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The High-Potential Leader

How to Grow Fast, Take on New Responsibilities, and Make an Impact

THE SUMMARY IN BRIEF

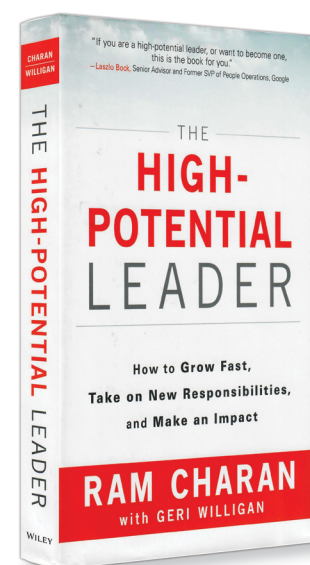
Companies need a new kind of leader to meet the enormous challenges of today's fast-moving business world. Whether you have potential to step up and lead or are charged with finding those who can, *The High-Potential Leader* is your authoritative guide.

Known for his coaching work with many of the world's leading CEOs, bestselling author Ram Charan explains how "hipos" can know who they are, create their individual path and accelerate their growth. The book also helps top management and human resource professionals cultivate in their hipos the skills, judgment and mental capacity needed at the highest levels.

This hands-on guidebook contains practical advice for making daily progress toward running a large team, business unit or company, a framework for deciding when and how to make job changes that speed up development and firsthand examples and lessons learned from top leaders around the world in a variety of industries.

IN THIS SUMMARY, YOU WILL LEARN:

- To build the skills and capabilities you need to be a high-potential leader.
- When to make big moves that will get you ready and battle test you.
- How to redefine leadership potential.
- How to rethink your role in supporting high-potential leaders.



by Ram Charan
with Geri Willigan

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THE COMPLETE SUMMARY: THE HIGH-POTENTIAL LEADER

by Ram Charan with Geri Willigan

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High-Potential Leaders Are Crucial to Helping Businesses Adapt and Thrive in the Digital Age

Companies big and small are coming to realize that it will take leaders with a different way of thinking and different skills to reinvent the business. They are having to redefine the very notion of what a successful leader looks like. Now, the race is on to find those with high potential to lead their companies onto new paths in a world of constant change. This is a time for leaders who can thrive in the face of relentless change, complexity and uncertainty.

What “High Potential” Means Now

Amid everything that is new and different, today's high-potential leaders, or “hipos,” must be able to identify the untapped opportunities their companies will pursue and mobilize the organization. This is a weakness in many older business leaders. It's now clear that businesses might need to be transformed more than once in a leader's tenure, and today's hipos must be prepared for that. They should exhibit three characteristics that the previous generation of leaders did not always need:

- They imagine on a large scale.
- They seek what they need to make it happen.
- They understand the concept of the ecosystem. Hipos have the ability to see the total picture, to conjure a mental image of the web of interrelationships and to think imaginatively about how to redesign it.

Hipos will come primarily from the 53 million millennials in the work force now. They adapt quickly to the

new, have diverse social networks and have a change-the-world mentality. Without the qualities and abilities the fast-changing world now demands, a leader is not likely to succeed in a high-level leadership job, at least not for very long.

Some people are high-potential individuals. High-potential individuals would be losing ground if they set their sights on a job where they have to deal with all sorts of people and relationship issues and do the kind of strategic thinking they have little interest in. High-potential leaders, on the other hand, multiply the energy and skills of others.

Getting Hipos There Faster

Hipos reach their leadership potential through the disciplined, routine practice of essential skills combined with periodic leaps. Status quo leadership-development programs leave companies at serious risk of coming up short when it comes time to fill the most important leadership jobs. Even as hipos take greater control of their own growth, companies have an urgent need to change their approaches to finding and growing them.

Let's assume you meet the criteria for a hipo leader. Here, you will learn to continually expand, to keep building your skills and to define your next step or leap. Senior leaders, HR departments, learning experts and bosses will have to face the dangerous reality that today's hipos will leave unless they can progress into the kinds of jobs they are capable of handling. That will require breaking conventions about job promotions and, at times, shaking up existing jobs to make room for the most promising hipos. ●



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PART I: FIVE ESSENTIAL SKILLS FOR HIGH-POTENTIAL LEADERS

Increase the Return on Your Time (ROYT)

If you're like most hipos, your biggest complaint is that you don't have enough time to do everything you need to do, especially as you rise in an organization and face larger and more complex projects and challenges. But just as you can raise the return on your money with smart investing, you can learn techniques to raise the return on your time. Leveraging your multipliers — those things that allow you to accomplish more — will free your time and mental space to focus on bigger things, including your own learning and self-improvement, while delivering excellent results.

