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Potential vs. Performance: Building a Smarter Leadership Pipeline, Insights from Neil Kouba



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Knowing The Difference: Leading vs. Performing

Being a successful business leader has always been associated with a fast-paced management style, but today more than ever one needs to be constantly adapting and willing to deal with rapid change. Leadership roles across organizations of all types have become more complex, demanding the ability to hold competing priorities simultaneously. In this environment, it is time to take a fresh look at approaches for identifying future leaders. The most promising future leaders and the top business performers are deeply related, and while some managers may be both, they are not always the same people.

Where top performers excel at execution, emerging leaders demonstrate the ability to work with different personalities and goals, to communicate clearly and upfront, and to build cultures of accountability that feel open and cohesive. At the core is emotional intelligence. Strong self-awareness and empathy are crucial for leading, forming the infrastructure for effective working relationships. Strong organizations set themselves up for success by understanding and valuing both the profile of the top performer and the emerging leader, without confusing them. It's crucial to encourage top performers to deepen their skills in roles where they genuinely excel, while separately and intentionally seeking out and nurturing highly adaptable, strong communicators within the organization regardless of current performance ranking. Distinguishing between these two types of people, then providing professional development early-on, is a strong strategic investment any organization can make in its own future.

A Demanding Moment for Leadership

The urgent need for resilient leaders is at an all-time high. Several years from a pandemic that turned every global market on its head, business leaders are keenly aware of the unpredictability of the future. Accelerating technological change, the rise of automation, ongoing geopolitical volatility, and changing business norms all demand flexible and dynamic leadership. Leaders who can manage ambiguity and build resilient teams across different personalities and skillsets are deeply valuable to an organization's long-term prospects. Identifying this potential early is key.

The consequences of not distinguishing between leadership potential and performance can be detrimental, but the pattern is consistent. Gallup data on management talent finds that companies place candidates with the wrong skills into leadership roles 82% of the time. And at a closer look, the mismatch is rarely technical, but interpersonal. People who may create tremendous value as individual contributors to the company but struggle to communicate clearly, listen actively, or operate smoothly amongst rapid change and diverse perspectives won't make effective leaders.

The risk of funneling anyone creating value into a single promotion track is twofold. High performers with strong executional skills may be placed into leadership roles they're less suited to, while people who may thrive in those roles are overlooked. And if interpersonal skills go unrecognized, employees stop practicing them and default to safer, standardized choices. Organizing new initiatives, surfacing a longstanding inefficiency, or rallying a team around an idea are all behaviors that signal leadership capacity while creating genuine value for the organization. Seeking out, identifying, and funneling this behavior towards leadership gives organizations management and C-suite teams that are both resilient and loyal.

An Intentional Talent Development Strategy

The first step to better identifying future leaders is a deliberate shift in how and when organizations evaluate their people. Assessments of team members' future-facing leadership potential must run alongside evaluations of past performance. When traditional performance reviews happen in a vacuum and focus too heavily on short-term metrics, the opportunity to recognize strength in innovative, interpersonal behaviors is lost. Scanning for leadership qualities can look differently for everyone, but may include adaptability under pressure, strong and clear communication, ability to manage and build trust with different personalities, and influence within a team. "Strong future leaders are typically the team members who communicate quickly and effectively with everyone around them," says Neil Kouba, Managing Partner of IMSA Search Global Partners Canada and CEO of Pivotal Integrated HR Solutions. "It's that person with the pulse, who listens actively and exchanges information with ease." Giving these high-potential employees early opportunities to lead initiatives, mentor peers, or communicate across functions offers skill-building opportunities that also helps nurture strong future leaders for the company.

Critically, this approach works in tandem with rewarding technical high performers, who can be recognized and compensated in ways better suited to their strengths. Performance incentives, raises, advancement on technical tracks, and genuine praise of the value they create are all crucial. Some top performers thrive as deep subject matter experts, individual contributors, or advisors. Organizations that build support structures for both people leaders and performance achievers will be well positioned for both to excel.

Success in identifying future leadership is bigger than talent management. Organizations that begin now, with talent pipelines already developed within their companies, are the ones building models that will hold under pressure. Leadership teams shaped by culture with deeply embedded values can not be easily replicated. Distinguishing these two pathways with care and intention is a direct investment in cohesion, resilience, and innovation that compounds over time.

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