

HIGH POTENTIALS IN FLUX

RETENTION AND DEVELOPMENT IN A CHANGING LANDSCAPE

Thought Leadership

In these uncertain times, where large portions of the workforce may face layoffs, companies must recognize how important it is to keep their best employees. Over 1.64 million people (about the population of West Virginia) [were laid off in the US in 2023](#), with specific industries more affected than others. The tech sector, for example, had several mass layoffs this past year, and recent surveys suggest [more are coming](#)—again, with some industries more vulnerable than others.

Over half of respondents in a recent Korn Ferry survey stated their companies experienced organizational changes—like reorganization or downsizing—that negatively affected the retention of high-potential talent. This number highlights the vulnerability of high-potential employees during organizational flux. However, the stakes in retaining high potentials become even more profound when considering the cost of replacing workers; research shows that companies can [spend anywhere from 20% to 500% of a former worker's annual salary](#) when backfilling their role. To prevent the loss of top talent during organizational changes, it is important to communicate proactively. Transparent communication ensures that high-potential employees understand their pivotal role in the new structure and their indispensable value to the company's future success.

More importantly, our research shows that tailored development programs are the most effective approach to preparing high-potential employees for long-term tenure. They can equip leaders with the agility to navigate structural changes seamlessly, contributing to both individual growth and business stability.

What's more, offering personalized programs shows these employees that the organization cares about their growth and development—beyond what it means for the business.

Nurturing senior leadership potentials: a case study

Recently, Korn Ferry worked with a global agricultural retail company to implement a custom high-potentials (Hi-po) program aimed at identifying and developing leaders in senior director and director roles. The program's distinctive feature was its cohort model, designed as a structured group of high-potential individuals progressing through the program together. This cohort model fostered a sense of community, providing a platform for participants to share experiences, insights, and challenges across many different perspectives.

Critical success for the Hi-po program depends on the diversity of the learning journey. These emerging leaders require training in many facets that they have likely never touched before—including global forces impacting business, financial acumen, market competition, business leadership simulation, change leadership, and navigating challenging conversations. We also know that, for the program to be effective, the employees need to be able to take the lessons and apply them to real-world cases within their company. This is where executive sponsorship is most crucial; the Hi-po teams can work on these projects and report to the C-Suite on their approach and how they put into practice what they have learned during the program.



The program also incorporated peer-to-peer mentorship, where high-potential employees had the opportunity to learn from and support each other. This initiative not only nurtured a sense of camaraderie but also allowed cohorts to share information and knowledge. These characteristics, coupled with an emphasis on cross-functional training, further enriched this collaborative environment, enabling participants to gain exposure and connections across the organization. Establishing strong work relationships is a key factor in why employees choose to stay in their current jobs. By fostering a sense of community among high-potential individuals, we not only encourage meaningful connections but also increase the likelihood of retaining these employees.

Besides peer community growth, the Hi-po program's success depended significantly on the active participation of the CEO and top executives. The time and resources invested by them, both in terms of face-to-face interactions and organizational support, played an essential role in nurturing trust and a sense of connection, underscoring the strategic importance of the program. This commitment resonated throughout the company, emphasizing to all employees that their development was not just a human resources (HR) initiative but a business imperative. This starts with the business's ability to identify employees for these programs.

Identifying high potentials: Insights from research

Our survey also found that manager recommendations continue to be the primary source for identifying high-potential employees within an organization. However, this method can be particularly susceptible to unconscious biases. Biases, including racial, disability, and gender bias, may lead to favoring employees with similar backgrounds or perspectives, which limits diversity in high-potential identification. This can have profound implications for an organization—our research shows that a lack of workforce diversity can hinder innovation and restrict a company's ability to adapt.

To mitigate unconscious biases, organizations should develop multi-dimensional identification processes, implement objective criteria, integrate diverse perspectives, and align with broader succession strategies. They should also develop a culture that embraces inclusivity and innovation. This ensures that high-potential identification is rooted in a comprehensive understanding of

their talent. Furthermore, evolving into an inclusive organization will encourage employees to stay with the company as it navigates changes, challenges, and disruptions.

Role of formal programs and mentorship: Supporting career progression for high-potential employees

Our survey findings also found that mentorship, training, and job rotations are key in advancing high-potential talent.

A recent Korn Ferry outcomes report reinforces the importance of Learning and Development (L&D) programs. A supportive work environment, which includes peer and manager support, significantly influences the effective transfer of training. The study also highlights that 58% of participants who discussed learning goals with their manager rated the training as highly valuable—explaining that transparent communication in L&D programs is crucial. These stats underscore actions to comprehend and amplify the value of comprehensive talent development initiatives.

As we explored other high-potential programs, we found a common theme: a strong emphasis on active CEO and C-Suite involvement. Executives are encouraged to provide time for learning during working hours and to foster an active learning environment akin to the Hi-Po's cohort model. It's an approach that integrates peer-to-peer mentorship and cross-functional training, ensuring that talent development is ingrained in an organization's overall strategy for growth and excellence.

Crafting a resilient path forward

High-potential programs are pivotal in nurturing and retaining top talent within organizations. The effectiveness of these programs hinges on their ability to foster a sense of community, ensuring participants feel connected and valued. This community-building aspect is crucial, as evidenced by the case study highlighting a cohort-based approach with cross-functional training. Such strategies not only enhance knowledge sharing and collaboration but also facilitate broad exposure across different organizational areas, enriching the Hi-po experience.

Identifying high-potential employees is a nuanced process demanding a multi-dimensional approach. Reliance solely on managerial recommendations can inadvertently introduce biases, limiting the program's effectiveness and diversity. Instead, incorporating a blend of objective criteria and varied perspectives ensures a more equitable and comprehensive talent identification process. This approach mitigates unconscious biases and recognizes a broader range of skills and potential, enriching the talent pool.

Retaining of high-potential employees, especially during periods of organizational change, remains a critical challenge. Transparent communication is the cornerstone of maintaining the engagement and commitment of Hi-po employees during these times. These employees must comprehend their pivotal role and invaluable contribution to the company's future trajectory. Moreover, supporting their career progression through formal development programs and mentorship reinforces their importance to the organization and bolsters their professional growth.

By acknowledging the importance of formal high-potential programs from both employee and executive perspectives, organizations can bridge the gap and create comprehensive strategies for talent development. A community-centric approach, a bias-conscious identification process, and strategic retention efforts during organizational transitions are key to realizing the full potential of these programs. As the business landscape evolves, companies that prioritize the development of high-potential employees ensure a resilient path forward, cultivating the leaders who will navigate the challenges of tomorrow.

Authors

Tom Wroblewski

Global Account Lead, Consumer
Co-lead, Supply Chain Talent Optimization
Korn Ferry

Emily Gianunzio

Research Analyst
Korn Ferry Institute

Bryn Chighizola

Senior Manager, Organizational Research
Korn Ferry Institute

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers.

Business Advisors. Career Makers.