

# MANAGING HIGH POTENTIALS AND EXECUTIVES

Results of the 2022 HR@Moore Survey of Chief Human Resource Officers  
Sponsored by the Center for Executive Succession



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# EXECUTIVE SUMMARY

Part of the 2022 **HR@Moore Survey of Chief Human Resource Officers** focused on the management of three pools of talent: high potentials, executives, and potential CEO successors.


In terms of identifying high potentials, CHROs reported that the most important aspect is ensuring a diverse pool of talent. They also noted that providing access to senior executives serves as the most effective development tool for high potentials. CHROs also noted the importance of tracking retention of high potentials.

In terms of executives, the survey asked a number of questions to understand turnover issues among executive-level talent. CHROs expressed a high priority for identifying and having conversations with those they suspect to be at risk of leaving. They also engage in developing individual-level and company-level action plans to reduce turnover. In contrast to popular narratives about the great resignation, CHROs report that they have not seen increases in executive turnover, turnover due to burnout, and turnover among diverse talent. The biggest factors that CHROs are using to mitigate executive turnover include compensation, development programs, visibility with senior executives, and transparent career planning discussions.

The survey also explored current assessment techniques used to evaluate both insider and outsider potential CEO successor candidates. In terms of insiders, they noted the most frequent use of 360-degree appraisals, performance histories/reviews, and engagement surveys. CHROs shared that a combination of these factors was the most effective mechanism, and that 360-degree appraisals was the most frequently mentioned specific technique. To assess outsiders, behavioral interviews and reference checks are the most frequently used and the most effective techniques.

Finally, in one of the more interesting findings CHROs noted 4 themes in how CEO candidate assessment has changed over the previous 5 years. They use broader criteria (e.g., resilience and temperament), more formal processes (as opposed to subjective reactions to presentations and dinner), more quantitative and data-driven approaches (such as 360s and personality assessments), and greater use of third parties.

The COVID-19 pandemic severely disrupted organizational processes. The movement to a predominantly virtual environment during the crisis caused companies to question common practices that were assumed to be the best way to approach high potential talent, executive talent and even potential CEO successors.



As part of the 2022 HR@Moore Survey of Chief Human Resource Officers (CHROs) we sought information about the practices that exist or have emerged following the pandemic. We surveyed approximately 400 CHROs and received responses from 150 regarding how companies identify, develop, and retain high potentials. In addition, we explored how firms are managing the assessment and retention of executives and potential CEO successors.

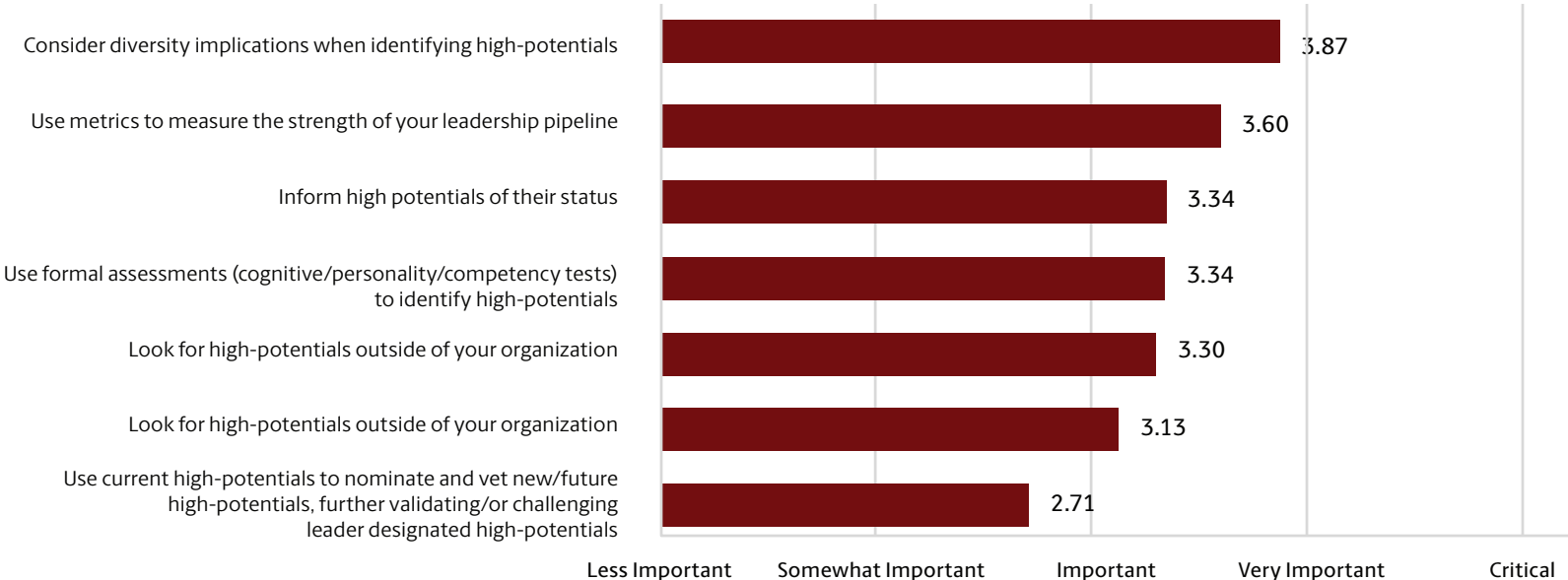
# MANAGING HIGH POTENTIALS

The risk of losing high potential employees has increased. The increase in ease that high potentials could be poached has affected many CHROs taking the survey, leading CHROs to focus even more attention on identifying, developing, and retaining their high potential employees.

