



Understanding Performance vs. Potential By John S. Mattone

Every June, Major League Baseball drafts (selects) 1500 players from high schools and colleges across the US and Puerto Rico. It is important to understand that this player pool of 1500 is a very select group as it represents an extremely small percentage of the total population of players who play high school and college baseball. It is also important to understand that fewer than 10% of the 1500 will eventually play major league baseball. What does this mean? Yes, it is nearly impossible to make the major leagues! But it also points to major league baseball's objective and proven talent "sifting" processes that result in: (1) the initial identification of an elite group of 1500 players who need to be developed and nurtured and (2) the later identification of the absolute most elite and talented players who are deemed "the best of the best" — major league players. Let's examine the "sifting" processes used by major league baseball—since these processes and tools have relevance for how organizations can more accurately determine and differentiate who their high potentials and successors should be—who their future major leaguers should truly be.

First, major league scouts and talent evaluators understand the difference between *skills*, *performance* and *potential*. In fact, they rate players and potential draftees on three scales: (1) present performance—actual numbers produced (for position players—batting average, home runs, errors, etc.); (2) skills (for position players—running, throwing, fielding, hitting, and power); and (3) potential—same scale that's used in number 2 but they estimate future skill ratings based on how they see a player growing, maturing, etc. In terms of weighting—actual performance means very little (i.e., they really don't care how many home runs a player hits in high school or college)—in fact, there are many players who produce great numbers in high school and college who are never drafted. Once a player begins their professional career, however, their performance becomes more important especially as they ascend up the ladder of competition—moving from the low minor leagues to Triple A baseball which is one step from the major leagues. Performance is more relevant now because various levels of the minor leagues essentially simulate major league baseball—Triple A baseball being the closest approximation of major league baseball and truly the best simulator. An assessment of a player's current skills is slightly more important than actual performance, however, when compared to estimates of potential—it pales in comparison. Early estimates of potential are often wrong. There are many 1st round draftees who never make the major leagues—and conversely there are some late round draftees who were not seen to have great potential—yet they do make the major leagues. On average, however, there is a high correlation between the round a player is drafted in and their actually making the major leagues—meaning that scouts are pretty good at calibrating and re-calibrating potential.



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How do they do it?

1. They understand and differentiate performance, present skills, and potential.
2. They have a clear concept of what a major league player looks like---skills required, body type, and mental make-up (the "DNA").
3. They isolate the micro-skills and "DNA" that predict success as a major leaguer—they assess hand-eye coordination, quickness, speed of the ball off the bat, bat speed, mental resilience, etc---the skills and traits that tend to endure—regardless of situation and level of competition.
4. They obtain input from other scouts (as in multi-rater) to verify and re-verify their estimates
5. They calibrate and re-calibrate by placing potential major leaguers in progressively more challenging simulations—that reveal "probabilities" of being successful as a major leaguer. A player who performs well in triple A is more likely to perform well as a major leaguer than someone who performs well in the lower minor leagues.

What's the end result? The 650 players who play major league baseball---with few exceptions---all belong there—they are truly the "best of the best". They may not stay there---but taking a snapshot in time—the pool truly represents "the best of the best".

This leads me to ask two important questions: Are your current manager and executive teams comprised of true major leaguers? Who are your future major leaguers? If your organization is representative of the organizations we consult with—you have a large percentage of major leaguers but you probably also have too many minor leaguers---right? That will need to be dealt with as we all know you cannot compete in the major leagues with minor league players. It is also vital, however, that you begin creating and implementing well validated, compelling and accurate "sifting processes". This will ensure your organization accurately identifies, develops and promotes your future major leaguers.



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What Does Performance Mean?

Performance is an outcome derived from a complex combination of an individual's inner core beliefs, references, values that drive behaviors, skills, and competencies. Typically, performance is measured in reference to an individual's current job—defined as "what is required for success" in one's current role.

Performance is often measured two ways: (1) using a performance appraisal system/review where the incumbent is assessed by their direct manager; and (2) a 360-degree process that lends greater objectivity to the assessment of actual performance because of the multi-rater aspect. The 360 should never take the place of the formal review, however, since raters will be less than honest if they perceive the 360 is to be used for this purpose. It can be a powerful process for teaching objectivity, honesty and dialogue and as such can often lead to more objective performance reviews. Performance is often evidenced and measured in certain core predictive components—*capability* (skills and knowledge to execute—the "can do"); *commitment* (passion, drive, motivation, DNA—the "will do"; and *alignment* (degree of connectedness to the mission and how well a leader aligns his people—the "must do" to execute). These predictive components—if present—provide the foundation for the achievement of operating success. 360's are very good at measuring all three—but primarily in terms of performance assessment against current job requirements.