Get Comfortable with People Better Than You

Your highest leverage is not process, organization or money. It's people. It takes a deep personal commitment to devote the time and energy to ensuring that you have the very best person in each of the jobs you oversee. The better you are at it, the more you expand your own capacity and ability. Do not be afraid to hire people better than you; hipos succeed because they do precisely that.

Most hipos want to be comprehensive — to do everything that's important, and do it well — but their time and concentration soon get diluted. You will be far more effective if you narrow your priorities to the few that will have the greatest impact on your business. Determining these priorities is the result of having clear goals, knowing the realities of your business and making a judgment about what matters most. Ultimately, you will want a set of three to five laser-sharp dominant priorities. Arriving at these, keeping intense focus on them and driving them relentlessly is key to execution. It's important to periodically look for tasks and projects that have become less relevant and can be dropped. Of those that remain, ask yourself what only you can do now and what might be passed to someone else.

Available information grows exponentially year after year with no end in sight. The internet is an increasingly useful filter for information as more and more sites and search engines enable you to customize alerts, briefings and condensed news items. They can help ensure that you are aware of all the top stories related to your company, competitors, marketplace and industry while saving you hours of reading. You no doubt need a lot of data to do your job, but there is an overabundance of it today in

virtually every organization — more than an individual can possibly review. You might want to create your own version of a dashboard. Given that your skill as a leader lies in being able to extract insights from data, shaping the kinds of information you receive and how it is presented will be tremendously beneficial. The flow of information via email must also be managed: Don't open your email until you've devoted the first hour of your day solely to your top priority, create email-free time zones during your day and use automatic sorting.

You should be spending your time on things only you need to do and delegating the rest. Learn to delegate well. As a general rule, you should delegate tasks to the lowest possible organizational level and to a particular person, and you must be sure that person has the necessary expertise and information to complete the job. Many leaders feel their work is done once they've assigned the person and clearly laid out the expectations, but that's hardly the case. It's your job to discover any problems and make sure they are resolved promptly.

Efforts to improve the return on your time will not amount to much if you have trouble making decisions. If you feel stuck, reflect on what blocks your decisiveness. Overcoming these blockages will expand your potential. Take some well-calculated risks when you have between 40 percent and 70 percent of the information, and learn from your successes and failures. ●

Multiply the Energy and Skills of Those Around You

The quality of the people you hire, how well they fit their jobs and how well they work together determines much of your success and that of your organization. Think of it as a formula when you build your teams: People Quality + Job Fit + Collaboration = Team Performance. You have to invest considerable time in order to know and grow people and integrate their work. You also have to face up to tough decisions about people, including removing those who drain energy from others.

The best way to power up your organization and your leadership is to improve your skill in judging and developing other people's talents. Your aim should be to see people in their entirety and accurately judge what they do really well — their "god's gift" if you will — so you can put them in jobs where they will flourish. You'll see a person's god's gift more accurately if you do two things: Carefully observe the person's decisions and behaviors, and cross-check your observations with others.

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Build Other People's Strengths

Having identified where a person's natural abilities lie, think of creative ways to build on those abilities. This should be an ongoing, everyday activity for you. Expanding the talent of other hipos by finding jobs or tasks in which they can make a leap is one of the greatest things you can do. Another way to help multiply people's energy and skill is through constructive feedback. Don't take it personally if your hipos decide to take a job elsewhere. By nature, they are seeking new opportunities.

Nonperformers — the people who are repeatedly unable to do what they agreed to do — are anathema to high performance. If they don't improve, you have to move them as soon as possible. Think of it as a poor fit rather than failure.

