UNC Leadership Survey 2013:
High-Potential Leadership

Quantitative Report
UNC Kenan-Flagler Business School
Executive Development
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>How to Read this Report</td>
<td>4</td>
</tr>
<tr>
<td>Section A: Status of High-Potential Process</td>
<td>5</td>
</tr>
<tr>
<td>Section B: Scale of High-Potential Process</td>
<td>9</td>
</tr>
<tr>
<td>Section C: High-Potential Competencies</td>
<td>13</td>
</tr>
<tr>
<td>Section D: High-Potential Selection and Placement</td>
<td>19</td>
</tr>
<tr>
<td>Section E: Organizational Characteristics</td>
<td>23</td>
</tr>
<tr>
<td>UNC Kenan-Flagler Business School</td>
<td>26</td>
</tr>
<tr>
<td>UNC Executive Development</td>
<td>27</td>
</tr>
<tr>
<td>Contact Information</td>
<td>28</td>
</tr>
</tbody>
</table>
**Objective**
In the 2013 Leadership Survey, UNC Executive Development explores how organizations identify high-potential talent. Specifically, this research project examines the demand for high-potential talent, the competencies organizations use to identify high-potential talent, and the challenges organizations face in identifying high-potential talent.

<table>
<thead>
<tr>
<th>Invitations Sent</th>
<th>Quota</th>
<th>Completed Surveys</th>
<th>% of Quota</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>30,761</td>
<td>800</td>
<td>1,361</td>
<td>170%</td>
<td>4.4%</td>
</tr>
</tbody>
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**Fielding Overview**
- Fielding Started: 03/12/2013
- Fielding Completed: 03/29/2013

**Methodology**
- The questionnaire was developed by Percept Research and UNC Executive Development
- The questionnaire was administered via a web survey hosted by Percept Research
- Percept Research processed questionnaires, tabulated data, and provided final report

**Segmentation**
All questions were run against the following demographic cuts to identify statistical differences:
- Title of respondent
- Ownership of Company (public versus private)
- For-profit versus not-for-profit
- Size of company (# of employees)
- Revenue of company
- HR professional (yes or no)

If the statistical tests showed significant differences, it is noted in the report. Unless the commentary states ‘significant differences’ then it is referring to general trends that are not statistically different.
Rating Scale:
The rating scales are listed below each question within this report. Typically, 1 is the lowest rating and 5 is the highest.

Data within this report includes the following:
• N – the number of respondents who answered the question. Smaller N sizes require larger differences between groups to generate significance. Also, while 1,361 respondents completed the survey, only 755 have active programs to identify high-potential employees and were presented the full battery of questions.
• Mean – the average value of all responses
• Standard Deviation (Std Dev) – measures how far apart the responses are from the mean. The greater the standard deviation the more variability in the results indicating respondents have a wide range of opinion.
Section A: Status of High-Potential Process

QA1: Does your organization currently have a formal process to identify high-potential employees? (N=1,361)

- Currently, a slight majority have a process to identify high-potential employees.
- Of those that used to have a formal process, the main reason they discontinued was the amount of resources required to support the program.
- Lack of organization support is the main reason organizations have never had a formal process. This was followed by the perceived amount of resources required to support a program and the lack of understanding in how to assess a high-potential employee. The other specifies for this question indicate a few other trends: companies site they have informal processes in place, they are too small for such a program and lack of organizational support.
- Approximately 48% of companies plan to start or restart a process to identify high-potential employees.
- There are no significant differences for question QA1-QA3 across company size, ownership and level of respondent.
Section A: Status of High-Potential Process

QA5: What are the key drivers for your organization to identify high-potential employees? Please check all that apply. (N=755)

- To meet increased demand for future leaders: 83%
- To retain key talent: 83%
- To improve overall organizational performance: 76%
- To meet changing skills required for leaders: 57%
- To adapt to changing business conditions: 51%
- To increase overall HR effectiveness and accountability: 16%
- Other: 6%
- Don’t know: 1%

QA6: Overall, how satisfied are you with your organization’s current process for identifying high-potential employees? (N=755)

- Extremely satisfied: 2%
- Very satisfied: 27%
- Moderately satisfied: 52%
- Slightly satisfied: 16%
- Not at all satisfied: 3%

• Increased demand and retention of key talent are the top reasons an organization states for identifying high-potential employees. These are closely followed by improving overall organizational performance. The most senior individuals (based on their corporate titles from QE5) site adapting to changing business conditions as a key driver at a slightly higher rate than others in the organization.

