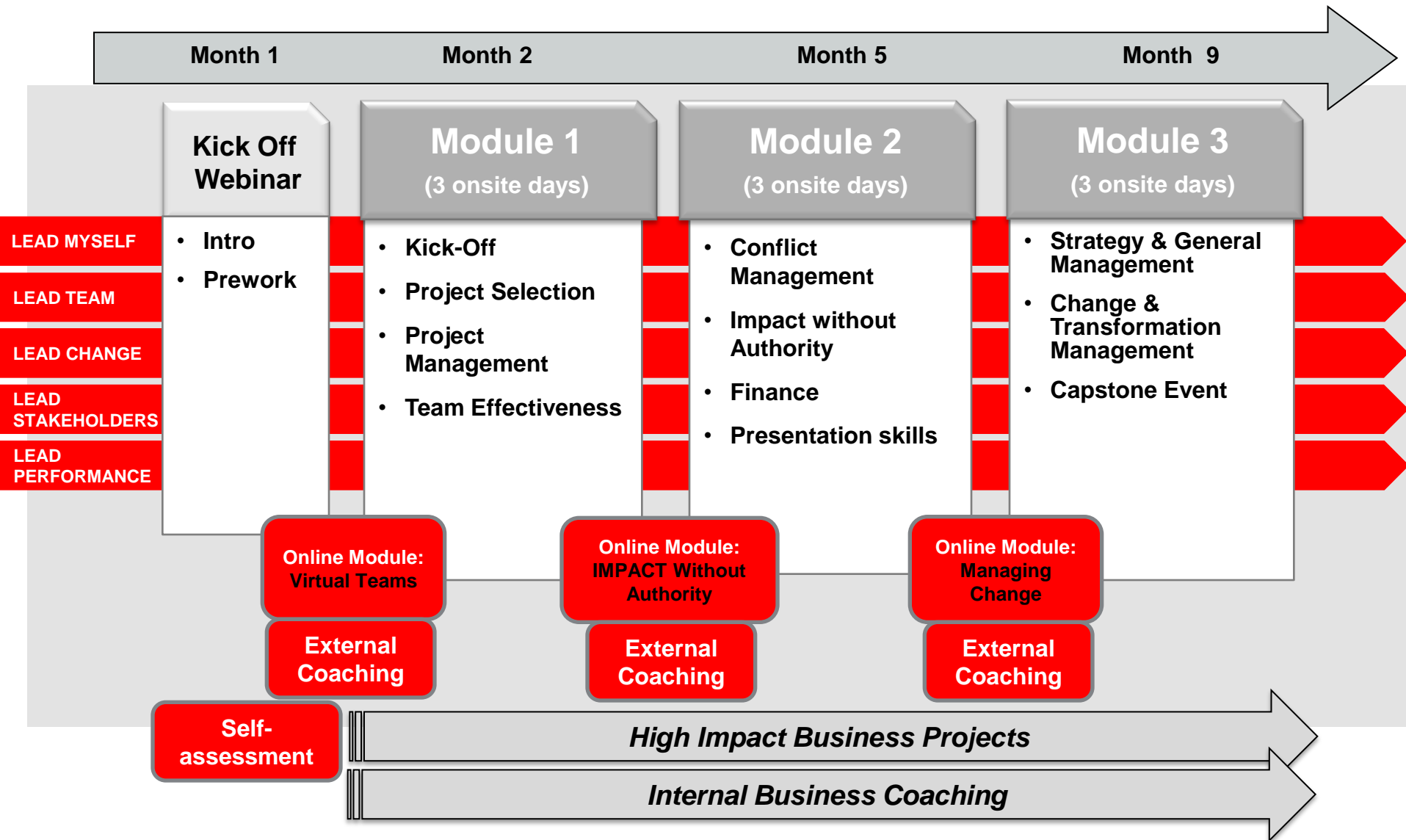


Gender



Highly diverse team – one of the programs' success factor

Program Overview



Talent Acceleration Program

Program results

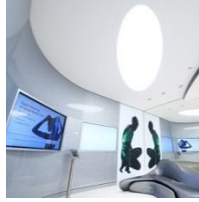
Cycle	Participants	Resignation	Promotion	Rotation	International Rotation
1 st Cycle (since 2011)	26	3	15	12	5
2 nd Cycle (since 2012)	29	2	11	3	6
3 rd Cycle (since 2013)	28	2	8	1	2
Total	83	7	34	16	13

- Talent **Leadership Pipeline** creation
 - 41% of participants have got **vertical promotion** within 3 years
 - 20% got **job rotation**
 - 15% are **internationally** rotated
 - Overall **76%** of participants got a **career change**
- Improved **leadership mindset** and capabilities

AGILE Journey



Thank you!