## Identifying High Potentials.

Not surprisingly given the increased importance and attention of diversity, equity, and inclusion, **Figure 1** shows that CHROs noted that diversity implications were now the most important consideration when identifying high potentials (3.87). While the fact that this continues to be the highest rated item regarding identification of high potentials, we note that compared to our 2015 results this has increased from 3.2 to almost 3.9. Using metrics to measure the strength of the leadership pipeline (3.60), informing high potentials of their high potential status (3.34), assessing them via cognitive/personality/competency tests (3.60), informing high potentials of their high potential status (3.34), assessing them via cognitive/personality/competency tests (3.34), looking for high potentials outside of your organization (3.30), looking for high potentials outside of your organization (3.13), and using current high-potentials to nominate and vet new/future high-potentials, further validating/or challenging leader designated high-potentials (2.71)

**FIGURE 1 Identification of High Potentials**



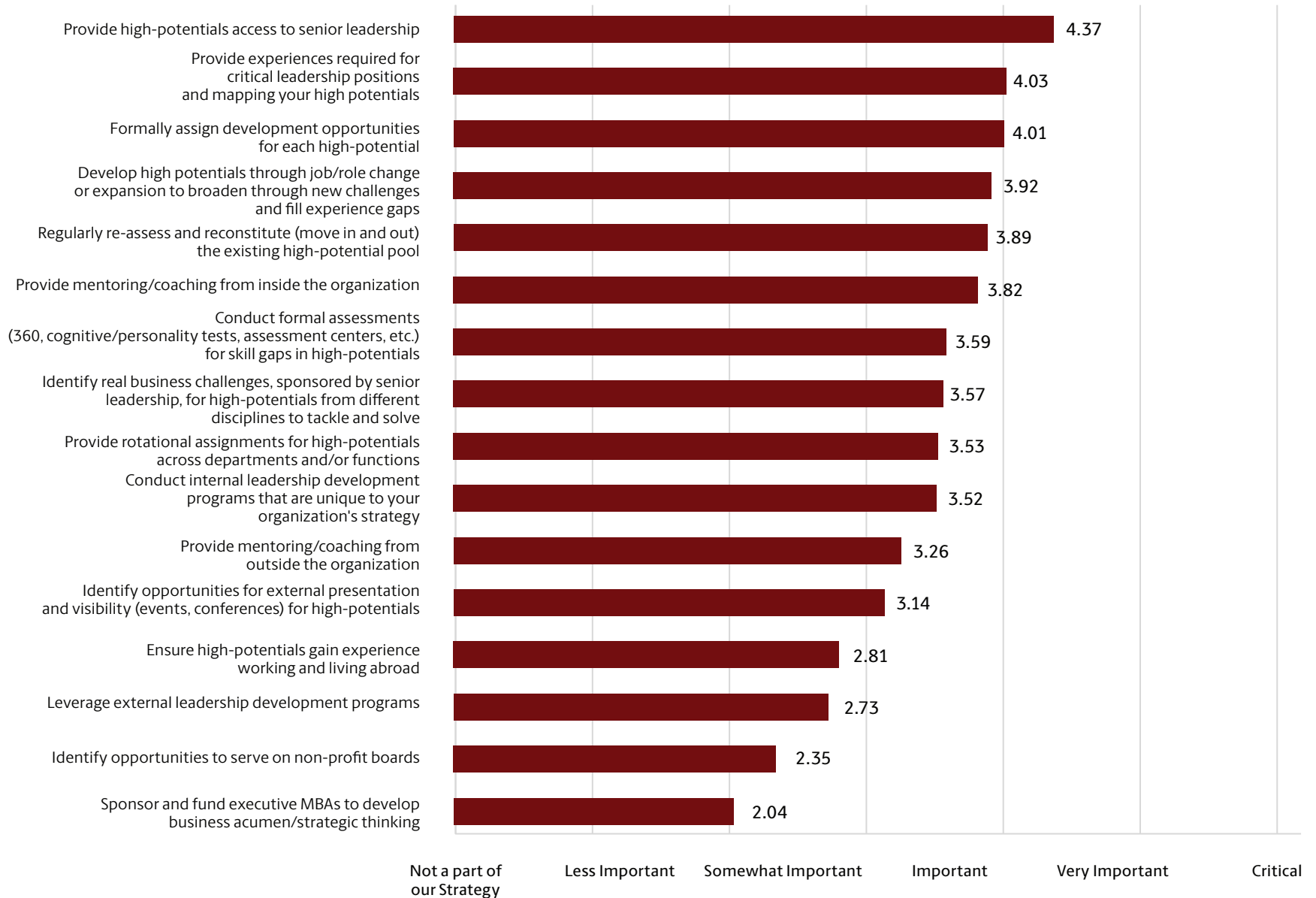


(3.34), and looking outside the firm for high potentials (3.30) all appeared equal in importance. CHROs also expressed the use of 360-degree assessments as an important practice (3.13). It seems that most firms do not engage current high potentials in nominating and vetting new high potentials (2.71). Again, compared to our 2015 results, we find that the rank ordering of the items has changed very little, but almost all have increased significantly in their importance.

