



# 4 New Ways to Gain an Edge With HIPOs

By Matthew Braswell and Oana Lupu

Organizations with weak succession pipelines grow their revenue and profit only half as fast as those with strong pipelines.<sup>1</sup> Yet while 62% of HR leaders rank improving their leadership bench as a top priority, only 13% of companies are confident they have a strong bench for the future.<sup>2,3</sup> In an era that requires fast (and right) decision making and support to get a stream of new products to market, this problem has become a crisis.

Bringing in superstars from outside isn't a foolproof strategy, either. The labor market has been tightening, and unemployment in most G20 countries is below or very close to prerecession levels.<sup>4</sup> In addition, external hires — for whom companies must pay market price — take time to onboard and build internal networks before they can truly make an impact.

In light of all this, the importance of retaining high-potential employees (HIPOs) can't be overstated. HIPOs are more likely than non-HIPOs to be actively looking for a job with another

organization (39% vs. 30%, respectively).<sup>5</sup> Apps and professional networks have made it easier for HIPOs to find other opportunities — and to be found. With so many companies in dire need of future leaders, the competition for top talent is bound to intensify.

## The Traditional Approach to Retaining HIPOs Isn't Enough Anymore

Keeping HIPOs with your company means maintaining the employment value that attracted them to the enterprise in the first place. This part shouldn't be a surprise; for almost a decade, we've been tracking 38 attributes that attract HIPOs to a job and the ones that matter most (see Figure 1).

But there's a twist: while these attributes are very important, they don't hold the key to HIPO retention. We compared HIPOs who are actively seeking to move to another organization with those who are not and found that both groups are quite satisfied with all five attributes.<sup>6</sup> So keep it up, but don't assume these will be enough.

Four factors you may not have considered can prompt HIPOs to head for the exits. Through your own efforts and by collaborating with other senior leaders, you can make progress on each action point.



**Figure 1: Top 5 Job Attributes That Attract HIPOs**



Competitiveness of the compensation package



Extent to which the job allows balance of work and other interests



Level of stability of the organization and job



Degree of respect the organization shows employees



Future career opportunities provided by the organization

Source: Gartner 2018 3Q Global Labor Market Survey

# HIPOs are more likely than non-HIPOs to be actively looking for a job with another organization.

## 1. Protect HIPOs from Collaboration Overload

When senior executives need to pick someone to lead an important project, they are likely to give the role to a HIPO. Theoretically, the arrangement will be a win-win: The HIPO will get the opportunity to work on something challenging and engaging, and the organization will be on its way to achieving a business objective.

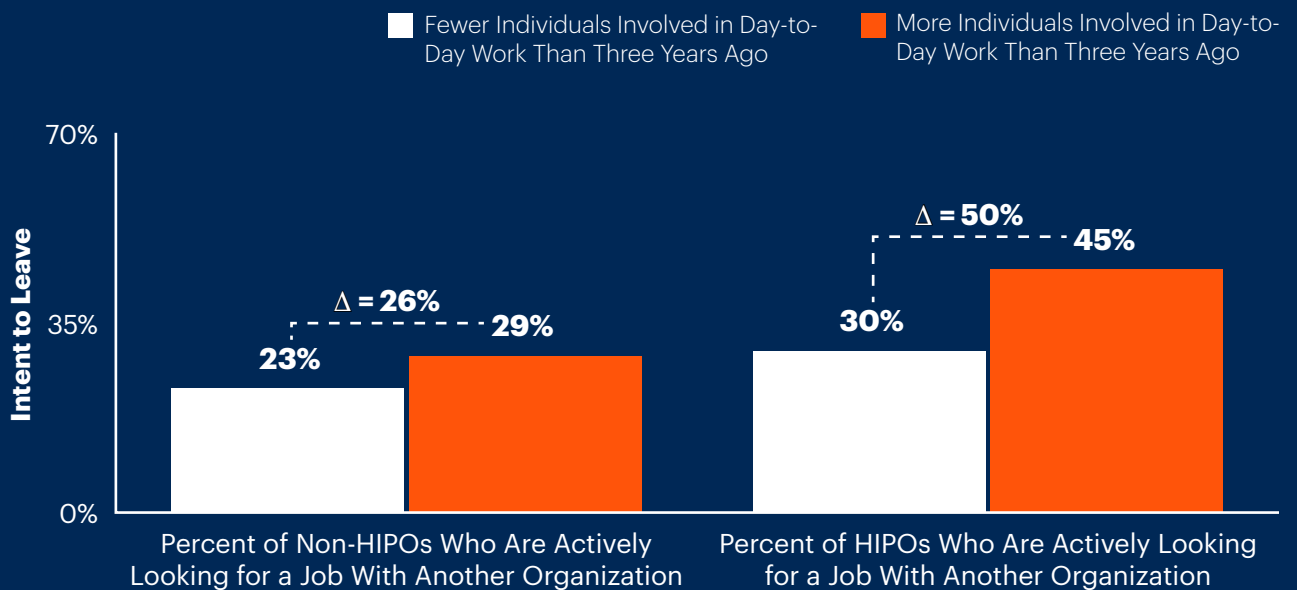
That's a perfectly plausible line of reasoning, and it frequently plays out in real life. The result: HIPOs feel the burden of collaboration overload acutely. More HIPOs than non-HIPOs say the

