



# **The Prevalence of Talent Raids Among US Corporations and the Implications For Talent Retention Strategies**

*By Mark Oppenheimer (Marlin Hawk) and Scott A. Scanlon (Hunt Scanlon Media)*



**High profile talent raids are regularly reported in the press, whether it's Uber picking up bankers from Goldman Sachs or Apple taking a bite out of Tesla's leadership team. One of the latest incidents has been Netflix allegedly poaching two senior executives from 21<sup>st</sup> Century Fox, described as 'a brazen campaign to unlawfully target, recruit and poach valuable Fox executives.'**

**But is this just the tip of the iceberg? How big a problem has poaching become for the wider HR and talent management community throughout the U.S.?**

In September 2016, global leadership advisory firm Marlin Hawk teamed with Hunt Scanlon Media, the most widely referenced source of information on human capital, to determine the extent to which executive poaching affects all companies and if the corporate world is ramping up its talent retention efforts.

The survey gathered input from nearly 400 chief human resource officers (CHROs), human resource VPs and managers, as well as executive search consultants and researchers, so the information collected has the weight of being from the entire HR and search community. Respondents represented a diverse range of market sectors including financial services, technology, retail, consumer goods, healthcare, government, industrial and manufacturing.

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## Top Line Results

**A full quarter of U.S. businesses are experiencing a marked increase in talent raids at the C-suite level.**



More than a quarter have experienced an increase of talent raids at the C-suite level.

This figure suggests that the high-profile talent raids generating media headlines are indicative of what is happening throughout the wider world of business, across all sectors.

Typically, there's an initial approach, followed by an enticing offer, and then a crucial executive is whisked away. It happens everywhere, in all manner of businesses, but the sectors most affected are Financial Services, Retail/Consumer Goods and Technology/Telecommunications.

The industry that most frequently indicated an increase in talent raids was the **Financial/Banking** sector.

**35%** of respondents in that field said there had been an increase, followed by

**33%** in the **Retail / Consumer** sector, and

**28%** in the **Technology / Telecommunications** sector.

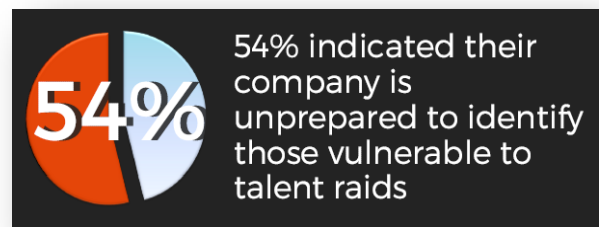
"For my company, it appears that our biggest weakness is our ability to identify passive job seekers. I find that we make general assumptions about some of our talent – for example, those that seem happy or have long tenure – and we don't employ a comprehensive strategy to detect what drives them. We're then often surprised when we hear those individuals are leaving. The passive seeker is a real risk, especially among those with strong, marketable skills and an impressive track record."



**Dianne Ferrara Russo**  
Director of Talent Management  
Allstate Insurance Company  
U.S.

## Defending Talent

**Talent is arguably the single greatest enabler of business strategy. So, perhaps more disconcerting than the increase in the occurrence of talent raids is how unprepared the majority of corporate America is to counteract them.**



Over 40% of all responding HR experts indicated that their company has no formal retention strategy in place, while 54% said their company is unprepared to identify those vulnerable to talent raids.

"It is concerning that half of the companies surveyed feel unprepared to identify retention risks of key executives and that even fewer don't have formal strategies in place to retain these individuals. Effective talent management requires an organization to keep a finger on the pulse of the retention risk of key executives and that it is intentional in its efforts to retain these individuals. These efforts should be taken well in advance of when key executives even consider leaving the organization in order to be effective."



**Brian Heger**  
Principal Consultant  
Brian Heger HR Advisory Services  
(Former SVP Talent Management, Hudson's Bay Company)  
U.S.



Only 38% were satisfied with their company's attrition rate data. Given the amount of time, effort and financial investment put into locating and hiring key executives, these findings suggest that employers need to be more attentive

in building the optimum environment to retain their most valuable people. Talent is clearly among the most valuable resources any organization possesses — and when it's

taken away, the loss has serious ramifications. No organization would let an intruder stroll in uncontested and walk off with its financial assets or intellectual property. Yet when it comes to defending talent, the figurative gates seem to be wide open. It's a weakness that can have an adverse impact on readiness to compete, growth targets, and share price, and that will surely be exacerbated when demand for outstanding talent starts to outstrip supply.

"While companies are concerned about talent losses, not much work is being done to predict and put in place a comprehensive plan for retaining executives. CHROs seldom look at search firms to help develop broader talent retention strategy. There is an inherent lack of trust. Holding organizations back from embracing search firms for more holistic talent management expertise works!"