## Developing High Potentials.

We also asked about a wide variety of practices that organizations use to develop their high potentials and these results appear in **Figure 2**. The most popular practice is to provide high potentials with access to senior leaders (4.32). In addition, providing experiences (4.03) and opportunities to develop their skills are important development practices. CHROs noted the importance of developing high potentials through job/role changes (3.92), regularly reconstituting the composition of the high potential pool (3.89) and providing internal mentoring and coaching (3.89). In contrast, CHROs reported substantially less emphasis on external development opportunities such as external leadership development programs (2.73), non-profit board service (2.35) and participation in executive MBA programs (2.04). In contrast to the results regarding identification of high potentials, our results regarding the development of high potentials show significant decreases in the overall level of importance.

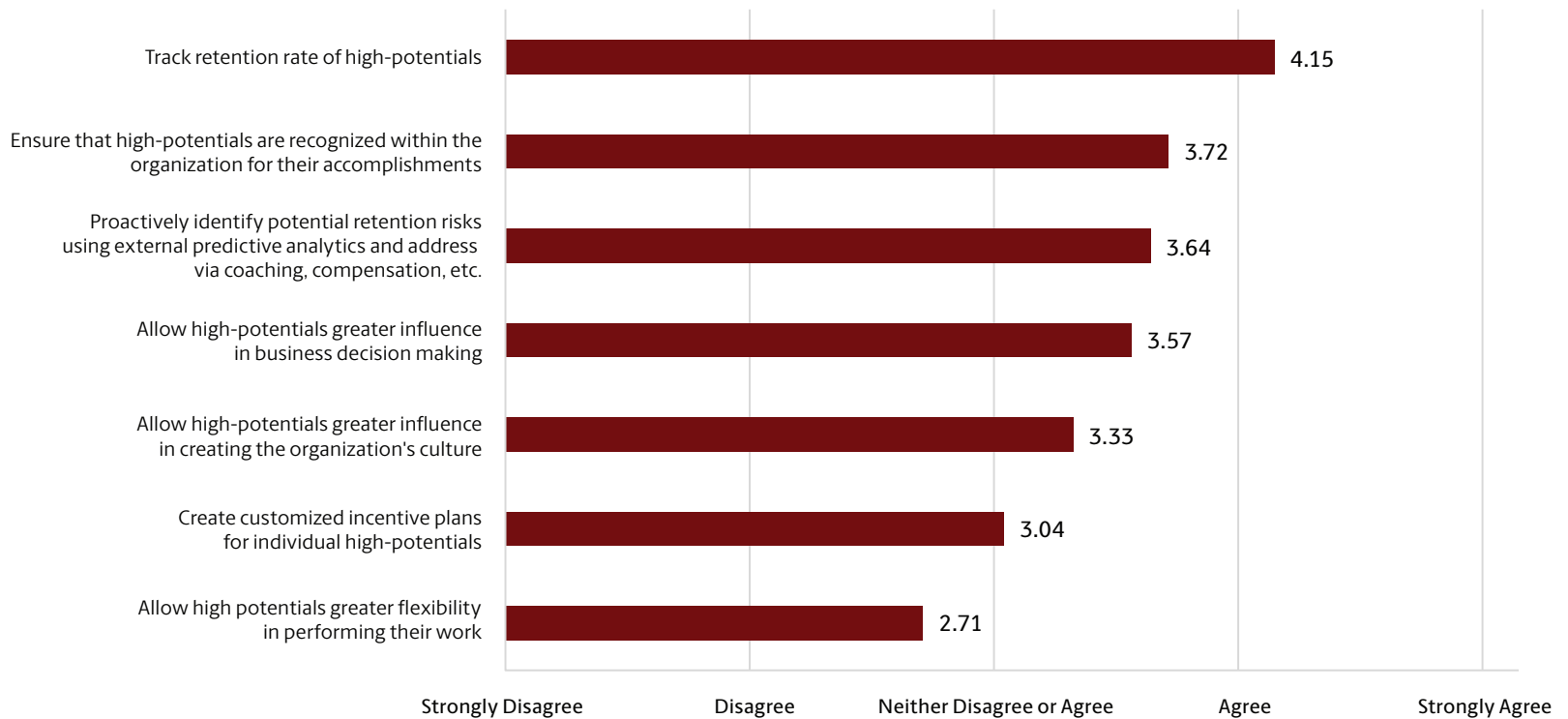
**FIGURE 2** Development of High Potentials