number of individuals involved in their day-to-day work has increased over the past three years (51% vs. 31%, respectively).<sup>7</sup>

HIPOs appear to be especially sensitive to this burden; 45% of HIPOs who have experienced an increase in the number of people involved in their day-to-day work are looking for another job — as opposed to 30% of HIPOs who have experienced a decrease. The gap among non-HIPOs is much smaller: 29% and 23% respectively (see Figure 2).

**What to do:** Make sure HIPOs' managers routinely probe to get a full sense of what these employees have on their plates. HIPOs likely proactively take on work or contribute to projects

**Figure 2: Impact of Collaboration Overload on Intent to Leave**



Number of respondents = 1,052  
Source: Gartner 2015 Career Employee Survey

their managers may not know about. Also, communicate to managers that you need them to coach HIPOs on how to say “no” when they are stretched too thin.

## 2. Firmly Address Harassment

Compared to other employees, HIPOs are particularly attuned to current conversations about different types of harassment in the workplace. While the perception of increased gender, ethnic and/or racial harassment drives all employees to seek positions elsewhere, the effect is especially strong for HIPOs (see Figure 3).

Increases in politically motivated harassment also disproportionately alienate HIPOs: 61% who have seen an increase in such harassment over the past six months are looking for a job with another company compared to only 25% who have seen a decrease. The figures for non-HIPOs are 39% and 23% respectively — a much smaller gap.<sup>8</sup>