**Bala V. Sathyanarayanan**  
EVP Business Transformation & CHRO  
Xerox Technology  
U.S.

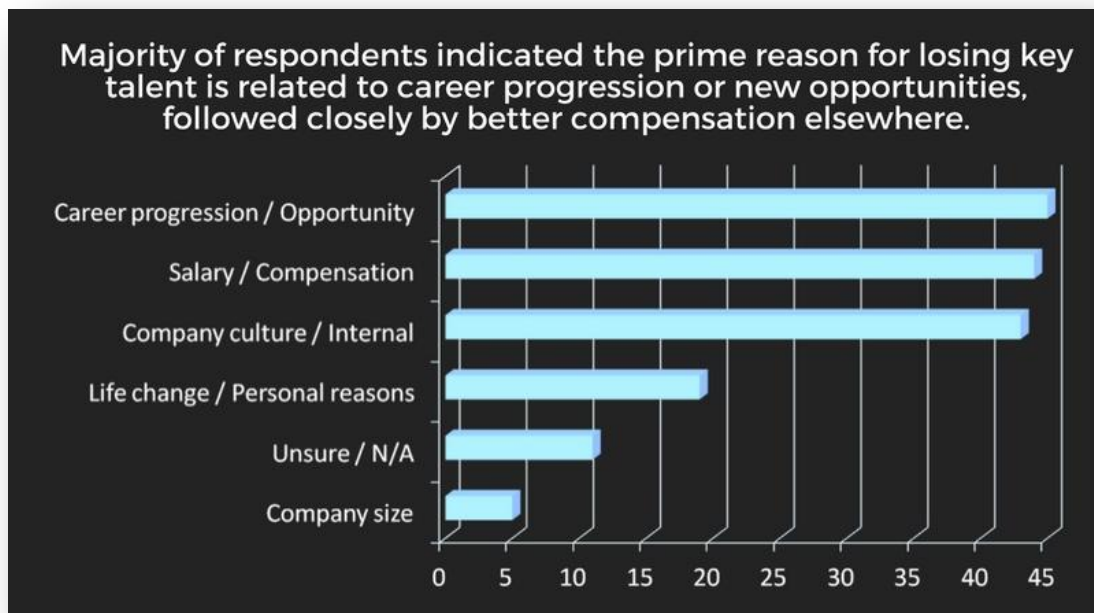
"The issue with retention is that it is reactive by nature at many companies and often gets triggered after an employee has resigned - at that point it is too late and a vast majority of counter offer employees end up leaving within 12 months or as soon as the retention bonus runs out. For retention to work the best anti-poaching potion is to be proactive. If someone is a top performer with no increase in salary over three years or no promotion over a number of years, it is most effective to be proactive in retaining such talent even if they seem 'happy.' The second issue is that sometimes the squeaky wheel gets the grease - companies should not just retain those who hint at resigning - rather those who have demonstrated good attitude and engagement."



**Vineet Gambhir**  
Vice President Human Resources  
Yahoo  
Singapore

## The Root Cause

Executives have all manner of reasons for jumping ship. While they can be compared to financial assets or intellectual property in terms of value, companies do not own them and they have the right to carve their own careers and fulfill personal ambitions. It is not possible to prevent all executives from being poached as no policy, system or process can account for human nature.



To an extent, that is the problem. Many companies know how to deal with the tangible issues, but they fail to tackle the soft issues that are equally important to people, especially with the millennial generation. It's important to understand human nature, what drives people and makes them loyal. Culture, the working environment, and a sense of belonging to a club or tribe all contribute. Just as marketing and sales executives have an external view on the market and are constantly comparing their company with competitors, so too should HR leaders. They must compete in the market to attract *and* to retain the best talent.

"While we do give special stock grants in select cases, much more valuable is creating a culture that people don't want to leave."



**Tom DiDonato**  
SVP Human Resources  
Lear Corp.  
U.S.

The results of the survey strongly suggest that retention strategies need to figure more strongly in the CHRO's agenda. The scope of the CHRO's role is vast and many have now recruited heads of talent acquisition to handle the talent management aspect of HR. It stands to reason that talent acquisition should also embrace talent retention and that, while recruiting will always be one of the key pillars of HR, there will be more of a balance in the future. We have already seen this happen in recent years with an increase in employee engagement activities. Retention is effectively an extension of that drive to create the perfect working environment for staff at all levels.

"In my experience most senior executives believe the marketplace will continue to provide resources to fill openings caused by raiding. While the market will do so to some degree, succession planning and talent development needs to increase in importance and be actionable. There is investment in a few, however, a substantial increase to ensure their talent is fully engaged and committed is required."