• Companies are only moderately satisfied with their current process. Respondents in a talent development function are significantly more satisfied than those not in a similar function. While not statistically significant, there is a trend that the more senior the individual in the organization the more satisfied they are with the current process.
Section A: Status of High-Potential Process

QA2: Why did your organization discontinue efforts to identify high-potential employees? Please check all that apply. (N=74)

- Required too many resources: 28%
- Not effective: 16%
- Not needed: 3%
- Other: 27%
- Don’t know: 31%

QA3: Why has your organization decided that it does not currently need a formal process for identifying high-potential employees? Please check all that apply. (N=532)

- Lack of organizational support: 38%
- Likely to require too many resources: 19%
- Don’t know how to assess high potential: 15%
- Not likely to be needed: 6%
- Not likely to be effective: 2%
- Don’t know: 24%
- Other: 24%

QA4: Does your organization plan to (re)start a process to identify high-potential employees? (N=604)

- Yes, 48%
- No, 52%
Section A: Status of High-Potential Process

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• Companies are only moderately satisfied with their current process. Respondents in a talent development function are significantly more satisfied than those not in a similar function. While not statistically significant, there is a trend that the more senior the individual in the organization the more satisfied they are with the current process.
Section B: Scale of High-Potential Process

QB1: What percentage of your current employees who are eligible for this designation have been formally identified as having high potential? (N=755)

- 0-10%: 34%
- 11-20%: 31%
- 21-30%: 9%
- 31-40%: 8%
- 41-50%: 5%
- 51-60%: 4%
- 61-70%: 3%
- 71-80%: 3%
- 81-90%: 3%
- 91-100%: 1%
- Mean: 25%

QB2: How does your current pool of high-potential talent align with your future leadership needs? (N=755)

- Does not meet anticipated future needs: 47%
- Meets or exceeds anticipated future needs: 35%
- Don't know: 18%
Section B: Scale of High-Potential Process

QB4: What has driven the increase in demand for high-potential employees? Please check all that apply. (N=634)

- Growth: 74%
- Competitive pressures: 61%
- Dynamic business models: 50%
- Globalization: 44%
- Attrition/turnover: 39%
- Technological advancement: 36%
- Other: 8%

QB5: What has driven the decrease in demand for high-potential employees? Please check all that apply. (N=18)

- Lack of turnover/attrition: 61%
- Lack of business growth: 50%
- Other: 33%

- Growth is the main driver of the increase in demand for high-potential employees. This is followed by competitive pressures and dynamic business models. For-profit organizations site globalization and dynamic business models at a higher rate than not-for-profit organizations.

- Of those that stated there is lower demand, lack of turnover/attrition is the main reason selected for this viewpoint. Lack of business growth is not far behind. Small sample size for this question prevents further analysis.
Section B: Scale of High-Potential Process

QB6: How confident are you in your organization’s ability to fill mission-critical roles? (N=755)

QB7: How confident are you in your organization’s ability to develop high-potential talent? (N=755)

- Organizations are only moderately confident in their ability to fill mission-critical roles and develop high-potential talent. There is a direct correlation between these two questions indicating dependency on high-potential talent to fill mission-critical roles.

- Slightly more than a third of organizations believe it is harder to identify high-potential talent in emerging markets. Not-for-profit are most likely not to identify high-potential talent in these markets.

- Companies feel their ability to forecast skills/competencies and shortages in talent pipeline is good.

- The more senior the leader the more confident they are in the organizations ability to both fill mission-critical roles and develop high-potential talent. They are also more likely to have a higher opinion of their organization's forecasting abilities.
Section B: Scale of High-Potential Process

QB8: How would you characterize your organization’s ability to identify high-potential talent in emerging markets? (N=755)

- 38%: It is harder
- 26%: There’s no difference
- 8%: It is easier
- 28%: Not currently identifying

QB9: How would you rate your organization’s ability to forecast each of the following over the next 3-5 years? (5 = Excellent, 3 = Good, 1 = Poor)

QB9a: Skills and Competencies Needed for Success (N=755)

- 3.1 (standard deviation = 0.9)

QB9b: Potential Shortages in Talent Pipeline (N=755)

- 3.1 (standard deviation = 1.0)
Section C: High-Potential Competencies

QC1: Which of the following competencies are most important in selecting high-potential employees in your organization? Please check up to five. (N=755)

- Strategic Thinking/Insight: 69%
- Drive for Results: 67%
- Collaborative Leadership: 44%
- Builds Effective Teams: 41%
- Change Leadership: 41%
- Inspires/Motivates Others: 39%
- Flexibility/Adaptability: 36%
- Learning Agility: 30%
- Emotional Intelligence: 29%
- Big-Picture Perspective: 26%
- Leads Through Ambiguity: 25%
- Organizational/Political Savvy: 17%
- Risk Taking: 12%
- Multi-Cultural Sensitivity/Awareness: 12%
**Section C: High-Potential Competencies**