# Retaining High Potentials.

Finally, given concerns about “The Great Resignation” we asked about practices used to retain high potentials and these results are shown in **Figure 3**. Not surprisingly, tracking retention of high potentials scored as the most important practice (4.15). Other relatively important practices included ensuring that high potentials are recognized for their accomplishments (3.72), and identifying, and taking actions for those at risk of leaving (3.64). Companies also seek to give high potentials greater voice by allowing them greater influence in business decision making (3.57) and in creating the culture (3.33). Interestingly, customizing incentives (3.04) and allowing high potentials greater flexibility were the two lowest scoring practice for retaining high potentials (2.71). These results seem to indicate that current efforts to retain high potentials are more focused on giving opportunities to develop strategic leadership skills for advancement through developing new capabilities, growing business acumen, and participating in strategic decision making, rather than by creating preferential access to HR related programs.

**FIGURE 3** Retention of High Potentials





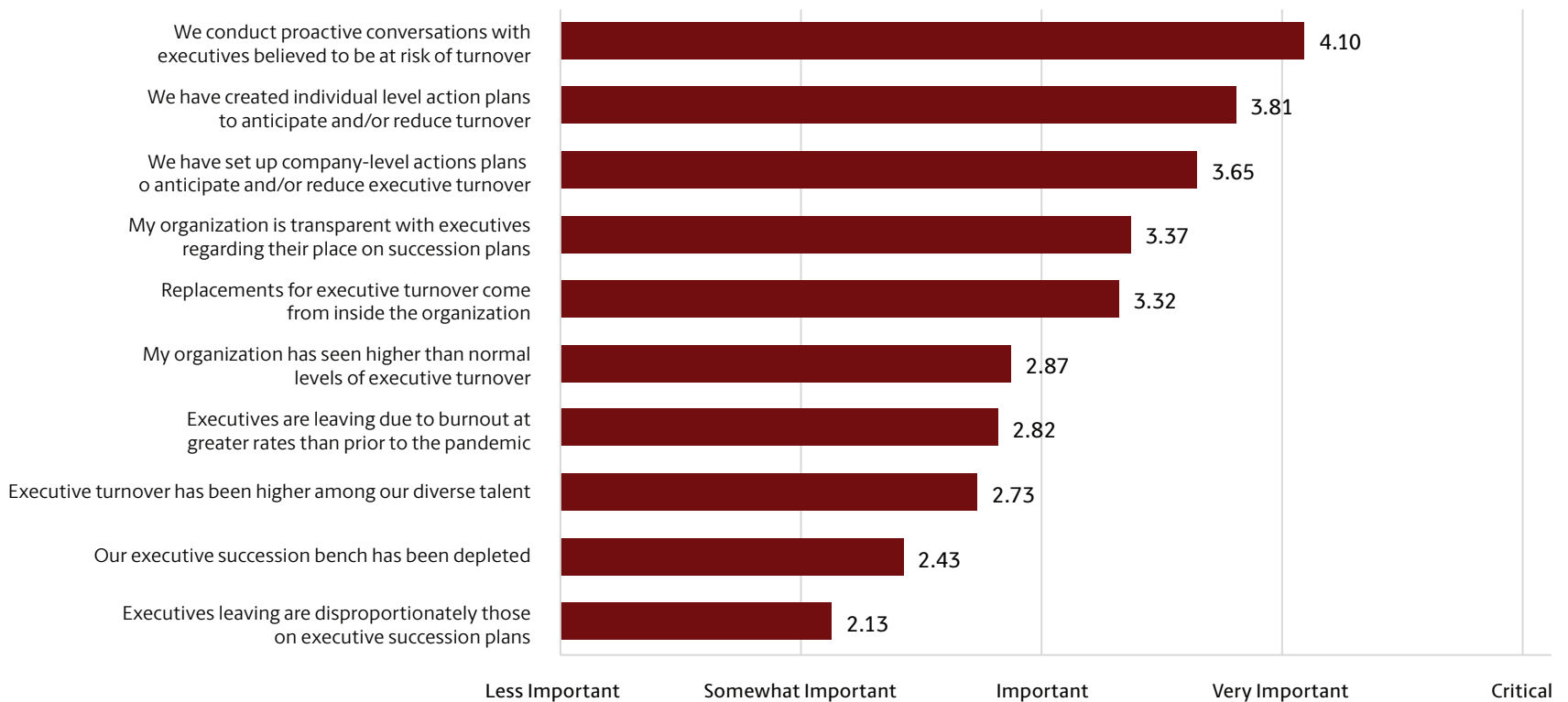


In summary, diversity is the most important consideration in identifying high potentials. Firms use exposure to senior leaders, and a variety of developmental experiences as the primary means for developing their high potential talent, and analytics are now critical for tracking retention and identifying potential retention risks.