Excellence is our Passion

Vera Voloskova

*Head of HR for Russia &
CIS, Novartis Consumer
Health*

***PRACTITIONER'S VIEW ON
MAKING ASSESSMENT
AND DEVELOPMENT PART
OF ORGANISATION***



Securing the Future: Making It Work

Moscow, March 27th, 2014

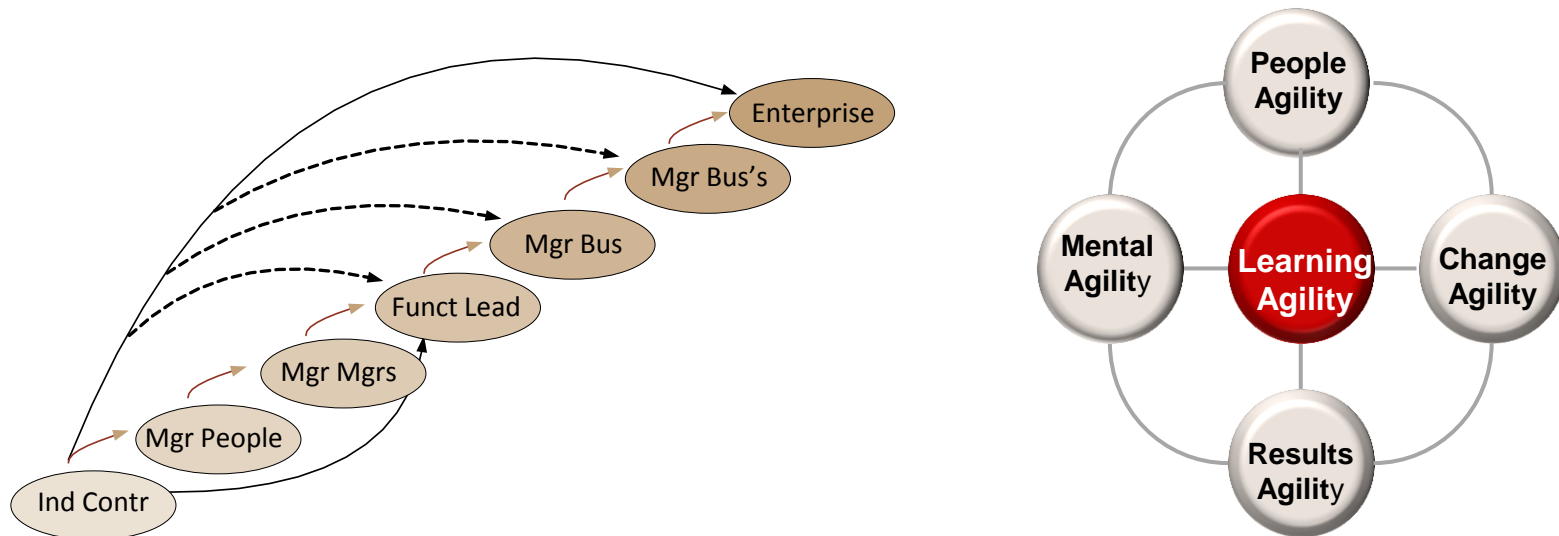
Agenda

- Business Agenda for Talent Management
- Potential Assessment Methodology
- Developing Talent As a System

