TALOGY

HIGH POTENTIAL, HIGH IMPACT: INSIGHTS TO BUILD BETTER PROGRAMS

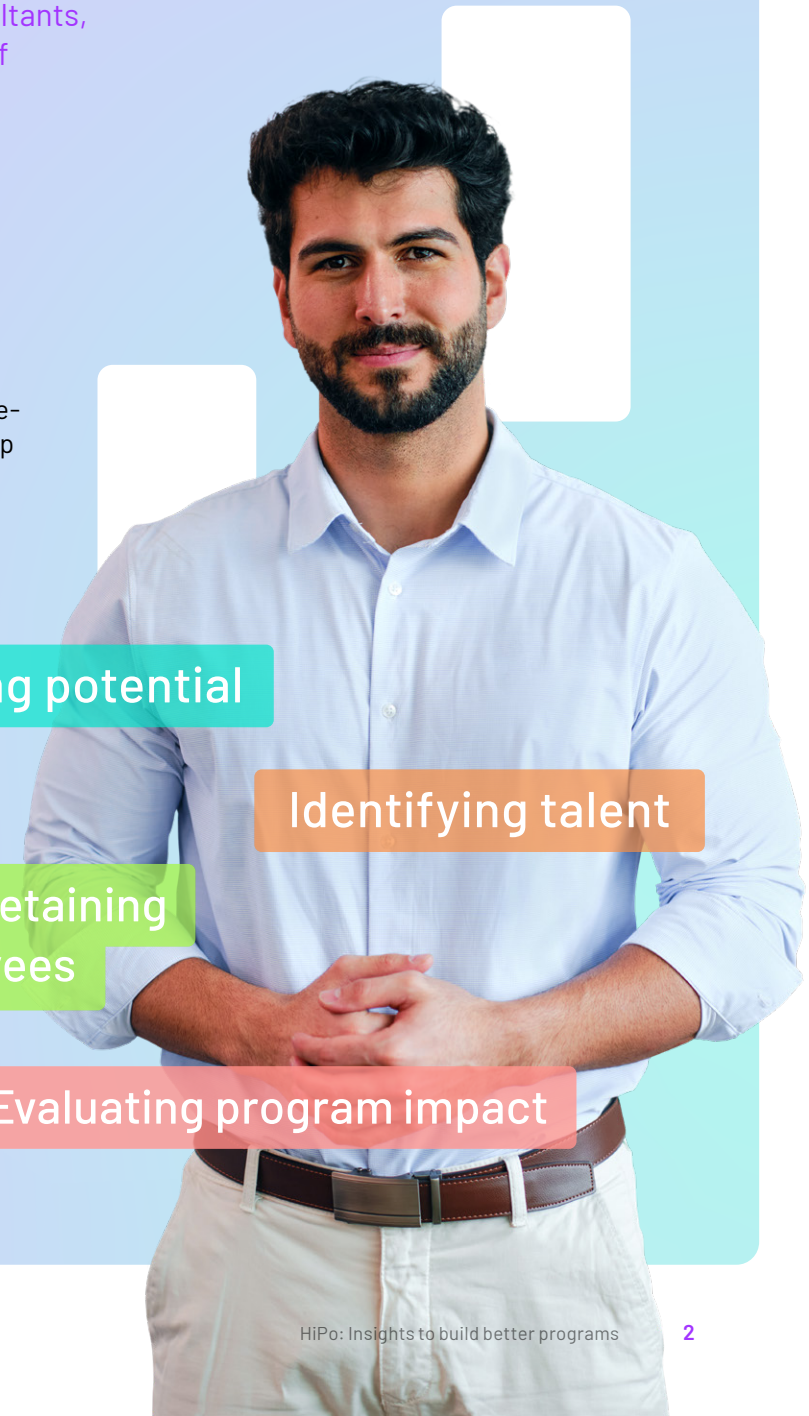
Executive summary

In today's fast-moving business environment, identifying and developing high-potential (HiPo) talent, whether for leadership or critical non-leadership roles, is no longer optional, it's essential. Organizations that fail to invest in future-ready talent at all levels risk falling behind amid rapid change, evolving skill demands, and increasing workforce turnover. A strategic approach to HiPo identification and development ensures a robust pipeline of capable individuals, who can drive performance and innovation across the business over the long term.