**Kerry Garman**  
President  
Paragon People Solutions  
(Former SVP Human Resources, Perdue Farms)  
U.S.

"A good practice to mitigate executive loss is to have key members of the organization committed to retention plans of some kind. Many companies have long term incentive plans (LTIP), vesting schedules, retirement plans, deferred compensation, executive healthcare plans and non-compete agreements (where possible) in place to demonstrate to executives their value to the organization. Other perks, while perhaps not as attractive as the ones listed here, include the use of executive leadership (MBA) training and retreats as rewards for time served."



**Anthony Papa**  
SVP Human Resources  
Federal-Mogul Motorparts  
U.S.

## Five Top Tips to Proactively Retain Talent

The survey results show that many companies are struggling to hold on to their top talent and that the talent raid is a growing phenomenon. While there is no 'panacea' for the problem, there are several ways in which companies can increase their chances of retaining talent and fending off unsolicited approaches to lure away their key executives.



### Here are some top tips for HR professionals:

#### ➤ 1. Ensure the fundamentals stack up

Identify your top talent (not just the obvious ones), conduct compensation benchmark studies, ensure key executives are competitively compensated and tie them in with long-term incentive packages. Non-compete contracts can also help, but focus on the positive aspects of staying and having a stake in the company's future success.

#### ➤ 2. Focus on culture and values

Don't get hung up on financial rewards, especially with the millennial generation. Build a team of like-minded people with a strong culture and shared values. Even at the highest executive level, people are incentivized to stay when they know their contribution is recognized and when they are extending their experience and skills and taking on more responsibility. Ironically, by increasing executives' employability elsewhere, they become both more likely to stay and better equipped to add value.

### ➤ 3. Track vulnerable employees

Keep an ear to the ground to spot executives who may be susceptible to poaching. Disaffection may be caused by someone's role being impacted by a merger or organizational restructuring, or by their budget being cut, or by a project resulting in an unsuccessful conclusion through no fault of their own. Be vigilant and acknowledge such obstacles, letting the affected executive know that you are aware and care – show them a positive outcome to alleviate the situation.

### ➤ 4. Foster mentoring to uncover problems

Provide a regular forum for key executives to vent frustrations. Top senior performers can still benefit from mentoring, preferably from someone at a similar level who can be objective, such as the CHRO or a non-executive director. It may be that an executive feels that promises are not being fulfilled, or that time-consuming projects are derailing achievement of objectives. Early identification of a problem provides an opportunity for resolution before it becomes too late.

### ➤ 5. Succession planning and pipelining

It is inevitable that key talent will leave at some point, so be prepared. Use succession planning to build a shadow board across each senior position, with coaching and upskilling to fast track potential replacements. In tandem, develop an external pool of talent as a contingency plan, lining up high calibre leaders with the potential to replace key executives.

"Talent loss will depend on company culture and how it values its people or not. In larger companies where I have worked I have addressed this issue in a multi-pronged approach, using career development and career progression together with compensation short and long term. Typically the top five to 10 percent of talent in the organization. It does not guarantee you no attrition but it certainly reduces it and sends a clear message to the individuals and the wider organization that the company values its people and talent."



**Campbell Fitch**  
Human Resources Executive Director  
ZELTIQ  
U.K.

## Dos and Don'ts

**If an executive does get poached, here are some important DOs and DON'Ts:**

### DO

- **Do** let them leave on good terms as there is always a chance that they may come back in the future, armed with valuable knowledge and experience gained from a competitor or a different sector. Maintain regular contact to check on their progress as they may not settle in their new company and could welcome an olive branch.
- **Do** shore up the team around the outgoing executive as the loss of their leader could be unsettling and potentially cause a wider exodus. Do everything possible to reassure them, keeping them informed, supervised, on track and motivated. Focus on the opportunity for internal candidates to step up.

### DON'T

- **Don't** assume that the reason for leaving is purely financial and respond with an immediate counter offer. It may persuade the leaver to stay on, but for the wrong reasons. All that happens then is that the inevitable is postponed and the executive is not totally committed to your company.
- **Don't** treat the resigning executive as a pariah and isolate them. Find out their genuine reasons for moving on and use the information to prevent losses of further key executives. By listening and learning, it may even be possible to remedy the issues and convince the executive to stay on, for the right reasons.

### Top tips to proactively retain talent

- Identify your top talent, conduct **compensation benchmark studies**, and tie them in with **long-term incentive plans**
- Don't get hung up on financial reward. **Build a team** of like-minded people with a **strong culture** and **shared values**
- Keep an ear to the ground to spot executives who may be **susceptible** to poaching
- Provide a **regular forum** for key executives to vent frustrations
- Be prepared for when key talent does leave. Use **succession planning** to build a shadow board across each senior position

## Partnering With Advisory Firms



**Despite the growing importance of retaining key executive talent, only 14 percent of respondents confirmed utilization of an external advisory partner to help devise retention strategies.**

Understandably, some CHROs may feel uncomfortable asking the very people they hold responsible for poaching to give advice on talent retention. There may be a few predatory search firms who, given the chance, would poach an executive as soon as they had received payment for placing them. But most have high ethical standards and place great importance on long-term client relationships built on trust and complementary expertise. They also want to do what is right for their candidates, even if that means remaining in a current position.