**What to do:** It’s not enough to say you have a zero-tolerance policy and then simply react when

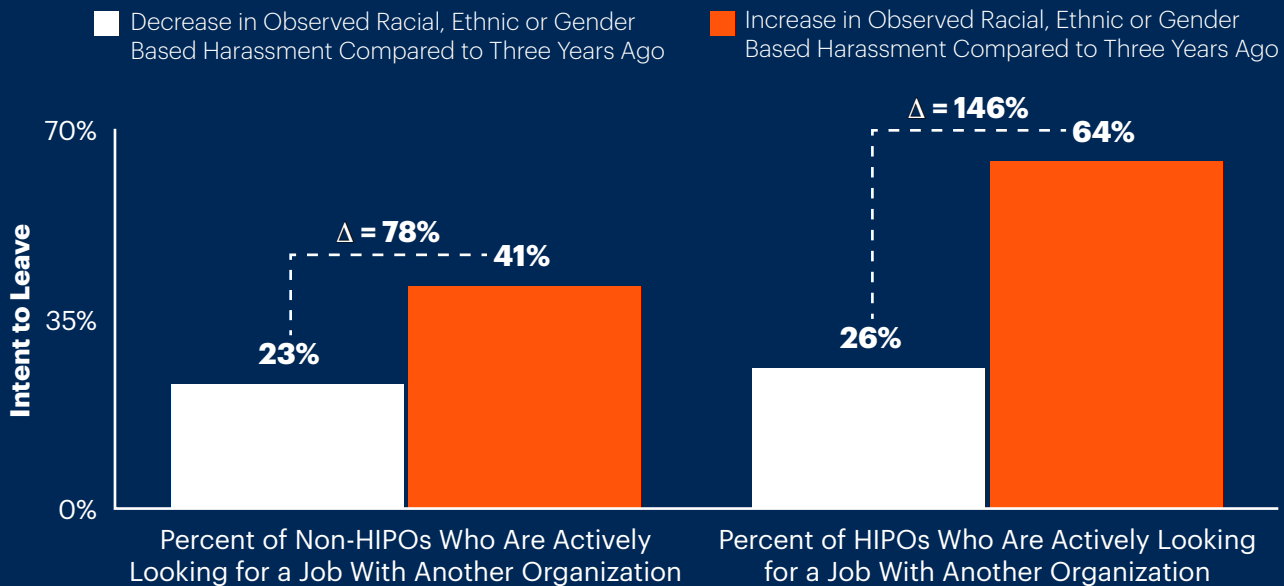
harassment occurs, typically by handling each instance privately and case by case. Instead, start proactively promoting respectful and equitable behavior in your function. To do this, be explicit about what will happen to harassers, and communicate with employees about specific instances of harassment and their actual consequences as they happen.

For more on preventing workplace harassment, see our article from last quarter: “4 Actions CHROs Can Take to Help Prevent Workplace Harassment.”

## 3. Be Sensitive Toward Changing Personal Circumstances

HIPOs who believe their organizations would be flexible in accommodating their needs and preferences following a life change (such as marriage, childbirth or health issues) are less likely to be looking for a new job than the average HIPO. While the same is true for non-HIPOs, this factor impacts HIPOs’ intent to leave more strongly: HIPOs are 1.5 times more likely than non-HIPOs to be actively looking for a job

**Figure 3: Impact of Harassment on Intent to Leave**



Number of respondents = 2,505  
Source: Gartner 2017 Q4 Global Labor Market Survey

with another organization if they think their would be inflexible (see Figure 4).<sup>7</sup>

**What to do:** Ask managers to check in with HIPOs through periodic “stay interviews” — perhaps every six to 12 months. While conventional exit interviews shed light on why employees are leaving, stay interviews give managers the opportunity to correct any potential issues *before* HIPOs step out the door. These conversations can cover many different topics, but they are a great way to learn more about HIPOs’ personal preferences and needs, such as flexible work hours and teleworking arrangements.

Give managers leeway to act on the information they gather during those conversations and be as accommodating of HIPOs’ needs as policies will allow.

#### 4. Don’t Give the Impression You Are Favoring External Hires

Casting a broad net can be valuable when it comes to hiring. This is especially true in today’s economy; external hires can bring diversity of thought, new skills and experience in adjacent industries. And CHROs are feeling the pressure