Think of yourself as an integrator — a leader who is particularly good at getting diverse groups to coalesce. Integrators get people to see beyond the narrow view of their organizational silo or expertise by focusing on the bigger picture of what is best for the unit or company as a whole. Leaders who understand this role and play it skillfully will unleash tremendous energy. The energy is contagious. Applied to the organization's most critical intersections — for example, among the CFO, CHRO and chief strategy officer — skillful integration can energize the entire company.

The essence of group work is in the dialogue. It's where behaviors are modeled, corrected and reinforced. One reason people hate meetings is because of the dialogue that takes place. The conversation wanders, it's boring and there's no conclusion to anything. If you learn the skill of conducting dialogue, you will find it to be a powerful leadership tool.

As the scope of your responsibilities expands, you will have an opportunity to be the "social architect" who identifies and defines critical intersections. The organization will perform faster and better if you understand where people need to come together to make important decisions, design the organization accordingly and diagnose how well those intersections are working. When people are working well together at critical intersections, decisions are made, work gets done and results materialize. ●

Be a Master of Big Ideas and Execution

The ability to satisfy your curiosity 24 hours a day with total access to information is a great spur to creativity, but

your ideas must be actionable. True hipos can do both: Come up with big ideas and get them executed.

Make Your Big Ideas Better

The transparency and democratization that are creeping into the workplace are a gift to hipos who have big ideas and want to be heard. You should feel encouraged to put your ideas out there, but they are more likely to gain traction if you develop your skill in shaping and reshaping them first. The best way to clarify your ideas — whether they have to do with a new product, a new way of competing, a new way of working with ecosystem partners or a new technology platform — is by talking with others.

How to Assess Your Good Ideas

Most millennials understand the value of creating a minimum viable product that is tested, rejiggered and tested again. For many products, the toughest issue is not whether the idea can be made practical but whether it can be scaled up, brought to market properly and deliver financial results. Above all else, the idea must be mentally tested.

Executing Big Ideas

Understanding the ins and outs of execution will help you turn ideas into reality and ensure that your ideas are grounded in the first place. Don't be afraid to toss out the bad ideas. Better ones will come. The heart of getting things executed well lies in how you work within three core processes that every company has in one form or another: Managing people, strategy and operations. You have to be involved in all three areas, get information and real dialogue going in them and recognize the connections between them. Good leaders seek input from people close to the ground and adjust for those realities as they define the specific actions that need to be taken and their timing. Then, they assign specific goals, and follow through to make sure the work gets done and results materialize. Leaders who are good at execution do that through three particular actions: Set clear goals and priorities, stay informed about how things are going and follow through and follow up.

Asking the right questions will help you gauge other people's performance and unearth problems in execution. You learn this art by watching others who are good at it, as you would by watching an artist or craftsman. The best questions are brief and cut through the clutter to a pivotal assumption or bigger point. The tone is respectful, not insulting or fear inducing. Good questions create order out of a jumble of information and condition your mind. ●

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Get to Know Customers, Competitors and the Macro Environment

You may be so busy dealing with the immediacies of your job and the many demands on your time and attention from others in the company that you lose sight of the world beyond your four walls. Increase the return on your time and use the freed up mental space to expand your horizon. If you maintain an external orientation and turn your casual scanning into a discipline, you'll be better prepared to see where the opportunities lie and what might upend your business.

In the internet age, power has passed to the consumer. People use search engines, social media and apps to research products and compare prices; the point being that the consumer has easy and cheap access to information, and shopping habits are changing fast. You're not just buying a product, you're engaging in an end-to-end experience that includes everything from the time the idea of buying a product or service is stimulated in your mind by an advertisement or word of mouth to the actual purchase, use and servicing. All of this combines to create an integral experience. Despite the value of big data and analytics, you should cultivate an intuitive feel for the consumer, in part by direct observation. Such observations can have enormous business implications.

Know the Competition

You may already be focused on how to differentiate your company and increase the distance between you and the most relevant competitor. Be sure you are looking at that differentiation through the eyes of the consumer. In today's world, a lot of information about competitors is publicly available. Customers will tell you something about competitors, such as why they are buying more from them than from you. And, of course, social media may be an early indicator of how well a company is tracking with investors or society in general. Firsthand observation is as useful for understanding the competition as it is for understanding the consumer, and the two are often intertwined. That's why so many successful innovators and retailers walk the stores.

