

ASSESSMENT FOR DEVELOPMENT & POTENTIAL OTHER COMPANY EXPERIENCES

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Summary

A potential appraisal is a system for finding out the potential of all senior employees to occupy higher positions or perform roles and handle responsibilities they may not have handled so far. Potential assessment in recent years is done through assessment and development centers. This paper presents details of the experiences of some of the manufacturing units located in India. The organizations covered include ABB Group, ITW Signode, Rochees Breweries, Schneider, Menon and Menon, Casrol, Vedanta Group, Moser Baer, Tata Motors, HPCL, Philips, Jindal Steel and Power, NTPC, Dabur, and SKF India. The highlights also include their 360-degree Feedback practices. Only brief descriptions of the practices are provided

Need for Potential Assessment and Development

Today, it is beyond argument that competent people should handle strategic and critical roles. Hence, there is a need to constantly identify competent people. This need is what makes potential appraisal very significant. Potential assessment and development is a future-oriented process that aims to track the potential of employees with a view to advance their careers as well as develop leaders for the future. A potential appraisal helps in the decision-making of promoting candidates and making suitable career plans for them. It is thus a potent tool of employee development and helps managers decide whether an employee has the potential to take on added responsibilities.

There are various methods of assessing potential ranging from assessment once a year as a part of annual performance appraisal to separate scientific and systematic assessments through Assessment Centers (ACs) or Development Centers (DCs) or Assessment and Development Centers (ADCs) and 360 Degree Assessments. Assessment and Development Centers can be used to assess the potential of employees for future roles as well as for the development of such competencies for the future.

Since the cost of a wrong promotion is likely to be high and disastrous not just for the organization but also for the individual, in the **ABB group** investing in assessing for potential is viewed as savings in cost. All important decisions for movements to senior roles are made at ABB after a discussion over the potential assessment report by the concerned management members involved. The process is called LDA (Leadership Development Assessment) and is used for leadership development as participants are very often on succession plans for global key positions and considered as the talent pool for positions across ABB.

Potential in **ITW Signode** is defined as an amalgamation of consistent performance and proven and demonstrated competencies. Performance is measured through target accomplishment in line with the balance scorecard or target achievement and competency is assessed in a variety of ways. Competency-based interviews are conducted for identified potentials and for those who may be moving into linchpin roles and seek growth avenues in the organization. There is also an action planning process that gives a real-time opportunity for employees to improve their competencies on live projects. The assessment of their competencies is done by the appraiser and the reviewer. Additionally, Assessment and Development Centers are conducted for high performers.

At **Rochees Breweries**, the process is called SPR (Strategic Process Resourcing). SPR is the process for assessment and development of potential and leads the way to career and succession planning. This is done annually by the People Capability Manager (PCM) that involves one-to-one meetings with all management cadres. A three-pronged approach is used which includes (a) a confidential meeting of PCM with the HR manager to discuss the annual appraisal inputs. In addition to that opinions on the hits and misses of the individual are discussed, (b) the same exercise is done with the HOD of the individual and his/her functional and operational appraiser, and (c) a one on one with the individual. The data collected is reported in a matrix

format and presented to the top management with a SWOT analysis, based on which the potential development and career path is decided for an individual.

A process called as People Review & Talent Acceleration Program (TAP) is used in **Schneider**. The people review is carried out thrice a year and the talent acceleration program is carried out once a quarter. Under both the programs, employees' last three years' performance ratings are considered. Employees are assessed through various tools developed by an external agency that is used to assess capability to reach leadership positions like heading a business unit/segment. Based on the results of the assessment, their development plans are decided in areas such as training, job rotation, mentoring and coaching or allocation to special assignments.

Menon and Menon use an interview mapping sheet where the professional qualification, experience, personality traits, and potential of candidates are recorded at the time of hiring. As the employee grows in the organization, the potential of employees is considered on a case-to-case basis. For example, an officer in their quality department having excellent knowledge of programming although working as a quality officer is encouraged to engage in developing various operational computerized programs for the company. Similarly, many bargainable employees having leadership qualities have been given the responsibility of new projects.

At **Castrol**, identification of potential is done through the annual PDP (Personal Development Planning) process. In this process, every employee has a session with their line manager discussing the career plans of the individual in the near, mid, and long term. Based on PDPs and management discussions, as an annual exercise, employees are categorized based on their performance and potential (3X3 matrices) and this is used for future development and succession planning decisions.

Across the **Vedanta Group**, there is a process called Act-Up (Accelerated Competency Tracking and Up-gradation Program) conducted by external consultants to identify and nurture a top talent pool. Employees are selected for the process based on their grade, qualification and high-performance ratings. The assessment process consists of group work based on data collected by the consultants' field visits to the business unit and real-life cases, appreciation interviews, and psychometric tests. Based on the assessment, the management committee of the respective businesses then clear the final list and the selected candidates are conferred the 'Stars of Business' and are placed in key positions across the Group.