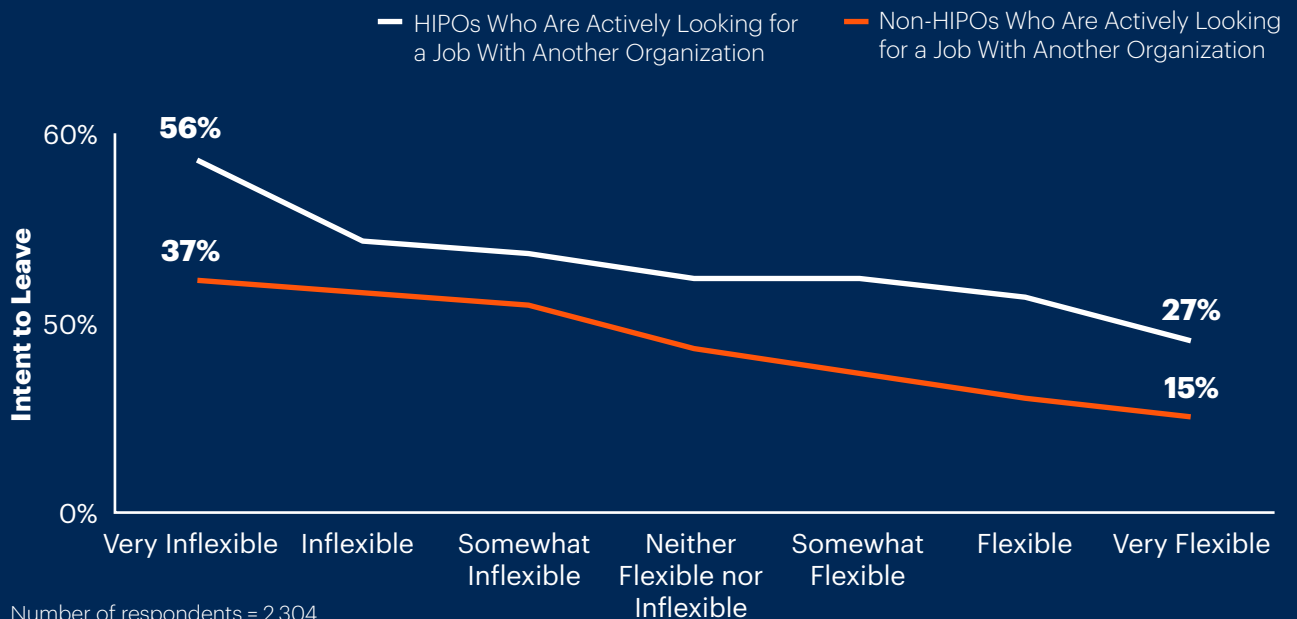
here, reporting a nondiverse leadership bench as one of the top five problems preventing their organizations from reaching their goals in 2019.

However, in addition to the economics we cited earlier, consistently overlooking your own bench when filling open roles sends a powerful negative message. It can impact HIPOs’ perceptions of future career opportunities on your team or within the organization. Again, this is one of the most important factors they look for in a job.

In other words, it’s not enough to show your organization has future career opportunities; you also have to give HIPOs reason to believe internal candidates like themselves can benefit from them. Employees who report that opportunities at their organizations are usually filled by external candidates are more likely to be looking for jobs elsewhere, and the effect is especially strong among HIPOs (see Figure 5).

Conversely, only 17% of HIPOs who agree that “internal applicants have a reasonable chance of getting the posted job opportunities” are looking for positions elsewhere compared to 47% of HIPOs who disagree.<sup>7</sup>

**Figure 4: Impact of Perceived Inflexibility on Intent to Leave**



Number of respondents = 2,304  
Source: Gartner 2015 Career Employee Survey

**What to do:** To prevent HIPOs in your function from making the wrong assumptions about what past hiring practices may mean for their future opportunities, encourage HIPO managers to have transparent discussions about their reports' changing career aspirations, and keep an up-to-date record of specific internal roles HIPOs are interested in. When an opening becomes available that HIPOs in your function have expressed interest in, make sure they are included in the recruiting process.

Encourage managers to be open about the hiring decision making process. They should help HIPOs understand why external candidates were given preference for certain types of roles; for example, perhaps a recent technological development created a need for a certain skill set that no internal candidate possessed. Managers should also coach HIPOs to identify and develop the skills they need to keep up with the competition.

## Take Action

As a CHRO, you can control or influence all of these factors. You:

- Make decisions that affect how many other people HIPOs work with

- Are responsible for maintaining a culture in which harassment doesn't happen or, at least, is quickly addressed
- Can influence the organization's willingness to be flexible around HIPO life events
- Have a say in the external versus internal hiring strategy for leadership roles

Take advantage of these opportunities to impact HIPO retention and thereby fortify your leadership bench, creating an environment HIPOs won't want to leave.