Dissect Ecosystems

Competition today is among ecosystems, not just among direct rivals, and every company must be part of at least one. An ecosystem is a system of partners who are joined by a common platform. They can trade among themselves, with customers and with suppliers. The platform they

hook into is governed by the platform designer, which also governs the behavior of ecosystem partners. Previous generations of leaders tried to control the value chain, from suppliers to the consumer, but the new game requires new attitudes. For example, you have to accept that your ecosystem could include competitors and that it is dynamic.

See your business from the outside in. The conventional logic used to be to focus on how your company was different from competitors and build on those core strengths. That type of career history can cause people to see the world from the inside out, as if their company were at the center of the world. Even young leaders of digital-born companies can miss external changes, but astute leaders anticipate them. That allows time to react defensively and, more to the point, take advantage of emerging trends to go on the offense — or a combination of both. Anticipating change and finding opportunities in it begins with the discipline of scanning the environment broadly and spotting the unstoppable trends and change makers. Scanning the environment as a routine, being receptive to different perspectives and searching for what is new and different will help you spot opportunities or bends in the road.

Technological innovation lies at the heart of the world's rising standard of living. Every time there is a technological advancement, you should ruminate on it. Who will ride the entrepreneurial wave and build a big business out of it, and what are the implications for other kinds of companies? You don't have to be a technologist, but you should develop a routine to stay informed about what new relevant technologies are emerging and how they are changing the competitive landscape, bearing in mind that one new development can accelerate others. ●

Build Your Mental Capacity

We all know that mental capacity can grow in a nano-second if there's a will, discipline and practice. It might be a question or comment someone makes that causes you to see things differently or have a breakthrough thought. With practice, you can build your mental capacity just as athletes build their physical capacities.

The more broadly you see the world, the bigger your vision is likely to be. A wide lens helps you define the opportunity and fires up the imagination. The ability to see the big picture is a common trait among successful entrepreneurs but is equally useful in existing businesses. Top leaders are looking for those who have this ability.

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You can widen your lens (or bandwidth) by reading and visualizing things on your own or by interacting with other people. In any case, diversity is key.

All of your forward momentum depends on the things you learn and how well you learn them. Have the humility to realize that there is always something more to know, and that many other people know more than you do. Think of learning broadly, so you're not just accumulating factual information but also deriving insights and meaning from it. Learn about your business, about yourself — your behaviors, how your mind works, what you're good at — and about other people.

Hipos keep extending their networks and don't hesitate to reach out to so-called big shots. Networking is nothing more than building human relationships. Lots of them. Keep in mind that networks are becoming increasingly important to everyday work as companies foster collaboration among various departments, partners and individuals in the so-called gig economy. You should also feel free to reach out to people in other parts of your company, if only to learn what they do and how they see the business.

Information stimulates learning. Diversity of information stimulates creativity. Reading, conversations and learning events are great sources of information, so be sure to include regular infusions of them in your day, week and month.

- **Reading:** Investing a half hour in reading each day, seven days a week, 365 days a year is a habit that will bring more value to your leadership strength than any other investment of your time. Use the time to keep up with the trends and topics that are making the headlines as well as the ones that relate to you and your runway.
- **Conversations:** Take time to arrange conversations that expand your mental potential. Short, targeted conversations with a wide range of individuals gives breadth to your knowledge.
- **Learning events:** Attend a conference. Attending a learning event in person can bring you in contact with some of the most innovative business thinkers in the world. Or, take a class from a leading business school — it's easy and free through Coursera or other massive open online courses (MOOCs).

As you feed on information, try to become aware of how you process it. Habits of thinking can limit you or open new lanes of creativity and make you more adaptable to change. Here are things to watch for and practice to increase your mental flexibility:

- **Reframing:** Looking at things from a completely different perspective can increase your range of options and provide insight into how to overcome problems.
- **Band height:** By expanding your band height — the ability to shift your thinking from high-level strategy to the specifics of how to make it happen — you enhance your own mental abilities as well as your value to your company. As a hipo, you may love the realm of big ideas, but to connect vision and execution, you have to be able to make a sharp descent.
- **Qualitative logic:** Interpretations are qualitative, and some will be more predictive or more precisely diagnostic than others. Strive to make your thinking and judgments more precise. ●

PART II: TAKING CHARGE OF YOUR GROWTH AND CHOOSING YOUR NEXT BIG CAREER MOVE

How, When and Why to Make a Leap

You can expand your range of capabilities and deepen your knowledge and judgment faster by putting yourself in new and increasingly complex and ambiguous situations. You'll benefit more from each move if you know what you need to develop next, how to maximize the learning in each new situation and how to build the support you need.