Challenges

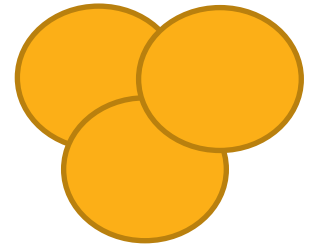
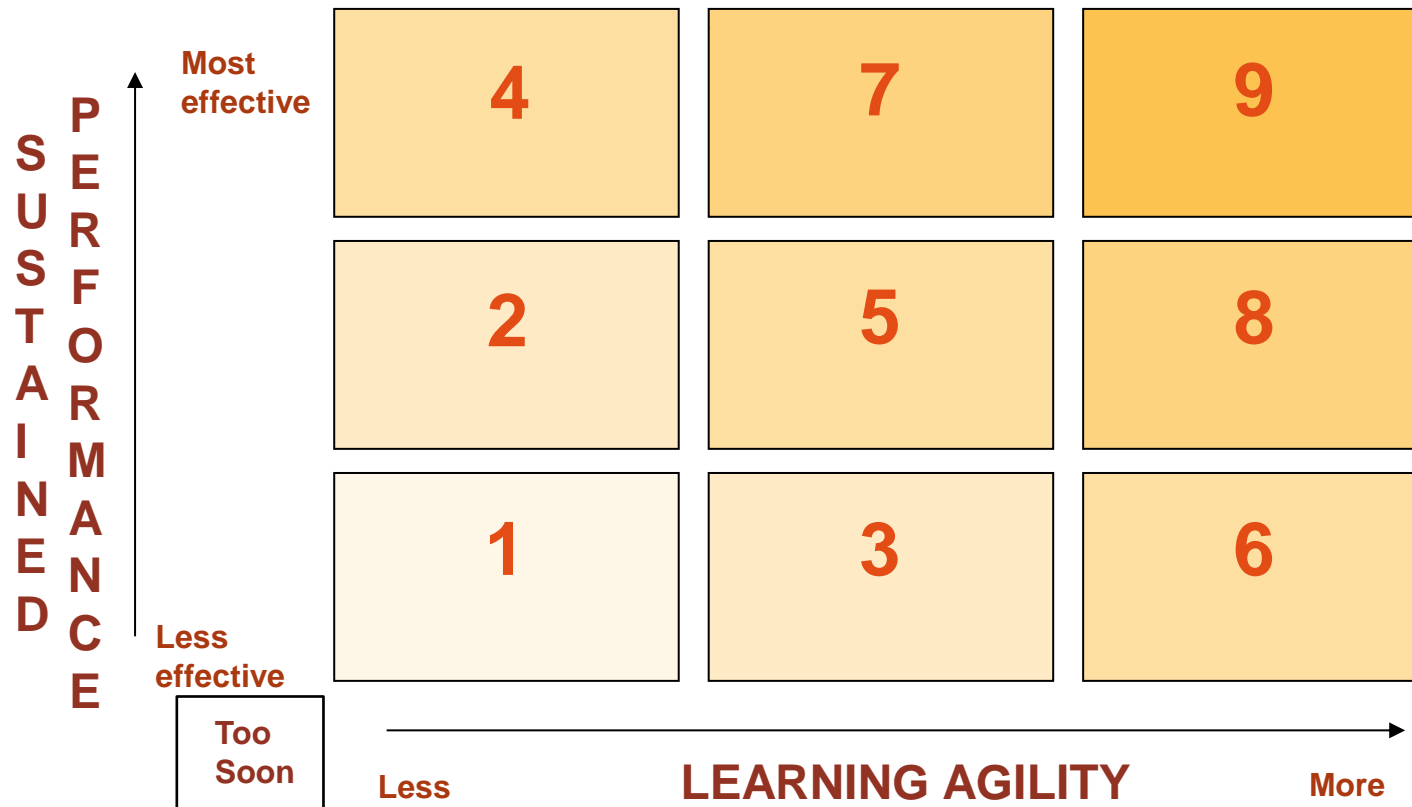
- Shortages of talent globally
- Organizational capability – continuous renewal
- Leadership short supply
- Retention – a constant challenge

Rationale and Elements of Potential Identification



Sustained Performance is the ability to consistently deliver results over time. The focus is on performance over the past 3–5 years, taking into consideration the context, the challenges and changes

Assessing Potential



Differentiated Development Paths

Not everyone has the same level of potential
(that's OK and that's how it should be)



What Does It Take?