**QC2: Which of the following additional factors are most important in selecting high-potential employees in your organization?**

Please check up to five. (N=755)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future Performance Potential</td>
<td>70%</td>
</tr>
<tr>
<td>Current/Sustained Performance</td>
<td>66%</td>
</tr>
<tr>
<td>Culture Fit</td>
<td>59%</td>
</tr>
<tr>
<td>Commitment</td>
<td>47%</td>
</tr>
<tr>
<td>Ability to Participate in Stretch Assignment</td>
<td>40%</td>
</tr>
<tr>
<td>Ambition</td>
<td>32%</td>
</tr>
<tr>
<td>Technical Expertise</td>
<td>31%</td>
</tr>
<tr>
<td>Organizational Knowledge</td>
<td>30%</td>
</tr>
<tr>
<td>Receptivity to Feedback</td>
<td>28%</td>
</tr>
<tr>
<td>Geographic Mobility</td>
<td>23%</td>
</tr>
<tr>
<td>Reputation</td>
<td>19%</td>
</tr>
<tr>
<td>International Experience</td>
<td>9%</td>
</tr>
<tr>
<td>Tenure Within Organization</td>
<td>6%</td>
</tr>
</tbody>
</table>
Section C: High-Potential Competencies

QC3: How proficient is your typical employee - and your typical high-potential employee - in each of the competencies you previously checked as most important? (5 = High, 3 = Medium, 1 = Low) (N=493)

<table>
<thead>
<tr>
<th>Competency</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive for Results</td>
<td>3.0</td>
<td>3.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Learning Agility</td>
<td>3.5</td>
<td>3.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Flexibility/Adaptability</td>
<td>3.5</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Collaborative Leadership</td>
<td>3.5</td>
<td>3.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Emotional Intelligence</td>
<td>3.5</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Builds Effective Teams</td>
<td>3.5</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Inspires/Motivates Others</td>
<td>3.5</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Big-Picture Perspective</td>
<td>3.0</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Multi-Cultural…</td>
<td>3.5</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Leads Through Ambiguity</td>
<td>3.4</td>
<td>3.6</td>
<td>4.0</td>
</tr>
<tr>
<td>Organizational/Political Savvy</td>
<td>3.5</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Strategic Thinking/Insight</td>
<td>3.6</td>
<td>3.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Change Leadership</td>
<td>3.4</td>
<td>3.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>3.2</td>
<td>3.4</td>
<td>4.2</td>
</tr>
</tbody>
</table>

• Participants that believe their current program meets or exceeds anticipated future needs give higher ratings than those that believe their programs will not meet anticipated future needs.
• The only attribute where there is a significant difference is big-picture perspective.
Section C: High-Potential Competencies

How to Interpret Importance vs. Proficiency Maps

**Importance (X-Axis):** Results from QC1 and QC2 – most important competencies when selecting high-potential employees in your organization.

**Proficiency (Y-Axis):** Converted results from QC3 – proficiency of typical high-potential employees.

Results shown here are the % of the maximum rating of 5 that the particular attribute received. For example – drive for results had a mean of 4.2 on the five point scale – 4.2/5.0 = 84%.

Quadrants were formed by plotting the average importance and performance across all attributes.

Quadrants should be interpreted as follows:

- **Quadrant I (red):** Areas of immediate focus. This is where average performance is below average and the importance is above average.
- **Quadrant II (yellow):** Both performance and importance are above average. It is imperative performance does not slip due to the high level of importance.
- **Quadrant III (green):** Areas of low focus. High performance levels on areas with low importance. Resources should not be focused on these attributes.
- **Quadrant IV (grey):** Area of low focus. Performance matches importance and both are lower than average. Resources should not be focused on these attributes.
Section C: High-Potential Competencies

Importance vs Proficiency Map

- Areas of immediate focus include the following:
  - Strategic thinking / insight
  - Builds effective teams
  - Inspires / motivates others
  - Change leadership

- Areas where performance should be monitored:
  - Drive for results
  - Collaborative leadership
  - Flexibility / adaptability
Section C: High-Potential Competencies

QC4: Compared to today, in 3-5 years how important do you expect each of the following competencies to be in selecting high-potential employees? (5 = Much More Important, 3 = Equally Important, 1 = Much Less Important) (N=493)

- Across the board, the importance of all attributes are growing in importance.
- The attributes with the highest increase in importance are change leadership, strategic thinking/insight and collaborative leadership.
- Change leadership is the lowest rated attribute in terms of proficiency for high-potential employees. The other two attributes with the highest growth in importance are some of the highest in terms of proficiency among high-potential employees.
Section D: High-Potential Selection and Placement

QD1: How consistent is your organization in applying high-potential selection criteria? (5 = Extremely Consistent, 3 = Moderately Consistent, 1 = Not at all Consistent) (N=755)

(QD2 on following page)

QD3: Do you tell your employees that they have been identified as having high potential? (N=755)

No, 42%

Yes, 58%

- Organizations are moderately consistent in applying high-potential selection criteria. Within divisions / departments are the most consistent.