Venturing into unknown, ambiguous new situations (versus doing an expanded version of the same job) is the best preparation for the challenges you'll face at the highest organizational levels, where you'll suddenly have to integrate many functional areas, balance conflicting interests and sort through a large number of variables.

Making Leaps Without Leaving Your Company

You'll know when it's time to make a leap. The key here is hunger for a new challenge yet excellent performance in what you're doing. Seek out jobs and tasks that will challenge you and demonstrate your readiness in meetings, where your bosses, peers and subordinates see how you think and lead. Don't play it safe by choosing projects where you can expect sure success. Instead, seek the ones that involve complexity or ambiguity. Take heart in knowing that top leaders are seeking talent and that databases are being constructed that will whittle down the bureaucracy and opacity around job promotions and leadership development.

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Whether the relationship is by luck or by design, great mentors can accelerate a leader's growth. There's no need to wait for recognition; you can and should actively pursue people who can help you grow. Decide what mentoring you need based on a precise definition of what you need to build. As you reach out to experienced pros, you will likely get some backlash from peers, customers or bosses who feel you are going around them. Understand that such "people problems" are rooted in fear and must be handled with sensitivity.

Leaps Outside the Company

Sometimes, you have to leave the company to make a leap. If you are no longer growing in that environment, your immediate boss is not stretching you, you've run out of opportunities to broaden your thinking skills and you're not succeeding at getting things changed, face it: It's time to seek your next opportunity somewhere else. There's no better way of finding opportunities in the larger world than tapping into a broad network of friends and acquaintances starting with those already in your social networks. Once you've found an interesting opportunity, start a set of notes where you bring together company information and your reactions to their brand, strategy, culture and customer focus.

"How do I know if this is the right move?" That's a question almost everyone asks when facing a potential fork in their road. Whether the job opportunity came from your own search or from a headhunter out of the blue, you should weigh the new opportunity from multiple angles. Above all, does it hold the promise of letting you live your purpose and achieve the accomplishments and fulfillment that are important to you?

The way you end your assignment in your current job can live on in the company's internal lore for years, even decades. Here are a few guidelines to keep in mind as you prepare your exit plan: Be respectful, smooth the transition and stay in contact after you leave.

As you enter a new role, nothing trumps humility. Listen more than you speak, reach out to solicit ideas and insights from others and avoid judgments at all costs. Focus on connecting with people, listening, learning and asking questions. ●

Track Your Mental Health and Work/Life Balance

For a life that's truly fulfilling, plan your growth trajectory from two perspectives: your business achievement

and your life satisfaction. You need to include both in your ongoing priorities and revisit the balance between them at each new decision point along your runway. You also need to mind your mental health — the anxiety, stress and disappointment that can creep in along the way and undermine the best-laid plans for success in your life.

Business Achievement

Your business achievement has to do with the external gains you seek. You wouldn't be a hipo if you didn't care about these things because they form part of your motivation to excel and achieve. But take time to identify the specific goals that you want, and ask yourself *why* you want them. Knowing the outcome and knowing where you want your increasing power to take you will help you plan a runway that will get you there more directly.

Life Satisfaction

What you're doing now may be a calculated point in your long-run plan or a job delivered by circumstance. You need to be sure that what you're doing (and how you're doing it) gives you intrinsic rewards. A few simple benchmarks will give you a good idea of whether or not what you're doing will be ultimately satisfying: You are true to yourself, your work means something, you regularly experience "flow," you regularly use your unique strengths, most of the stress in your life is positive rather than negative and people enjoy being around you.

Most hipos have a driving ambition to achieve or create something big. The hipos who turn out to be gamechangers don't have to ask themselves about their focus — they already have a big idea or a driving vision. They are looking far beyond their immediate runway, and their focus never wavers as they relentlessly push through obstacles that would stymie other people. Many successful startups are built on the founder's sense of purpose, which gives the whole organization a clear focus. Your passion may actually be more important than you think. Passion is a key ingredient of grit, which is why it's so important to tap into your underlying passion as you map your future. Keep your focus — one that relates to both your personal and professional values — in mind and continuously look for ideas and opportunities that support it.