"Search firms - rightly positioned - can be an invaluable resource for companies who truly want to leverage the knowledge of those most familiar with the market. What's critical is for the client to look at these as long-term partnerships (vs. short-term interventions), minimizing the risk of becoming 'poacher's accomplices.'"



**Mark Berry**  
CHRO  
CGB Enterprises  
U.S.

Leadership advisory and executive search firms tend to be passionate about helping their clients in every way they can. That is why they invest so much time and effort in onboarding candidates and integrating them post-placement. They talk to a broad range of candidates and gain valuable insights into why people want to stay with their current company or move on. These advisors can serve as an extension to the client's HR function, bringing external experience to the table and partnering with the CHRO to

develop strategies for maximizing executive talent retention. Executive recruiters have been moving away from the simple tasks of identifying talent to higher forms of consulting services, which include leadership assessment, psychological testing, benchmarking, onboarding and integration, culture shaping, and career planning, right up through to leadership development and succession planning. The talent continuum today is very broad-based and senior level recruiters with an eye on the C-suite now view talent management from a much more holistic perspective.

“I believe that leadership advisory firms specializing in executive search can help in the construction and design of specific strategies for client companies on retaining critical knowledge and people. These providers, I do believe, can help achieve the match between culture and organizational dynamics – and they can also appropriate models of talent attraction and retention in each reality and organizational context.”



**Pedro Ramos**  
Chief Officer -- HR  
Groundforce  
Portugal

## Succession Planning and Talent Pool Creation

**There is an obvious opportunity to partner with search firms for succession planning.**

With an objective viewpoint, they can assess the experience and capability of a specific layer of management and build a shadow board across each position, with a diverse range of engaged, world class profiles to meet every contingency. They can even provide coaching and upskilling to fast track potential replacements.

Search firms can also develop an external pool of talent to draw from, identifying qualified and culturally compatible leaders with the potential to drive the company forward. They then develop a 'magnetism' strategy, reaching out and warming up selected targets, holding their attention and converting interest to genuine attraction. The client gains from continuous market insights and regular benchmarking, as well as a pool of potential future leaders.

"It has been my experience that little time has been spent putting in place strategies for retention of executives. Ironically, during performance management cycles, workforce planning and calibration, these same executives tend to have open discussions regarding employees who they feel are flight risks and plans that should be put in place for retention of these employees."



**Theresa Pauzer**  
Chief People Officer  
1010data  
U.S.

## Conclusion

**The prevalence of talent raids is growing across the business spectrum. It is all too easy to pin the blame on the poachers rather than accept that, if an executive decides to leave, the company may have an underlying retention problem.**



Competition for talent is already fierce. Companies need to start paying as much attention to retention as they do to attraction, especially as talent is expected to be in shorter supply as workforce demographics change in the future. The best executives have choices and can be influenced by a great place to work, not just financial reward.

Leadership advisory and executive search firms often get the blame for being the poacher's closet accomplice, but those that provide a more holistic talent management offering can make great strategic partners and help mitigate the risk of losing top executives to poachers.

"The stability of a business depends upon keeping an eagle's eye on a host of areas in order to avoid or mitigate negative turns. These vulnerabilities for businesses include things like capital loss, weak cash positions, loss of key customers and/or a significant decrease in sales. The loss of key executives to poaching should top this list of vulnerabilities. Moreover, retention strategies must be critical components and be strategic as well as customized to protect these vital human assets. Otherwise, business instability is virtually guaranteed. I believe this eye-opening talent poaching report will be a wake-up call to business leaders across all industries."



**Joanne Rencher**  
Chief People Officer  
Girl Scouts of the USA  
U.S.

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### **About Marlin Hawk**

Marlin Hawk is a leadership advisory and executive search firm that delivers the next generation of global business leaders. Covering three broad sectors - Commerce & Industry, Wholesale & Retail Financial Services and Professional Services – the firm focuses on Board, NED, C-suite and senior executives. In addition to Executive Search and Interim Management, services include Market Intelligence & Benchmarking, Partnership Programmes, Talent Mapping & Analysis and Leadership Assessment & Coaching. The emphasis is on insight, discovery, and culture matching and business transformation.

For more information visit [www.marlinhawk.com](http://www.marlinhawk.com)

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Hunt Scanlon Media is the most widely referenced, single source for information in the human capital sector. Our mission is to inform, engage, and connect you — the most avid members of the talent management community — with daily news and expert commentary. Hunt-Scanlon Media has been defining and informing the senior talent management sector for over 25 years, and our global news network is the most comprehensive in the talent management field

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