SEVEN STRATEGIES FOR RETAINING TOP TALENT*

Joan Brannick, PhD, SPHR

Not that long ago, companies were scrambling to find and keep great employees. The fierceness of competition in the job market was reflected in numerous reports of hefty signing bonuses and generous stock option packages for non-management hires, and even awards of BMWs to employees who referred new hires. With the slowing economy, however, recruiting and hiring top talent moved down the list of most organization's priorities, and there was a growing complacency about keeping current employees. After all, with the unemployment rate rising and companies laying off, not hiring, where can potential job hoppers go?

This kind of complacency is always dangerous. Even in the tightest job markets, there is always a demand for the best and the brightest workers. And, as the economy slows, companies need their most productive employees more than ever. Therefore, keeping top employees must remain a very high priority regardless of where we are in the cycle of economic growth.

This doesn't mean you have to earmark extra funds for retention bonuses. Companies known for their ability to retain top performers use a "more than money" approach. They realize that the organizational characteristic that their competition can most easily duplicate is money. That is why companies that are winning the war for talent use non-monetary strategies to keep their top talent. Here are seven strategies that you can use to help your company keep your top employees.

1. Hire for attitude, train for skill.

If you think you need retention strategies only for current employees, you're wrong. To keep top talent, you must first recruit and hire top talent. Employee recruitment and hiring have an enormous and, often overlooked, impact on employee retention.

Companies that have significantly improved their employee retention efforts have made dramatic changes in the ways in which they recruit and hire employees. Rather than focusing on how well candidates meet specific job requirements, they focus on how well candidates meet more general company and work requirements. Companies such as Southwest Airlines, Cisco Systems, and 3M are known throughout the U.S. for their "culture fit" approach to recruiting and hiring.

There are two primary reasons for this shift in strategy. First, companies that recognize how vital culture is to the organization are committed to finding and keeping employees who help create and sustain that culture. Knowing that it is difficult to change people's attitudes and values, they recruit and hire employees who have attitudes and values that are consistent with and support the company culture. They then train those employees on specific job skills. More important, these companies realize that hiring solely based on job requirements doesn't make sense. Job knowledge and skills change rapidly. Even though you hire a candidate with great job skills, you will have to provide ongoing job training to keep up with the ever-changing requirements of the job.

2. Align applicant expectations.

Too many companies typically take a "first date," approach to hiring by sharing only the positive aspects of the job or the company with the applicant. They may also make promises that they cannot keep in terms of pay, advancement opportunities, and professional development. The result? Employees often leave because their unrealistic or inaccurate expectations were never met.

Retention-savvy companies understand the value of providing applicants with accurate information about the job and the company. They go out of their way to share the good, the bad, and the ugly during the hiring process. They know that they may lose some good people by being honest. They also know, however, that new hires who have gotten the straight scoop about the job are more likely to stay with the company. Sharing the good, the bad, and the ugly produces realistic expectations. Realistic expectations result in better hiring decisions and improved employee retention.

3. Use a Great Employee Profile to drive retention.

Who would you hate to see leave your company? Just by posing that question, you have taken the first step in creating your company's great employee profile (GEP). The foundation of your organization's future is keeping the great employees you already have and finding more like them.

You can develop your GEP by using methods such as personality profiling, 360-feedback, and performance appraisals, but the most revealing exercise is to interview your current great employees. Face-to-face, one-on-one (or small group discussions) interviews with your top talent uncover magnificent nuggets of information on what motivated them to join you and what motivates them to stay. Here is a starter list of potential questions.

1. Where were you working before you came to work for us?
2. Why did you choose to work for us?
3. What is the number one expectation you had when you came to work for us that has NOT been met?
4. What hobbies and activities out of work do you engage in (e.g., sports, reading, gardening, music--push for details)?
5. List two or three qualities or characteristics that help you succeed in your job.
6. What is the number one reason you choose to continue working for us?
7. What is the one thing the company does that makes you think about leaving us?

Use the answers to these questions to create and use recruitment and hiring strategies that will attract applicants who are similar to your great employees. More important, use the answers to drive your employee retention efforts. Find ways to do more of what your great employees like and eliminate those things that your great employees dislike.

4. Create an employee value proposition (EVP) that delivers what it promises.

Creating an employee value proposition that delivers what it promises is imperative. The EVP is the compelling reason why a talented person would want to work for your company. McKinsey & Company identified four key elements in an EVP. They are:

- Great company. The company cares about its people, and the people care about the company. Trust and open communication form the foundation for all business interactions. Employees feel a tremendous sense of pride in being associated with the company's success and each person's role in it.

- Great job. People have to like what they do and the people they do it with. A great job is challenging, growing, and filled with content that the person finds interesting and important. A big part of feeling good about job is the result of being valued for one's unique talents and contributions.

- Great leaders. Great leaders treat people with trust and respect. They find the balance between giving people the freedom to accomplish great things and providing the guidance to help them do it. Great leaders know their people, understand their dreams, and use that information to help the company and employees achieve great things.