# MANAGING EXECUTIVE TURNOVER

Given the popular press trumpeting mass exoduses from companies through the “Great Resignation” we sought to examine if such a phenomenon was being observed among executive talent. We first asked a series of questions regarding executive turnover. As evidenced in **Figure 4**, similar to our results regarding high potentials, CHROs expressed a high priority for proactively conversing with those they suspect at risk of leaving (4.10). They also are working on individual-level (3.81) and company-level action plans (3.65) to reduce turnover. The questions regarding the actual executive-level turnover demonstrated relatively positive results. CHROs expressed that they have not seen higher than normal levels of executive turnover (2.87), turnover due to

**FIGURE 4** Over the last 12 months, consider executive turnover in your organization...



burnout (2.82), and turnover among diverse talent (2.73). Finally, the CHROs did not agree with the statements that their executive succession benches have been depleted (2.43) or that turnover is happening disproportionately among executives on succession plans.

We also asked CHROs about the actions they are taking to mitigate executive turnover. As can be seen in **Table 1**, the specific actions seemed to indicate four major themes: Compensation, Development, Visibility, and Career Discussions. In terms of compensation, the most frequently mentioned action was retention incentives, and in particular equity grants. However, a large number of CHROs mentioned ensuring that overall compensation was competitive. In terms of Development, CHROs highlighted the use of rotations, stretch assignments, and expanded responsibilities. They also noted that they put executives in leadership development programs. Third, executives were provided greater visibility to the CEO, the ELT, and the board. Finally, a significant emphasis is placed on expanded communications regarding career plans. This involves engaging in one-on-one coaching/career discussions, transparency regarding the succession plans (usually including the executive's future roles), and the development of plans for how they should develop over time.

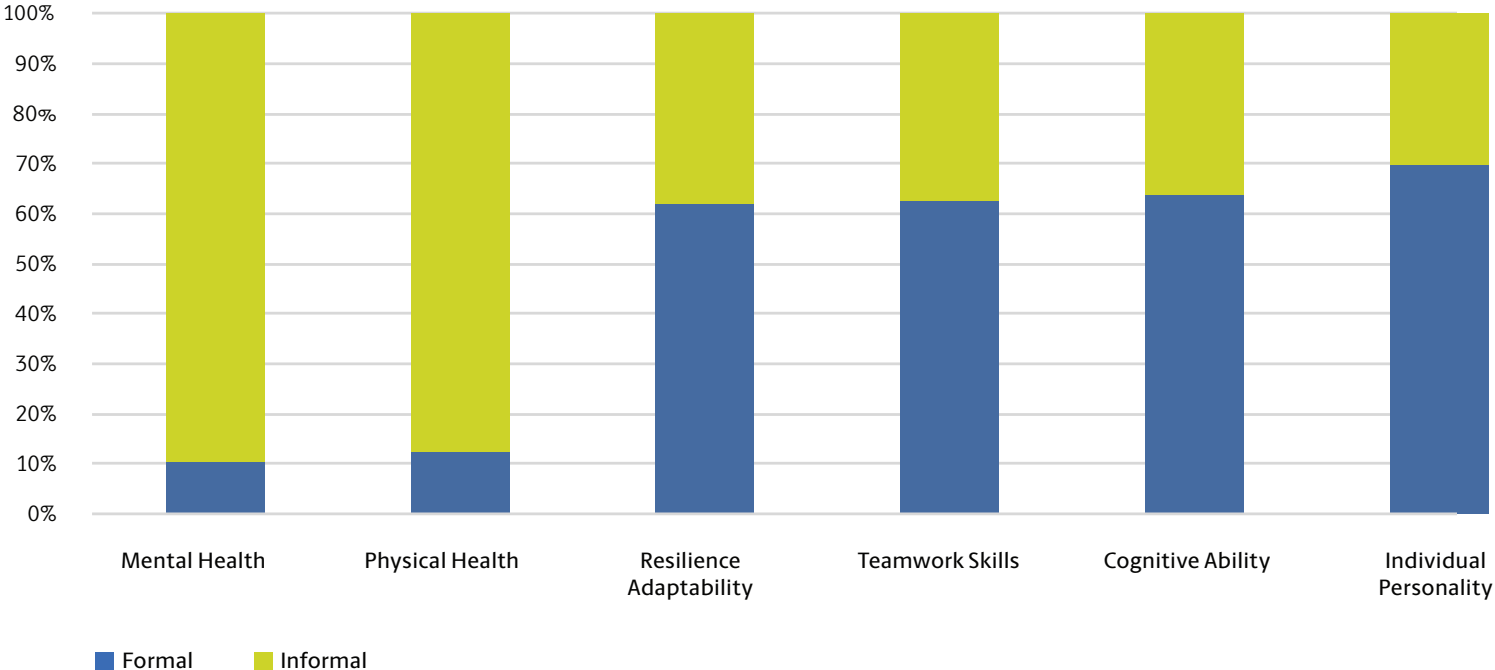
**TABLE 1** Actions for Mitigating Executive Turnover.