- Top Management Commitment
- Consistency
- Continuous education of key management
- Sustainable HR capabilities
- Integrated approach to HR strategy implementation

'If you want one year of prosperity, grow grain.
If you want 10 years of prosperity, grow trees.
If you want 100 years of prosperity, grow people.'

Chinese Proverb

Alexey Sokolov
Consultant, EgonZehnder

***PRACTITIONER'S VIEW ON
MAKING ASSESSMENT
AND DEVELOPMENT PART
OF ORGANISATION***

Modern Trends in Assessment, Training & Development

Presentation for

AEB HR Conference: Modern Trends in HR

March 2014

EgonZehnder

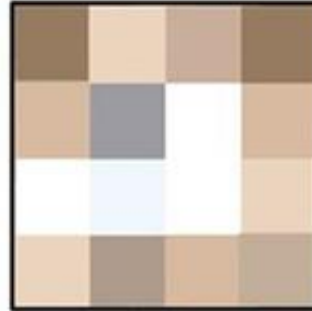
How to unleash potential...?

RUBES®

By Leigh Rubin



...and how to see and measure potential?



HIGH POTENTIAL
LOW RESOLUTION



LOW POTENTIAL
HIGH RESOLUTION

Rationale for High Potential Identification

Dearth of successors for key roles is a global epidemic

Only 15% of companies in N America or Asia believe they have enough talent

Less than 30% of European companies feel confident about their talent

Emerging markets are the most limited and expected to be so for 2 decades

High Potential Programs often lack the test of time, so hard to know what works in each environment. However, 3 findings from the research were:

Establish clear strategic priorities which shape grooming of hi-po leaders

Careful selection of hi-pos

Management of hi-pos – develop, reward, retain

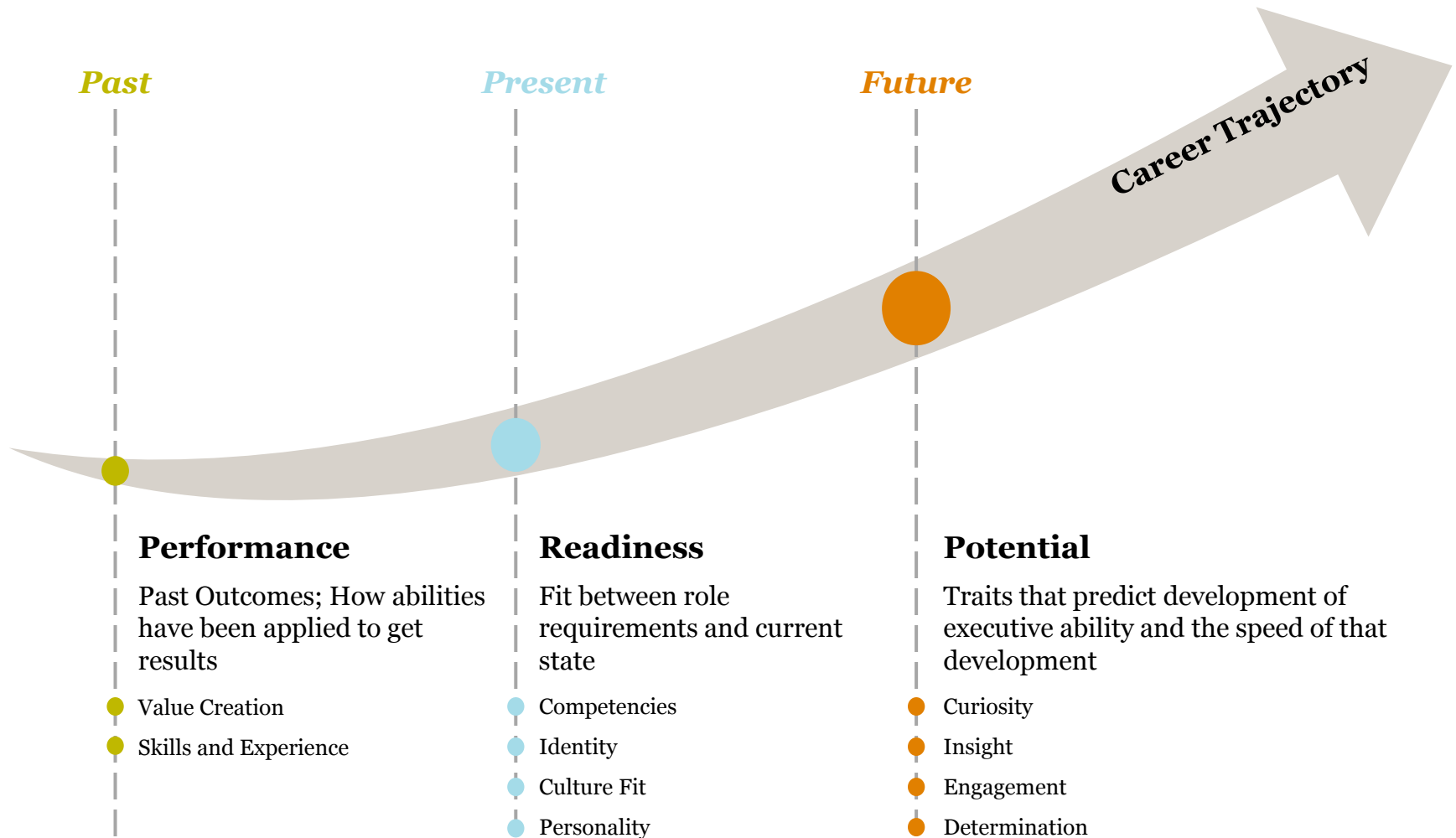
Potential is often not specifically defined in most companies

