

Unlocking employees' true potential

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When it comes to assessing the value of employees, most companies focus almost exclusively on their performance to date rather than using techniques to forecast a worker's future potential.

Many companies are losing the battle for talent due to their failure to comprehend and therefore unlock the real value of their workforce.

According to IESE's [Guido Stein](#) and Eduardo Rábago, most HR departments could be doing much more to ensure that their companies are able not only to attract the right talent, but also to retain it, nurture it and help it realize its true potential.

Stein and Rábago highlight the need for companies to develop evaluation techniques that allow them to better assess their employees' past performance as well as their future potential.

This means overhauling the traditional employee evaluation system, which focuses almost exclusively on analyzing and rewarding what a worker has done up to the present, while completely failing to address how he or she may develop in the future.

In pursuit of potential

When it comes to evaluating an employee's past performance and future potential, the authors believe the 'assessment center' approach is the most standardized and reliable technique, as it provides thorough knowledge of a person's skills and limitations.

The 'assessment center' simulates the sort of workplace scenarios that the people under evaluation would be expected to tackle.

The results of such tests provide valuable information about the worker's skills, enabling more effective decision making on salaries, rotations and promotions within the company.

Getting it right

In using the 'assessment center' technique, a company should keep the following principles in mind:

- Conduct a series of skills analyses and predictions that are predefined and weighted on the basis of behaviors that can be observed, not just interpreted.
- Use a range of assessment tools including group exercises, fact-finding exercises, role-playing activities, problem-solving exercises, skills-based interviews, aptitude tests and personality questionnaires.
- Minimize bias by appointing a team of qualified personnel to monitor and evaluate the tests.

When using this approach, companies tend to evaluate a group of people simultaneously as they interact in one of the tests, thereby helping to reduce costs and optimize logistics.

Making your talent count

The 'assessment center' defines the goals of the different evaluation phases, e.g., promotions, salary rises and training courses. It also measures employees' career development expectations - a factor directly related to workplace satisfaction and motivation.

Using this process can also help break vicious cycles that might hamper the future development of their most promising employees, while also helping to minimize the time and resources spent on employees with more limited potential.

Thanks to this broad strategy, companies will have a much greater success in attracting, retaining and promoting their most valuable employees.

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