<b>Compensation</b>	
<i>Retention Bonuses/Equity grants</i>	24
<i>Ensuring competitive overall compensation</i>	18
<b>Development</b>	
<i>Stretch Assignments/Projects</i>	21
<i>Enroll in Formal Development Programs</i>	5
<b>Visibility</b>	
<i>Attention from/Visibility to ELT/Board</i>	8
<i>Attention from/Visibility to CEO</i>	4
<b>Career Discussions</b>	
<i>One-on-one Career Discussions/Coaching</i>	12
<i>Career Plans/Development Plans</i>	9
<i>Transparency in Succession</i>	7
<b>Other Actions</b>	
<i>Ensure Flexibility in Hours/Location</i>	8
<i>Identify High-Risk Talent</i>	7

# CEO SUCCESSOR ASSESSMENT

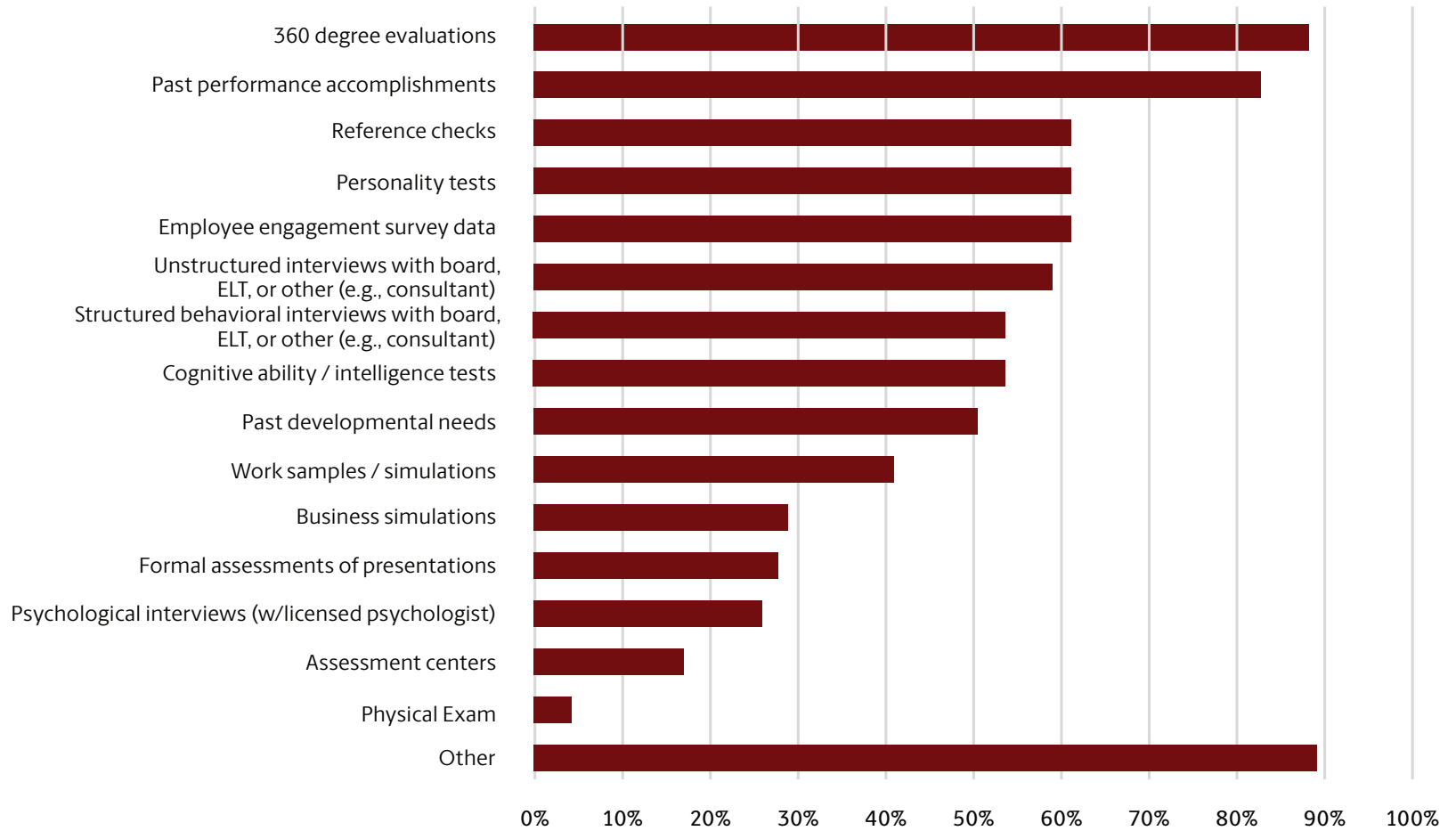
We approached the general issue of executive assessment in two ways. First, we presented CHROs with a variety of types of skills/competencies likely to be part of assessment and asked if each was assessed formally (i.e., tests, interviews, etc.) or informally (general sense based on their past performance history). As seen in **Figure 5**, the results indicate that executives' physical health and mental health are least likely to be assessed formally (approximately 12% and 11%, respectively) and most likely to be assessed informally. At the other end of the spectrum, both cognitive ability (64%) and personality (70%) are most likely to be assessed formally rather than informally. The other skills tended to be more likely assessed via formal means such as teamwork (63%) and resilience/adaptability (62%).