Potential

Potential is an intelligent estimate of an individual's future capability, commitment and alignment based on the required competencies for success in higher level positions (i.e., The Major Leagues). There is a saying---that the best predictor of future performance is past performance---well, in absolute terms, that simply is not true. In his book "What got you here—won't get you there"—Marshall Goldsmith convincingly explains this fallacy and true executive de-railer. Therefore, current measures of performance whether performance reviews or 360's only shed some light—they provide a glimpse of future potential—and that is only true when the competencies required for success now and in the future are close (Triple A and the Major Leagues). Estimates of potential—if they are to be accurate—must start with accurate profiles of success (i.e., you need to know what a major league player looks like). 360 information and performance review information needs to be considered—however, much more emphasis needs to be placed on calibrating future estimates of capability, commitment and alignment. Using simulation—measures of performance potential—is a great place to start. Using an assessment center or on-line objective simulation is a great way to assess "can do" or performance potential. You need strong measures of "will do" and "must do"---DNA measures that reliably measure core values and attributes and potential de-railers—components of the personality that reveal themselves consistently and regardless of role—are critical to add to the mix. Using objective behavioral interviews where managers are asked to reveal experiences or "how they would respond" against the competencies required for success in future positions are also important.



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What can business organizations learn from Major League Baseball as it relates to succession management processes and tools?

- The importance of differentiating performance, skills and potential. Performance assessment is always important, however, performance always means more as the requirements for success in the lower role approximate the requirements for success in the higher role (e.g., triple A vs. major leagues). *Implication: performance reviews and 360-degree assessments should be utilized to calibrate a leader's performance and present capability.*
- Potential is more elusive. However, you can mitigate risk by calibrating and re-calibrating the more enduring micro-skills, competencies and traits that tend to endure over-time regardless of the situation or challenge. If an 18 year-old recently drafted player can throw the baseball 90 miles per hour—it is very probable—assuming he remains healthy—that he will be throwing the baseball 93 to 95 miles per hour when he is 21 years old. *Implication: predictive trait assessments that measure a leaders enduring values and goals, the manner and approach they use to achieve their goals, and the potential "red flag" traits they exhibit under pressure—are all very important measures that help accurately estimate a leaders potential. What also helps is seeing how they act and respond to the tougher situations and challenges that come with larger roles without actually being placed in the larger role (e.g., minor league baseball and its' various levels are "low risk" simulation environments which test a players potential). In the corporate world, simulation assessments—assessment centers, on-line leadership simulation assessments and behavioral interviewing are powerful tests of leadership potential—especially when combined with trait assessments.*
- Calibrate and re-calibrate performance and potential. The disappointing reality in the corporate world, however, is once an individual is designated "high potential"—invariably they remain a "high potential". In professional baseball, once you are drafted and deemed "high potential", you begin an arduous journey in which talent evaluators, scouts and coaches measure and calibrate a players performance, skills and potential—every step of the way—every day. In fact, "high potentials" in professional baseball have no guarantee they will remain on the "list". Inevitably, most do get removed as they are replaced every June by the next wave of "high potentials". It's "put up or shut up"! *Implication: organizations need to become more passionate and diligent about measuring and re-measuring performance and potential and they should use this information to: (1) hold their "high potentials" more accountable so they strive to become the best they can be and (2) drive better succession and development decisions.*



John Mattone is the President of Executive Development Associates specializing in executive assessment, coaching, and succession planning. John has over 30 years experience in the human capital and talent management industry, as an entrepreneur who has built two successful human capital consulting firms, an as executive of a multi-million dollar human resources consulting firm, and as a leading industrial psychologist and respected worldwide authority in executive assessment, coaching, succession management and HR predictive analytics.

John was previously the Vice President of Global Assessment Services for Linkage, Inc., where he was responsible for the firm's global assessment practice. Prior to Linkage, John was the Senior Vice President of Sales for Drake Beam Morin, the global career and outplacement firm. Before joining DBM, John spent 10 years building his first successful consulting firm, Human Resources International.

John has consulted for more than 250 organizations and addressed more than 500,000 people in 2,000 speeches and seminars throughout the U.S., Canada and other countries worldwide. John is a prolific author with two newly revised books, *"The New Success Paradigm"* and *"Putting Coaching Back into Performance Reviews"* as well as over 100 professional articles and book chapters including *"The Role of Assessment in Driving Operating Results"*, published in Jac Fitz-enz book *"The New HR Analytics"* (AMACOM, 2010) and *"Predictive HR Leadership"* published in Jac Fitz-enz' *"Workforce Intelligence Report"* (2008). John is writing his third book, entitled *"Stealth Leadership: Using Assessment & Coaching to Propel Your Organization and Leaders to Greatness"* (Talent Management Academy, 2011). John is also featured in a variety of audio/video programs, including *"Hiring & Performance Management"*, *"Focus on Success"*, *"The Essentials of Delegation"* (all published by National Press) and the award winning *"Street Smart Leadership"*.

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