- Attractive compensation. Money is important - for what it can buy and for the lifestyle that it provides people. It is also important because of what it represents: recognition and fairness. Talented people expect their contributions to be recognized, and they expect their compensation to reflect how the company values what they do.

5. Count what counts.

What gets measured gets done. What counts is what gets counted. To improve your company's employee retention, you must understand where you are now compared to where you want to be related to employee retention.

Most company turnover statistics are useless. Why? Generally, company turnover statistics include a single number that lumps all good turnover (under-performing employees leaving) with bad turnover (great employees leaving). Breaking turnover statistics down by department, by job, or by geographic region won't help unless a distinction is made between good turnover and bad turnover.

To improve employee retention, you need to take a different approach to the metrics your organization uses to track employee turnover and retention. Some new (and more effective) ways of measuring employee retention include:

- Great Employee Retention rates (voluntary/involuntary)
- Great Employee Retention rates (overall, department, and job)
- Great Employee Retention rates (hourly, salaried)
- Great Employee Boomerang rates (percent of great employee who leave you and come back)

Notice two things about these metrics. First, they focus on your great employees. A company's overall turnover rate may be quite low. Most of the people leaving, however, could be the company's top employees. Tracking great employee turnover and/or retention is the only way that companies can really get a handle on how they are faring in the war for talent.

Second, breaking out great employee retention rates by department, by job, and by other organizational categories gives you great insight into things going on within the organization. For example, if a particular job that has as slightly lower great employee retention rate, there is likely to be something about that job that needs to be changed. These results could suggest the need for more training, better equipment, or a change in the content/structure of the job.

6. Drive employee ownership of employee retention.

In their seminal book, ***First Break All the Rules***, Marcus Buckingham and Curt Coffman provide data to support what most of us have known for years. The number one reason people leave a company is the supervisor. That's right – talent most often quits the boss, not the company

Retention-savvy companies recruit, hire, and retain managers whose attitudes, values, and behaviors are consistent with the company's core culture. These managers, in turn, find it easier to recruit, hire, and retain other employees whose attitudes, values, and behaviors are consistent with the company's culture. These managers and the employees that they hire and promote serve to sustain the company's culture.

A second proven method for retaining top talent is to recognize and reward managers for behaviors related to employee retention. Kentucky-based manufacturer Griffen Industries exemplifies this strategy. In the past, Griffen had traditionally focused on two key measures for management bonuses: quality and safety. With a much higher turnover rate than acceptable, the company decided that the fastest way to reach their retention goals was to give turnover equal weighting in management's bonus calculation. When managers were measured equally on quality, safety, <I>and<I> retention, all three areas showed significant improvement.

7. Avoid a "one size fits all" approach to employee retention.

In his breakthrough book, ***Future Perfect***, author, futurist, and business strategist Stan Davis introduced the concept of "'Any Time - Any Place - Mass Customization". Davis correctly predicted that to be successful into the future, all businesses must provide their services at:

- <u>Any Time</u> the customer wants the service (not just when the company prefers to give the service);
- <u>Any Place</u> the customer prefers to receive the service (not just where the company prefers to provide the service) with
- <u>Mass Customization</u> that designs and delivers all services to the unique needs and specifications of the individual customer (not a "one sizes fits all" approach).

Davis' concepts apply to retaining talent. Every employee possesses a unique set of skills, motivations, and needs. Although some employees share similar characteristics, each individual must be viewed as that – an individual – and not just a job title.

It is imperative to build a culture of mass customization if you wish to retain top talent. From a generic statement of the tangible and intangible benefits your company offers, you must move toward an Any Time – Any Place – Mass Customization of all employee-centered activities.

Well known for its ability to retain great employees, State Farm Insurance uses a simple approach to the mass customization of employee recognition. Managers ask their employees to complete a one-page "Favorites List" of their favorite things such as their favorite ice cream, color, flower, movie star, candy bar, restaurant, food, vacation get-away spot, hobby, recreational activity – you get the point. When the manager wants to reward an employee for outstanding performance, they review that employee's "Favorites List" and quickly customize the recognition to include the individual employee's favorite things.

People are costly, and justifiably so. People are the most important drivers of a company's competitive advantage. By retaining great employees, you also retain such intangibles as the capacity for innovation, the source of productivity improvements, and the basis for customer satisfaction.
Successful retention strategies can also translate into dollars and cents on the balance sheet. It can cost as much as two times the annual salary to replace an employee. A small decrease in employee turnover often results in a dramatic increase to the company's bottom line. Retention-savvy companies use these seven strategies to retain their top talent and, therefore, to improve their company's financial and non-financial standing in the marketplace.

** This article originally appeared in the Journal of Business Strategy (July-August, 2001)*

About the Author

Joan Brannick, PhD, SPHR is President of Brannick HR Connections (BHRC). She is an organizational psychologist that consults, writes, and speaks on recruiting, hiring, engagement, and leadership trends and best practices. She is the co-author of Finding and Keeping Great Employees, a Fortune Magazine "Best Business Book." Her insights have appeared in many business and HR publications including Fortune Magazine, HR Magazine, and the Wall Street Journal. For more information about BHRC's services, call (813) 672-0500 or visit www.BrannickHRConnections.com.