The process of selection for potential assessment and development at **Moser Baer** follows a multi-stage process in which first there are nominations from the heads of departments, which are then validated by the function head, which in turn is validated by a cross-functional team in open discussion. Selected candidates undergo development centers as discussed in detail in the next section.

Development Centers

Development Centers are intended to identify the strengths and developmental areas of employees proactively, identify the star performers in the system, and provide developmental inputs to these high performers so that they are prepared to take up higher responsibilities in the future. They are increasingly being seen as an objective and impartial way for assessment, bringing more credibility to the assessment system.

At **NTPC** Development Centers are conducted in-house by the organization. NTPC has trained several internal assessors for this purpose. At present, 237 trained assessors exist in NTPC.

Development Centers at **Maruti Suzuki** are conducted for managers, senior managers, and deputy general manager levels. The results are used for developing individual development plans and their implementation. The scores which are deemed valid for two years are also used as one of the inputs for promotion.

Key resources for engineers and managers are identified through a cross-functional team of senior members at **Moser Baer**. Following this, those identified participate in Development Centers through which their strengths and development areas are identified. For senior managerial levels, they are taken through specifically designed Development Centers that are more complex as per the competency requirements. Based on the Development Center results, a performance-potential matrix is formulated and star cases are identified. These employees are then facilitated to develop their individual development plans and linked to critical organizational positions across the different businesses. The Development Center is also used to impart awareness about the required competencies and related behaviors. The engagement scores of employees who have gone through the Development Centers at Moser Baer have been reported to have increased more than 50% over the last year.

Tata Motors has a talent management process that is a benchmark across all the Tata Group companies. Some of their systems include fast track selection under which leaders for general management, operations and commercial roles are identified, talent management scheme with identification based on performance and Development Centers used to identify young leaders at an early stage of their career based on their potential. In Development Centers, multiple assessment criteria and processes are used. They also conduct appreciation centers for all senior and top-level employees. In all, around 2500 employees have been covered in the last three years across all locations in Development Centers.

All employees having two years of service at **HPCL**, go through Development Centers, done through internal auditors specially trained for this. There are around 80 trained officers for this purpose and some external experts are also hired. The attempt is to ensure that there is no linkage between the appraiser and appraisee. The process is also widely accepted largely due to the involvement of line managers either as participants, technical or behavioral competency assessors, competency development review committee members, etc. In these Development Centers, an individual is assessed for opportunity areas and other areas of development. The competency gaps are identified and individual development plans are drawn for participants.

There is a special review for high potentials at **Philips**, where the maturity of high potential is assessed against the Philips leadership competencies carried out in Development Centers. In the Development Centre, high potentials are evaluated objectively on their Philips Leadership Competencies through group discussion, role-plays, situation reaction tests, inbox handling and development plans followed by personal interviews by senior management members.

Assessment Centers

One of the most reliable and objective methods of competency assessment, Assessment Centers are used to objectively observe and systematically measure how people actually perform on the ground in simulated situations. *An Assessment Centre is a comprehensive, standardized procedure in which multiple assessment techniques such as situational exercises and job simulation (business games, discussions, reports and presentations) are used to evaluate individual employees for a variety of manpower decisions.* They are essentially multiple assessment processes using a variety of tools. A group of participants take part in a variety of exercises observed by a team of trained assessors/observers, who evaluate each participant against a number of predetermined, job-related behaviors. The processes allow for

both individual and group-based environments for assessing the individual. Decisions for assessment or development are then made by pooling the shared data. Most frequently the approach has been applied to individuals being considered for selection, promotion, placement or special training and development in management.

Potential appraisal in **Jindal Steel** is done through their Performance Management System which has a part on behavioral competency assessment. JSPL conducted an Assessment Centre for the first time in 2007-2008, considering that the predictive index of this method is higher compared to all other methodologies for assessment. The assessment comprises a number of exercises or simulations which have been designed to replicate the tasks and demands of the job the candidate is supposed to be performing. The key tools of assessment include psychometric tests, case analysis, group discussions, management games, an in-basket exercise, role plays and behavioral events interviews. These exercises or simulations are designed in such a way that a candidate can undertake them both singly and together and they are observed by assessors while they are doing the exercises. These Assessment Centers are used for a variety of purposes such as training and development, career advancement and personal growth, talent management, succession planning, training program evaluation and planning, and to monitor individual performance at work and identify learning areas.