Source: HBS' Executive Program on Talent Management participant survey

Why is Egon Zehnder involved in potential evaluation?

- ❑ In conducting assessments we were often asked if someone had potential. Rarely was the question posed as *‘potential for a particular future role?’*
- ❑ We began to define it as potential for CEO, C-suite, Executive, etc.
- ❑ By focusing on deciphering potential for CEO we could easily work backward to potential for other levels.
- ❑ Potential is only *one* aspect of someone’s Career Trajectory which includes what someone has done, what capabilities they currently have, and their potential for the future

Performance, readiness & potential determine career trajectory



Assessment framework

PAST (Performance) Past Outcomes	Long term track record	Covers achievements or seminal events throughout a career, value created, and overall quality and consistency of performance over the course of entire career
	Essential experience	Functional and business leadership experience in terms of complexity and breadth
PRESENT (Readiness) Fit between role requirements & current state	Competencies	List of competencies specific to company/needs
	Identity	The extent to which an individual sees alignment with their current role
	Cultural fit	The degree of “fit” between the individual and the organisation
	Personality	Analysis of the individual executive’s personality traits and how those might affect their workstyle
FUTURE (Potential) Traits that predict magnitude and speed of development	Curiosity	Learning and change, reaching out for new information, ideas, experience and constantly refreshing oneself on an intellectual, experiential and personal level
	Insight	Making sense of complex information, discovering new insights that transform past views or set new directions
	Engagement	Empathy, understanding the impact on others. Self-awareness and the ability to channel emotions to inspire mutual commitment with others
	Determination	Driving to achieve goal of substantial scope and difficulty despite challenges

Elements of Executive Potential



Curiosity

Seeks out new experiences, ideas, knowledge.

Proactively seeks feedback and changes behavior in response.



Insight

Proactively gathers and makes sense of a vast range of information, discovering new insights that, when applied, transform past views or set new directions (creates vision).



Engagement

Engages the emotions and logic of others to communicate a persuasive vision and connect individuals to the organization and the leader.



Determination

Keeps driving to achieve the vision (goals of substantial scope and difficulty) despite challenges. While continuing to look for disconfirming evidence.

Elements of Executive Potential (cont.)