Most of us live with some degree of anxiety about work. While anxiety helps drive you, it can take a much more malevolent form, creating a sense of apprehension or fear. When anxiety crosses the line, you're not the only one affected. Your bad habits and even your mood can create anxiety in others. It's your job as a leader to create a healthy work environment and relieve other people's

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anxiety when it escalates. To do that, you must first know how to manage your own stress. Watch for symptoms in your physical condition and behavior. Seek support from your mentors, friends, family or professionals. ●

PART III: THE CARE AND FEEDING OF HIGH POTENTIALS: EVERY ORGANIZATION'S PRECIOUS RESOURCE

Identifying, Recruiting and Retaining Hipos

At most companies, the journey to transform the company into a digital one has begun. Your role in that journey is to find, recruit, develop and deploy leaders with high potential to drive the transformation and deftly steer the organization in the emerging context. Take the initiative to give your company's approach to high-potential leaders a total rethink starting with four basic principles: Hipos are a resource for the company, not for an individual boss; development paths are customized for each individual hipo; the onus is on the individual; and growth must be accelerated. Identifying hipos, helping them find and create opportunities to grow exponentially and continually refreshing the pool should be the central focus of your work.

You won't get the leaders you need at high levels if you focus on developing the wrong people. Make the important distinction between hipo leaders and hipo individuals. HR needs to hold the line to ensure that those identified as hipo *leaders* are chosen because of their *leadership* skills, and not just because they are the smartest or most knowledgeable among their peers. Identify hipos by creating a set of minimum criteria they must meet; the skills presented here, for example, are universally important. Then, allow for differences because no two leaders are exactly alike, and no leader is perfect.

Hand in hand with rethinking what high-potential leadership looks like, rethink what a hipo's next step ought to be. While encouraging hipos to take the initiative to define their own paths, you should be helping find or create opportunities for them. If the right openings don't regularly arise, you might have to get creative. Think about horizontal moves, where the hipo can apply skills at a similar organizational level but in an entirely new geography, function or business unit. Remember that hipos will leave if they don't see the chance to progress quickly.

When it comes to selecting people for jobs, HR should be sure that people have the right kind of information

about and perspective on hipo candidates. Be assertive in working with management to create an environment that is conducive to identifying and growing hipos. Be prepared to address head-on the common issues that arise around accelerating the development of hipos: The boss doesn't want to give them up, the person doesn't want to move on or the recipient boss feels he is taking a risk.

HR should take ownership of tracking the progress that each hipo is making and ensuring the accuracy of assessments of how she performed and what has been learned in each new position. The company should have a rhythmic process with a set frequency for high-level people to discuss individual hipos and the hipo gene pool more generally. This kind of qualitative assessment is not for HR in isolation. Business leaders have to be in the discussion; the best insights emerge when four or more people share their specific observations simultaneously.

You should assume that your hipos will be poached, so you'll need to build a recruiting machine to bring in new talent. A reputation for accelerating growth helps attract top leadership talent, but gone are the days when you can coast on a big brand name. Many hipos today want to know that they will be contributing to something meaningful. Every company should clarify its higher purpose, just as hipos clarify their own.

How to Use These Principles to Develop Your Organization's Hipos

Working with the hipos you've identified should be an ongoing, active process, not a bureaucratic one. Remind the hipo that skill building is ongoing, and leaps are periodic. Ask the hipo to decide what capability they want to build and to start thinking about what developmental leaps they might want to make next. Meet with the hipo at regular intervals and with his or her boss to discuss progress. Use digital tools to track progress, and keep the dialogue going so hipos know they're on your radar. Remember to keep your own risk aversion in check when hipos reach for bigger opportunities, and let the hipo drive the learning process. ●

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Webinar: *How to Bridge the 11 Leadership Gaps* by Mike Myatt. Mike Myatt equips leaders at every level with a framework to identify blind spots and close leadership gaps that can be holding them back and affecting their performance. Myatt provides actionable leadership and management "hacks" to bridge the gaps to create a culture of leadership.