**FIGURE 5** How do you assess the following when examining potential CEO successors?





**FIGURE 6** For your internal candidates, which of the following have you used to assess them over the past 24 months?



In an effort to identify the most popular methods of assessing potential CEO successors, we asked CHROs to indicate whether their company used a variety of assessment techniques over the previous 2 years, both for internal candidates and for external candidates. Regarding internal CEO succession candidates, **Figure 6** illustrates that “Other” received the most frequent responses (89%). Internal candidates were also frequently assessed via 360-degree evaluations (88%) and past performance accomplishments (83%). Approximately 60% of CHROs noted they used employee engagement survey data, reference checks, personality tests, and unstructured interviews with the board/ELT/consultants. The use of structured interviews with the board/ELT/consultants, cognitive ability tests, and past development needs were used by just over 50% of the CHROs surveyed. Just over 40% indicated they used work samples/simulations and between 20 and 30% indicated they had used business simulations, formal assessments of presentations, and psychological interviews with a licensed psychologist. Finally, assessment centers (18%) and physical exams (4%) were the least utilized assessment techniques for internal successor candidates. Given the importance of accuracy and rigor in assessing potential CEO successors, we are somewhat surprised to see formal assessments relatively underutilized relative to their availability.

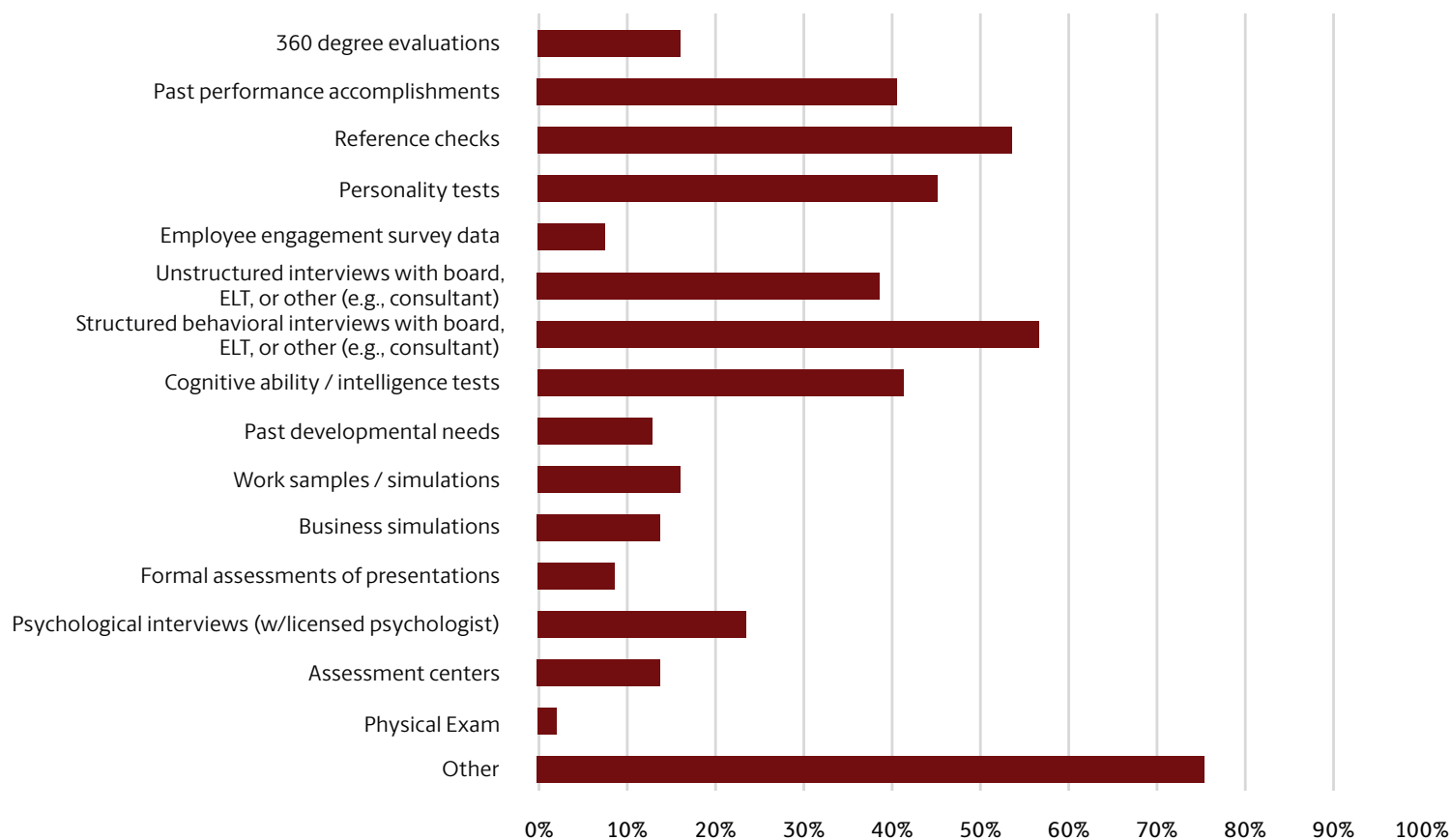
In addition, we asked an open-ended question regarding what CHROs believed were the most effective assessment techniques for CEO successor candidates. As can be seen in **Table 2**, the most frequently noted assessment technique is 360-degree appraisals, mentioned by 25 of the 56 CHROs who responded to this question. This was followed by performance history/reviews (20), behavioral interviews (12), and personality assessments (11). We also note that 25 respondents mentioned a “combination” and listed multiple assessments. In addition, 13 specifically noted the use of an external consultant as part of the assessments.