Curiosity



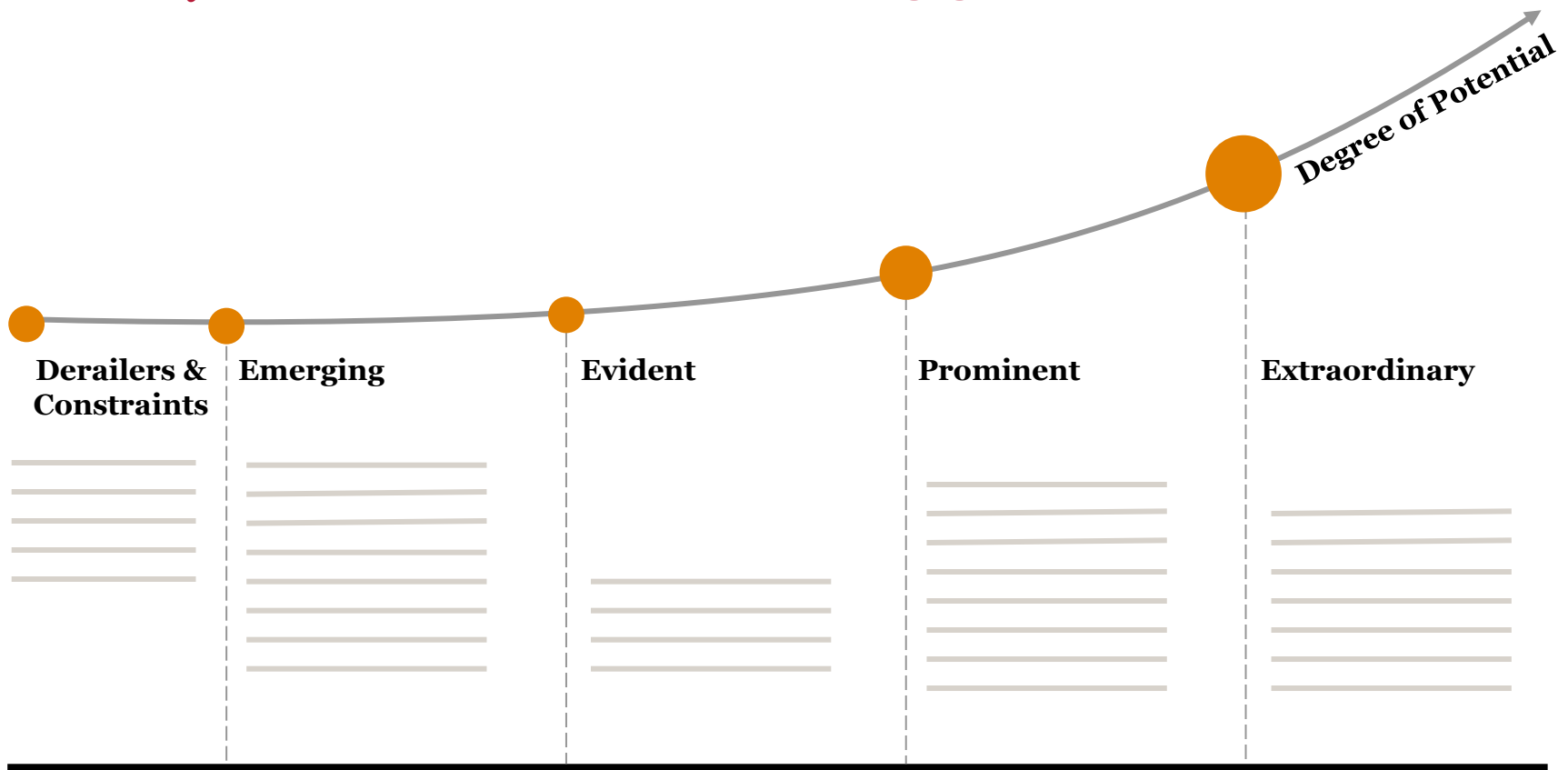
Insight



Engagement



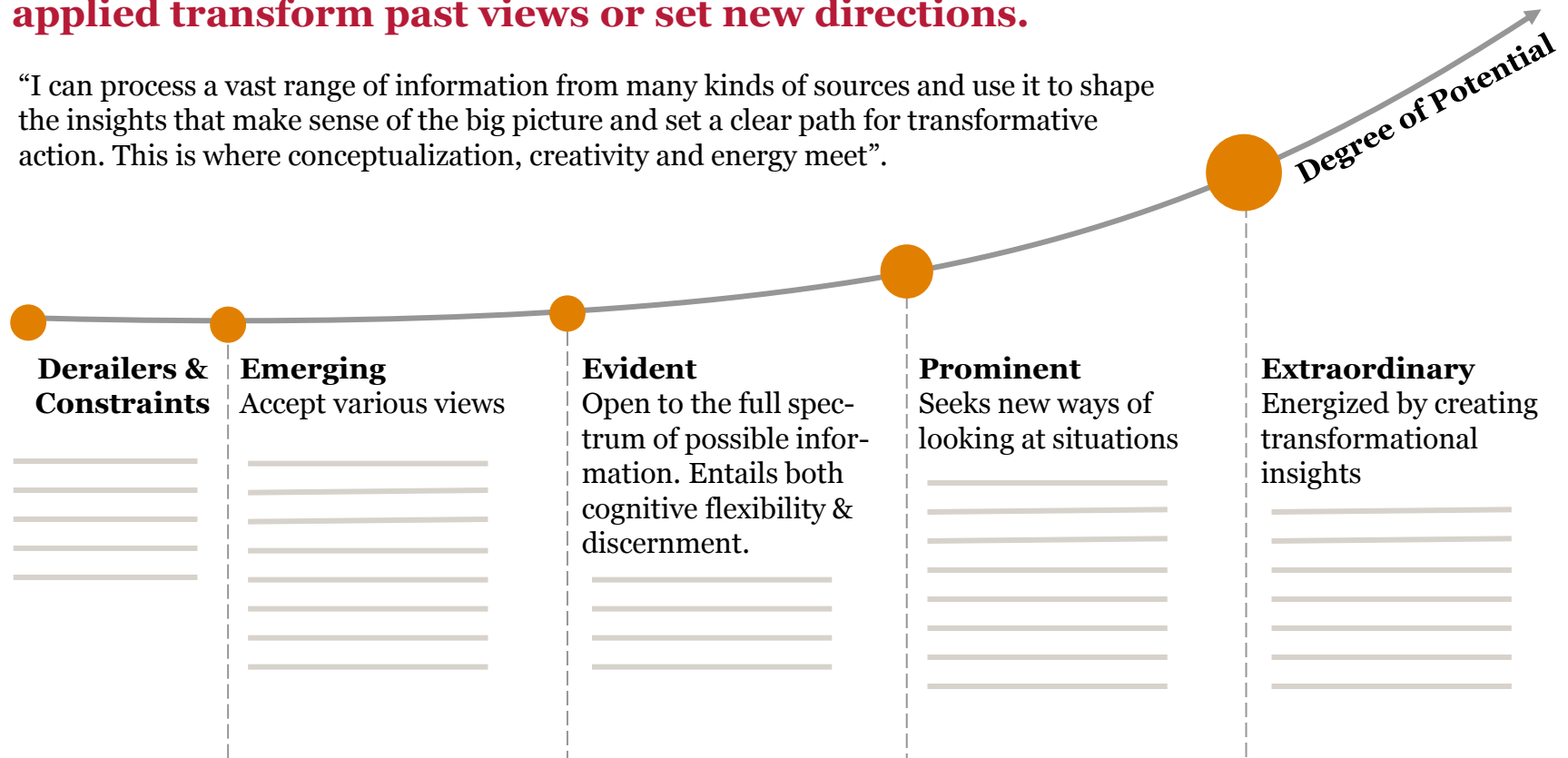
Determination



Illustrative example: Behavioral indicators for “Insight”

Makes sense of complex information, discovering new insights, that when applied transform past views or set new directions.

“I can process a vast range of information from many kinds of sources and use it to shape the insights that make sense of the big picture and set a clear path for transformative action. This is where conceptualization, creativity and energy meet”.



False Positives:

- Being smart is not the same as being strong on Insight. This is not about being the smartest one in the room
- Brilliant analysts or big-vision thinkers are not the same as someone who can seek out information wherever it is and make sense of it.

Egon Zehnder in Russia, CIS & in the world

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The Focus Magazine



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Q & A