*Brian Kropp contributed to this article.*

<sup>1</sup> Gartner 2013 Succession Management Survey; number of respondents = 203 organizations

<sup>2</sup> Gartner 2019 Future of HR Agenda Poll; number of respondents = 767 HR leaders

<sup>3</sup> Gartner 2016 HIPO Survey; number of respondents = 142 HR leaders

<sup>4</sup> Bloomberg. "Unemployment Rate in the G20 Countries, 29 February 2008 through 31 January 2018." Retrieved 20 February 2018 from Bloomberg terminal.

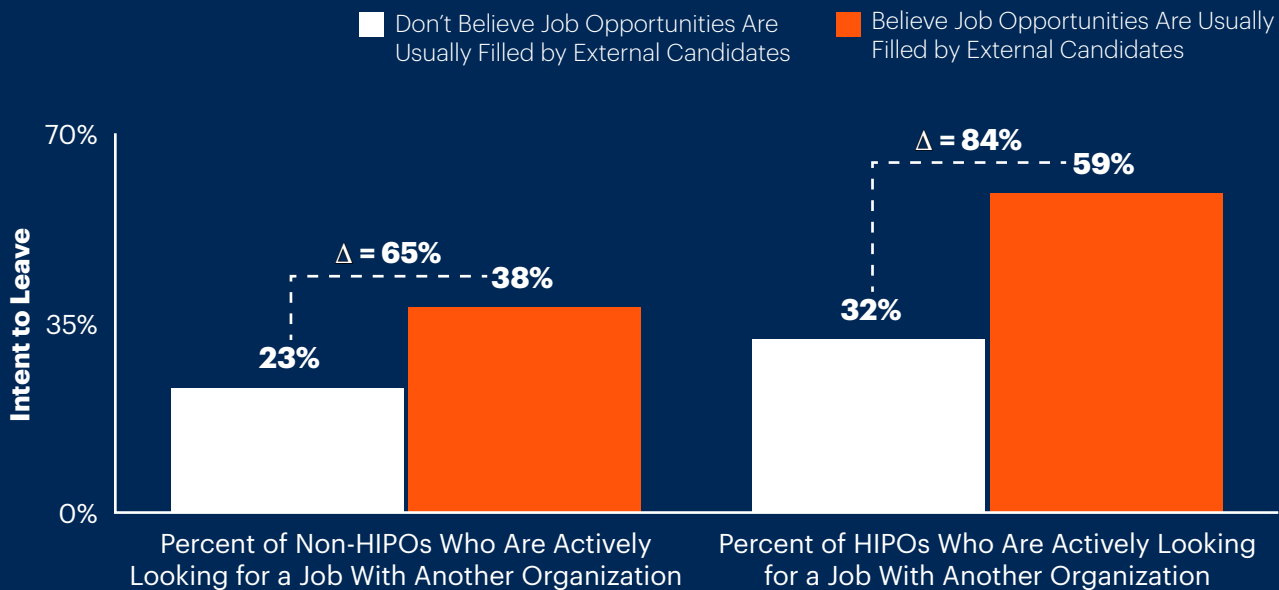
<sup>5</sup> Gartner 2018 3Q Global Labor Market Survey

<sup>6</sup> Satisfaction with the following factors among HIPOs who are actively looking versus HIPOs who are not actively looking, respectively: compensation — 82% vs. 78%; work-life balance — 85% vs. 82%; stability — 87% vs. 86%; respect — 87% vs. 87%; career opportunities — 81% vs. 77%.

<sup>7</sup> Gartner 2015 Career Employee Survey

<sup>8</sup> Gartner 2017 4Q Global Labor Market Survey

**Figure 5: Impact of Perceived External Hire Favoritism on Intent to Leave**



Number of respondents = 2,304  
Source: Gartner 2015 Career Employee Survey