The Assessment Centers at **NTPC** comprise multiple assessment tools and multiple assessors to ensure errors in an assessment like bias or halo effect are ruled out. The tools and specifically developed instruments are directed towards identified competencies used for assessing the competency level. The instruments used include leaderless group discussion, interpersonal skills exercise, psychometric/psychological tests, in-basket exercises and behavioral events interviews. Assessment Centers are conducted for employees at senior levels as part of the company's potential assessment and development process called LEAD. Two of the main initiatives of LEAD include (a) LEAD center (Assessment and Development Centers for senior leadership positions at the level of AGMs and GMs), and (b) a psychometric tool called Hogan Development Survey to assess the profile of senior-level executives.

All potentials in **Philips** are classified as high and top potentials. MAC (Management Aptitude Centers) are used for the assessment of the young potentials. These Assessment Centers are conducted at the country level and employees from different Philips units from across the country participate. During the Assessment Centers employees are made to undergo various role-plays and exercises. Senior management teams from across Philips India act as observers and/or facilitators. During the role plays and exercises, assessment is made on the various aspects of leadership competency and behaviors depicted. At the end of the session, a comprehensive report is prepared giving detailed feedback to the employee on his/her scores. Based on the scores development plans are drawn for improvement areas and also to build on the existing strengths. A coach is also assigned to each of the participants to support in his/her development. Progress against the development plan is reviewed half-yearly along with the employee by his/her manager along with the HR manager. Based on the review and inputs by the coach, the plan if required is fine-tuned. This process continues for approximately two years and in the end, the employee is again assessed on his competency either through the Assessment Centers or through 360-degree feedback.

Over the last five years, **Castrol** has engaged in five Assessment Centers covering about 20 people each. Assessment Centers are conducted annually based on the needs of the business. In these centers, experienced front-line sales staff are assessed for their suitability for sales manager roles. Scientific tools are deployed in the process and as an outcome, each attendee gets feedback on specific development areas.

Potential assessment in **Dabur** is done through both assessment feedbacks received through the appraisal process, and Assessment Centers christened as CDC's (Career Development Centers) for people who are likely to undergo a dramatic change of roles. To ensure transparency external assessing agencies are used.

ITW Signode conducts Assessment and Development Centers every year for identified employees in linchpin roles. The Assessment Centers become the starting point of development for an individual. After undergoing the Assessment Centers once, participants' competencies and potential are reviewed through appraisals, action plan development, and competency-based interviews. The assessment is conducted by homegrown certified assessors.

360-degree Feedback

Companies also engage in 360-degree feedback for the development of their employees. This is usually done for a select group of generally senior-level employees. Using the multi-rater feedback which provides both self-assessment and assessment by important stakeholders such as superiors, team-members/colleagues, subordinates, customers etc., a holistic picture of an individual's performance and developmental needs are identified through the process.

It has been observed at *Philips*, that managers getting exposed to 360-degree assessments have improved their performance levels in the organization. The assessment at Philips is done for the management team of the unit as well as for the high potentials.

At *SKF India*, 360-degree feedback is conducted using the CUBIKS tool designed based on SKF competency clusters. The clusters include competencies relating to understanding, analyzing and making sound use of the strategic and business environment, competencies for influencing, leading and interacting with others, competencies required to constantly improve own performance and behavior, and competencies specific to individuals' jobs and positions. Employees at all levels are part of this tool that is optional and purely used for self-development. The feedback is used for working on areas of development and the same is converted into action plans for improvement.

The 360-degree feedback process at *Moser Baer* is employed for general manager and above levels, as these levels are thought to decide the future growth of the organization in the near and long term. To identify possible stars and provide inputs for their career plans in terms of development, movement and succession planning, a 360-degree feedback process is used. Since the feedback holds a mirror to how seniors, peers, customers or subordinates perceive the assessed at work, it helps them be more self-aware as well on the requisite competencies.

As part of the LEAD initiative at *NTPC*, the 360-degree feedback is done once in three years for senior grade employees. An IT-enabled system called LEAD Circle for positions at the level of AGMs and GMs has been used for assessing and developing 88 AGMs and GMs in the past.

Castrol runs a 360-degree feedback for all team leaders at least once a year. A standard online tool called Novations is used for this purpose. Feedback collected is shared with the concerned manager through a facilitation process by HR and any gaps are incorporated in the individuals' development plans.

The following conclusions could be drawn from this list of best practices:

Assessment of Talent through assessment centers, development centers, and 360 Degree feedback is being practiced in some of the organizations. Feedback of the assessments and using for talent development is done by most of them with an eye on building leadership and managerial talent. Many seem to use these interventions for preparing for higher-level jobs than for decisions on placements. Potential development through assessment seems to be a preferred focus.