Talogy's 2025 global research study looks at what makes HiPo programs truly effective. Drawing on scientific literature, survey data from over 1,000 professionals, and insights from expert consultants, the paper explores four critical components of successful HiPo strategies:

- **Defining potential**
- **Identifying talent**
- **Developing and retaining HiPo employees**
- **Evaluating program impact**

Whether you are designing a new HiPo program or refining an existing one, this research offers evidence-based insights and practical recommendations to help you build a stronger, more agile leadership pipeline. Read on to discover what sets high-impact HiPo programs apart, and how your organization can rise to the challenge.



Defining high potential

A foundational question for any organization designing a HiPo strategy is: What does 'high potential' really mean? While the term is widely used, its interpretation varies significantly across contexts. This section explores how organizations define high potential, how it differs from high performance, and which characteristics are most commonly associated with it.

Understanding the concept

The notion of high potential has been debated in both academic and practitioner circles for decades. While many HR professionals feel they can 'recognize it when they see it', definitions often differ based on individual experience and organizational context. Here are three perspectives from the scientific literature reviewed:

- **Future readiness:** Potential is not about current performance, but about the capacity to succeed in broader or more complex roles in the future.
- **Performance drivers:** High-potential individuals are those likely to become key drivers of organizational success through exceptional output.
- **Leadership trajectory:** Leadership potential is ultimately confirmed through successful advancement and performance in senior roles.

Given that high potential can be defined in different ways, one thing is clear: organizations must align internally on what high potential means for them. Without a shared definition within the organization, HiPo programs risk inconsistency and limited impact.

How organizations define high potential

Our survey revealed that most organizations tailor their definition of high potential to their specific context: 70% of HR professionals and 61% of leaders reported using a customized definition. This is a positive step toward ensuring alignment with strategic goals.

When asked to describe how their organizations define high potential, respondents highlighted seven recurring themes:

- **Consistent high performance:** A strong track record of exceeding expectations in current roles.
- **Readiness for broader roles:** Capacity to take on more senior or cross-functional responsibilities.
- **Leadership capability:** Demonstrated ability to influence, guide, and inspire others.
- **Strategic mindset:** Forward-thinking, proactive problem-solving, and comfort with ambiguity.
- **Drive and commitment:** Motivation to grow and contribute beyond the role with commitment to the organization's values and objectives.
- **Learning agility:** Ability to adapt quickly, absorb feedback, and apply learning in new contexts.
- **Emotional intelligence:** Strong interpersonal skills, empathy, and collaboration.

These themes reflect a holistic view of potential – one that goes beyond technical skills to include mindset, adaptability, and interpersonal effectiveness.

High potential vs. High performance

While high performers and high-potential employees often overlap, they are not the same. Our research identified six key distinctions:

High Performers	High Potential Employees
Excel in current roles	Have capacity for broader, more complex roles
Demonstrate technical depth	Show leadership promise and influence
Offer stability and consistency	Thrive in ambiguity and change
Focus on task execution	Think strategically and long-term
Impact their immediate team	Influence across the organization
Stay within comfort zones	Seek stretch and growth opportunities

In short: **performance** reflects what someone does now while **potential** reflects what they could do next

A practical definition

Drawing from this research, we propose the following working definition:

A high-potential employee demonstrates the capacity, aspiration, agility, and commitment to take on broader responsibilities, advance into more senior or complex roles, and be a significant driver of future organizational success.

This definition is intentionally broad, allowing organizations to adapt it to their unique context and strategic priorities.

Top competencies and skills that signal high potential

To identify high-potential employees, it's essential to understand which competencies and skills matter most. Across HR professionals, business leaders, and HiPo employees, the following ten competencies emerged as the most highly rated overall; however, each group showed nuanced differences in the specific competencies they prioritized:

1. Communication
2. Integrity
3. Strategic Thinking
4. Teamwork
5. Critical Thinking
6. Problem Solving
7. Building Teams
8. Motivating and Engaging
9. Accountability
10. Coaching and Developing

These competencies span four key domains:

- **Social skills:** Communication, Teamwork
- **Self-management:** Integrity, Accountability
- **Cognitive capacity:** Strategic Thinking, Critical Thinking, Problem Solving
- **Leadership:** Building Teams, Motivating and Engaging, Coaching and Developing

Interestingly, while learning agility and adaptability were frequently mentioned in open responses, they did not appear in the top 10 ranked competencies, suggesting a potential gap between what is top of mind to people when rating key HiPo competencies.