**TABLE 2** Best Techniques For Assessing Internal CEO Successor Candidates

360- degree appraisals	25
Performance history/reviews	20
Behavioral interviews	12
Personality assessment	11
Business simulation	9
Cognitive ability	6
Experiential/project assessment	6
Progress against development plans	4
Presentation to board	3
Org health/engagement survey	2
<i>*(56 wrote in answers)</i>	

The results for external candidates differed dramatically because of both the lack of internal information available and the inability to demand they submit to certain techniques. As can be seen in **Figure 7**, “Other” topped the list with 75% indicating techniques not listed. In contrast to internal candidates, external candidates were most likely to have been assessed via structured behavioral interviews (57%) followed by reference checks (55%). Interestingly, these numbers do not significantly differ from internal candidates indicating that they may be part of the external consultant’s role rather than an internally developed or required assessment. Differing from internal candidates only 45% used personality tests (vs. 60+%) and past performance accomplishments (40% vs. over 80% for internal candidates).

**FIGURE 7** For your External candidates, which of the following have you used to assess them over the past 24 months?







Again, we asked CHROs to report what assessment technique(s) they felt were best for gaining information on external candidates. As can be seen in **Table 3**, behavioral interviews were the most cited, with 14 of the 48 people who answered indicating this as among the most effective. This was followed by references (11), personality (8), and cognitive ability (7). Similar to the results regarding internals, 28 CHROs noted the use of a combination of assessments was the most effective way to evaluate external candidates. While only 8 specifically mentioned the use of external firms, we believe that tended to be implicit in almost all of the assessments. In addition, 5 CHROs mentioned that they have not assessed any external candidates.

**TABLE 3** Best Techniques For Assessing External CEO Successor Candidates

Behavioral Interviews	14
References	11
Personality	8
Cognitive ability	7
Business simulation	4
360-degree evaluations	3
*(48 wrote in answers)	

Finally, we asked them to indicate the ways in which assessment of CEO successor candidates has changed in their organization over the previous 5 years. Four themes emerged from their responses:

**Broader criteria.** A number of CHROs noted that the characteristics they were seeking to assess had broadened over the previous 5 years. In contrast to the previous focus on specific business-related skills, CHROs now seek to assess a candidate's resilience, temperament, and ability to manage external trends like the increasing focus on Environment, Social, and Governance (ESG).

**More formal.** CHROs noted that the formality of assessment has grown. Rather than focus on evaluators' (e.g., board members, CEO, other ELT members) impressions based on interactions such as presentations or dinners, they had developed much more formal assessment processes.

**More Quantitative/Data Driven.** Related to the formality component was the greater use of rigorous assessments with quantitative criteria. The ability to provide the board with more quantitative data on

candidates is aimed at reducing the subjectivity in the assessment process.

**Greater Use of Third Parties.** CHROs noted that firms increasingly use external consultants (or search firms) as part of their assessment process. They believe that the third parties bring a broader set of quantitative data that provides the ability to compare those being considered internally to those who might be available in the market.



# CONCLUSION

As the ongoing war for talent heats up following the pandemic, companies need to effectively identify, develop, and retain their high potentials, executives, and CEO successor candidates. The 2022 HR@Moore Survey of CHROs examined a number of these issues. Our results point to the importance of using rigorous assessments and data to identify a diverse pool of current and future executive talent. They also point to the need to retain that talent through providing visibility to the ELT, CEO, and the board, and to be transparent with them regarding their future roles and how to develop themselves to achieve those roles. This pipeline of talent, from the high potentials through the executives to ultimately the CEO may be the most critical resource firms possess with which they can compete. Companies that fail to focus on successfully identifying, developing, and retaining this pool may experience neither long term success nor survival.







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The Center for Executive Succession serves as an independent, objective source of knowledge regarding C-suite succession practices. The center provides a forum for corporate leaders to shape the future direction of succession practices, which are increasingly one of the board's top governance priorities. Our partners have the opportunity to contribute to cutting-edge research that challenges the status quo and is empirically driven to further success in C-suite succession planning. For more information or to inquire about potential membership, please visit our website or contact us at [sc.edu/moore/ces](https://sc.edu/moore/ces).

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In 1998, the school was named for South Carolina native Darla Moore, making the University of South Carolina the first major university to name its business school after a woman.

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