- Slightly more companies inform individuals if they are high-potential. There are no significant differences across ownership or size of company.

- There is little separation in selection frequency challenges in identifying high-potential talent. Almost 50% of individuals, however, did select relying exclusively on current performance metrics as the most significant challenge.
QD2: Which of the following are the most significant challenges for your organization in identifying high-potential talent? Please check up to three. (N=755)

- Relying exclusively on current performance: 47%
- Using inconsistent criteria to define potential: 41%
- Achieved a balanced, organization-wide: 40%
- Having vague criteria to define potential: 38%
- Relying on one person’s unchallenged: 36%
- Lack of attention to potential derailleurs: 33%
- Lack of selectivity: 18%
- Other: 6%
Section D: High-Potential Selection and Placement

QD4: What one thing would improve your ability to identify high-potential talent? (N=586)

The word cloud below represents a dynamic keyword search that examines each answer to identify common trends. The larger the word the more often it was mentioned.
Section D: High-Potential Selection and Placement

QD5: What one thing would improve your ability to develop high-potential talent? (N=593)

The word cloud below represents a dynamic keyword search that examines each answer to identify common trends. The larger the word, the more often it was mentioned.
Section E: Organizational Characteristics

QE1: Which one of the following ranges best describes your organization’s total employment in 2012? Please estimate in full-time equivalents (FTEs). (N=755)

- 500 FTEs or less: 9%
- 501-2,000 FTEs: 17%
- 2,001-5,000 FTEs: 16%
- 5,001-10,000 FTEs: 14%
- 10,001-20,000 FTEs: 13%
- More than 20,000 FTEs: 29%
- Don’t know: 2%

QE2: Which one of the following ranges best describes your organization’s total revenue in 2012? Please estimate in US dollars. (N=755)

- Less than $5 million: 4%
- $5.0 - $10 million: 3%
- $10.1 million - $100 million: 7%
- $100.1 million - $999 million: 20%
- $1 billion - $5 billion: 29%
- More than $5 billion: 28%
- Don’t know: 10%
Section E: Organizational Characteristics

QE3: Is your organization publicly or privately owned? (N=755)
- Publicly Owned, 60%
- Privately Owned, 40%

QE4: Is your organization for profit or not for profit? (N=755)
- For Profit, 86%
- Not-for-profit, 14%
Section E: Organizational Characteristics

QE5: Are you in a talent development function (e.g., HR, leadership development, human capital, training, organizational development) in your organization? (N=755)

- Yes, 83%
- No, 17%

QE6: Finally, which of the following best describes your current job level? (N=755)

- Chairman, CEO, or President: 2%
- CHRO, CLO, COO, CIO, CMO, or CFO: 9%
- EVP, SVP, or VP: 23%
- Director, Manager, or Supervisor: 54%
- Coordinator, Assistant, or Other: 12%
The University of North Carolina at Chapel Hill, the nation’s first state university, is a leader in educational excellence, consistently ranking among the top five best public universities.

UNC’s Kenan-Flagler Business School is ranked among the top 20 in the United States for executive and full-time MBA programs and provides:

- Research with business impact from renowned faculty whose work is shaping the future of business
- Teaching from professors devoted to the growth of knowledge and analytical skills of students and executives
- Experience and leadership skills gained in a challenging and supportive setting that helps people take career and company success to new levels
The University of North Carolina’s Kenan-Flagler Business School has delivered customized and open enrollment executive education programs with excellent results for over fifty years to a wide range of organizations.

UNC Executive Development has provided unique learning experiences to create solutions for the business challenges facing our partners and participants. Our approach to program design and delivery teaches the way executives learn most effectively – by drawing upon the power of real-world, applicable experiences from our faculty and staff, and integrating the knowledge our participants share about the issues they face with new concepts and business strategies in programs designed to produce practical skills.

Clients consistently rank UNC Executive Education in the top 20, citing our partnership approach to program design, teaching effectiveness and customer service.
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