Key insights:
Defining high potential with clarity and impact

- **Tailor your definition to strategic goals and context:** Avoid generic definitions and clearly define 'potential for what?' based on your organization's future needs, roles, and culture to ensure alignment and relevance.
- **Differentiate potential from performance in your criteria:** Build frameworks that go beyond current success to assess readiness for broader, more complex responsibilities and leadership influence.
- **Focus on growth and adaptability:** Prioritize traits like learning agility, drive, and willingness to stretch – these are key indicators of someone who can thrive in evolving, high-stakes environments.
- **Assess for a broad and balanced skillset:** Evaluate HiPo candidates across interpersonal, cognitive, self-management, and leadership domains to ensure they're equipped for senior-level challenges.

Identifying HiPo talent

Identifying high-potential talent is a critical step in building a future-ready workforce. The way organizations approach this process, who they involve, what methods they use, and how they communicate outcomes can significantly influence the success of their HiPo programs.

Why organizations identify HiPo talent

Organizations primarily use HiPo identification to support long-term talent strategies. According to our survey, these were the main goals:

- **Promotion decisions:** 69% of leaders and 71% of HR professionals
- **Performance management integration:** 66% of leaders and 73% of HR professionals
- **Learning and development allocation:** 60% of leaders and 73% of HR professionals
- **Succession planning:** 53% of leaders and 68% of HR professionals

Fewer organizations use HiPo identification for hiring (50% of leaders, 53% of HR) or compensation decisions (34% of leaders, 38% of HR), indicating a stronger focus on development rather than immediate rewards.

How organizations identify HiPo talent

Most organizations rely on a combination of performance ratings and managerial recommendations:

- **Performance ratings:** Used according to 86% of leaders, 91% of HR professionals, and 88% of HiPo employees
- **Manager recommendations:** Used according to 72% of leaders, 73% of HR professionals, and reported by 67% of HiPo employees
- **Formal assessments:** Used according to only 30% of leaders, 45% of HR professionals, and recalled by just 20% of HiPo employees

While performance ratings and manager input are common, they can introduce bias. Structured assessments – such as 360-degree feedback, personality questionnaires, and simulations – can improve accuracy and fairness by offering a more objective and comprehensive view of potential.

Who is responsible for identification?

HiPo identification is typically seen as a shared responsibility, but perceptions vary across roles:

- **HR professionals:** 70% view themselves as primarily responsible for identifying high-potential talent.
- **Leaders:** Responses highlight a broader distribution of responsibility, 66% cite senior leadership, 57% point to line managers, and only 42% attribute primary responsibility to HR.
- **Executives:** While not surveyed as a separate group, they appear less involved overall, with only about a third of HR professionals and leaders identifying executives as key stakeholders in the HiPo identification process.

This highlights the importance of cross-functional collaboration and clarity in ownership.

When are HiPo employees identified?

According to our survey, HiPo talent is most often identified relatively early in an employee's career:

- Over 60% of leaders and HR professionals reported identification at the early career, individual contributor, or first-line supervisor level
- Identification at middle and senior management is less common, and executive roles are rarely assessed for potential

However, Talogy experts observed that in practice, many organizations identify HiPo talent at the first-line or middle management level, where performance history and organizational knowledge are more established.

Do organizations communicate HiPo status?

Most organizations choose to inform employees of their HiPo status: 66% of leaders and 71% of HR professionals reported doing so.

Benefits of transparency include increased motivation, engagement, and alignment with development goals. However, risks include:

- **Pressure and stress**
- **Perceived favoritism**
- **Team dynamics disruption**
- **Unmet expectations**

HiPo employees themselves reported feeling more committed and motivated after identification but also noted increased scrutiny and performance pressure.

Key insights:
Strengthening HiPo identification for strategic impact

- **Align HiPo identification with long-term talent strategy:** Prioritize HiPo identification for succession planning, development allocation, and performance management, not just for promotions or short-term decisions.
- **Clarify and coordinate stakeholder roles:** Establish clear ownership across HR, line managers, and senior leaders to ensure consistent and collaborative HiPo identification.
- **Use structured assessments to enhance fairness and accuracy:** Complement performance ratings and manager input with objective tools like 360-degree feedback and simulations to reduce bias and improve decision quality.
- **Identify high-potential talent early to accelerate development:** Focus on spotting HiPo employees at the early career or first-line supervisor level to enable targeted growth and succession planning.
- **Communicate HiPo status thoughtfully to maximize engagement:** Share HiPo status with care, balancing transparency with sensitivity to avoid pressure, favoritism, or team disruption.

Developing and retaining HiPo talent

Identifying high-potential employees is only the beginning. To fully realize the value of HiPo programs, organizations must invest in developing and retaining these individuals, ensuring they are equipped and motivated to grow into future strategic roles.

How are HiPo employees developed?

Our research found that most HiPo development programs include a mix of learning strategies:

- **Mentoring** is the most widely used approach, cited by over 80% of both HR professionals and leaders.
- **Group workshops** and **coaching** are also common, particularly at more senior levels.
- **E-learning** is used less frequently, especially for more experienced employees.
- **Job shadowing** and **rotational assignments** were mentioned by a smaller number of respondents, despite their value in preparing HiPo employees for broader roles.

Focus group insights revealed that program design often varies by career level.

Early-career HiPo employees are more likely to receive scalable, lower-cost development (e.g. e-learning), while senior-level HiPo individuals may participate in longer, more intensive programs involving in-depth coaching.

Typical programs are between 6-12 months but occasionally can last up to several years for future potential executives.

Challenges to development

Leaders and HR professionals identified five key challenges in developing HiPo talent:

1 **Resource constraints**
Limited time, budget, and availability of development opportunities.

2 **Managerial capability**
Not all managers are equipped to mentor or coach HiPo employees effectively.

3 **Organizational politics**
Perceptions of favoritism or bias can undermine program credibility.

4 **Lack of meaningful opportunities**
Difficulty in finding stretch assignments that align with HiPo goals.

5 **Retention risks**
Without clear development paths, HiPo employees may disengage or leave.

HiPo employees echoed these concerns. While many reported positive experiences, others described unmet expectations, limited support, or increased stress due to heightened performance pressure.

How difficult is it to retain HiPo employees?

Despite concerns, our data suggests that HiPo identification generally strengthens retention:

- Nearly 50% of HiPo employees said being identified had a significant or very significant impact on their commitment to stay.
- Many described feeling more motivated, engaged, and loyal to their organization.

However, retention is not guaranteed. Some HiPo employees still leave – and understanding why is critical.

Why some HiPo employees leave

Leaders and HR professionals cited the following top reasons for HiPo turnover:

- Lack of career advancement opportunities
- More attractive offers elsewhere
- Inadequate compensation or recognition
- Burnout from increased expectations
- Cultural misalignment or poor leadership

These findings highlight the importance of aligning HiPo development with career goals, providing recognition, and managing workload expectations.

How organizations retain HiPo talent

To retain HiPo employees, organizations are focusing on:

- **Clear career paths** – Outlining future roles and required competencies
- **Development opportunities** – Including stretch assignments and leadership exposure
- **Recognition and rewards** – Both financial and non-financial
- **Engagement strategies** – Involving HiPo employees in strategic initiatives
- **Supportive leadership** – Ensuring managers are equipped to guide HiPo growth

Key insights:
Developing and retaining HiPo talent for long-term impact

- **Set clear expectations to strengthen engagement and trust:** Be transparent about what HiPo programs offer, and what they don't, to avoid unmet expectations and maintain credibility.
- **Leverage underused development tools for broader exposure:** Expand use of job shadowing and rotational assignments to give HiPo employees cross-functional experience and prepare them for future roles.
- **Equip managers to support HiPo growth effectively:** Provide training and resources to help managers mentor, coach, and guide HiPo employees with confidence and consistency.
- **Balance stretch opportunities with realistic support:** Design development plans that challenge HiPo employees while managing workload and stress to prevent burnout and disengagement.
- **Align career paths and recognition to boost retention:** Retain HiPo talent by offering clear advancement opportunities, meaningful development, and both financial and non-financial recognition.

Evaluating program impact

Once high-potential employees have been identified and developed, the final, and often most overlooked step, is evaluating the impact of the program. Without clear evaluation, organizations risk investing in initiatives that may not deliver the intended outcomes.

How do leaders and HR professionals view their HiPo programs?

Most leaders and HR professionals believe their HiPo programs are effective:

- **72% of leaders** and **79% of HR professionals** rated their programs as effective or very effective.
- **80% of leaders**, **83% of HR professionals**, and **76% of HiPo employees** reported being satisfied or very satisfied with their organization's HiPo program.

However, employee satisfaction was lower than that of HR and leadership, suggesting a potential disconnect between program design and employee experience.

What are the downsides to HiPo programs?

Despite overall satisfaction, leaders and HR professionals acknowledged several risks and drawbacks:

- **Fairness concerns** – Lack of transparency can lead to perceptions of favoritism or exclusion.
- **Team dynamics** – Labeling some employees as HiPo can create division or resentment.
- **Pressure and stress** – HiPo employees may feel burdened by heightened expectations.
- **Resource burden** – Programs can be resource intensive and time-consuming to implement.
- **Static labeling** – Once labeled, employees may be viewed through a fixed lens, limiting reassessment or overlooking others with emerging potential.

These challenges highlight the importance of thoughtful program design and ongoing evaluation.

How do organizations evaluate success?

Evaluation methods vary widely and are often informal. The most common approaches include:

- **Program feedback** – Surveys and qualitative input from HiPo employees and their managers.
- **Skill development** – Tracking growth in key competencies over time.
- **Role performance** – Monitoring goal achievement and leadership behaviors.
- **Career progression** – Measuring promotion rates and advancement timelines.
- **Retention** – Comparing turnover rates between HiPo and non-HiPo employees.
- **Succession pipeline strength** – Assessing readiness to fill critical roles.
- **Business impact** – Evaluating contributions to team or organizational performance.

While these methods align with established learning evaluation models (e.g. Kirkpatrick's Four Levels), few organizations apply them systematically.

Notably, none of the survey respondents reported formally calculating ROI, despite its importance in demonstrating program value.

Tracking individual HiPo progress

The most common metrics used to track individual progress are:

- **Performance ratings**
  (reported by ~88–90% of respondents)
- **Promotions**
  (reported by ~80-83% of respondents)
- **Psychometric assessments**
  (used less frequently, ~27 to 36% of respondents)

While performance and promotion data are readily available, they may not fully capture potential or development. For example, promotions may reflect retention strategies rather than readiness.

To gain a more accurate picture, organizations should consider incorporating 360-degree feedback and psychometric tools to track growth in targeted competencies.

Key insights:
Evaluating HiPo program impact with precision and purpose

- **Close the perception gap with employee feedback:** Regularly gather input from HiPo participants to ensure program design aligns with their experience and expectations, not just leadership views.
- **Move from informal to structured evaluation:** Implement a multi-metric evaluation strategy that includes feedback, skill tracking, career progression, and business impact to assess program effectiveness.
- **Go beyond performance and promotion data:** Use tools like 360-degree feedback and psychometric assessments to capture growth in potential, not just outcomes tied to retention or advancement.
- **Measure ROI to demonstrate strategic value:** Develop methods to calculate return on investment, linking HiPo program outcomes to organizational performance and talent pipeline strength.
- **Design for fairness and adaptability:** Monitor risks like favoritism, burnout, and static labeling, and adjust program design to maintain credibility and support emerging talent.

Final thoughts: Turning insight into impact

High-potential programs are a strategic imperative for organizations seeking to build future-ready talent, drive innovation, and maintain a competitive edge in an increasingly complex business environment.

This research confirms that when HiPo programs are thoughtfully designed and implemented, they can deliver significant value to both individuals and organizations. However, success is not automatic. It requires clarity of purpose, consistency in execution, and a commitment to continuous improvement.

Across the four core components, **definition**, **identification**, **development and retention**, and **evaluation**, we found that the most effective programs share several characteristics:

- They define high potential in a way that is tailored to their unique context and future needs.
- They use structured, multi-method approaches to identify HiPo talent fairly and accurately.
- They provide meaningful, well-supported development opportunities that stretch and engage HiPo employees.
- They evaluate program impact using a range of metrics, ensuring accountability and long-term success.

Perhaps most importantly, these programs are built on a foundation of transparency, inclusivity, and trust. They recognize that potential is not static, and that the journey from promise to performance must be actively supported.

Organizations that get this right will be well-positioned to meet the challenges of tomorrow, with a strong, agile, and inspired pipeline of talent ready to lead the way.

Visit Us

Talogy

© 2025 Talogy, Inc. and affiliates