From Assets to Investors

It's time to view employees more as investors in your organization rather than its assets. That's just one epiphany of 25 global talent leaders who convened in Los Angeles to discuss, debate, benchmark, and collaborate on the timely topic of engaging and retaining talent.

By Beverly Kaye and Sharon Jordan-Evans

How do you build a culture that engages and retains talent in an uncertain economy?

How can you foster loyalty and commitment in your workplace?

Those were key questions addressed at the second annual engagement and retention think tank *T+D*, January 2002, to read about the first meeting. This year, 25 global talent leaders convened in Los Angeles, to discuss, debate, benchmark, and collaborate on the timely topic of engaging and retaining talent. Collectively, they acknowledged that the current challenge isn't just about retaining talented people but, more important, about fully engaging them.

It's about capturing people's minds and hearts at each stage of their work lives. To be fully engaged requires emotional involvement in one's work. That leads to increased productivity and, in turn, higher customer satisfaction and greater profits. Engaged employees bring value to organizations and improve their competitive positions. In turn, these employees reap personal rewards from their work. Their engagement, commitment, and loyalty are a result of being challenged, developed, appreciated, heard, and respected.

All of these global talent leaders agreed that the term *employee retention* has acquired new meaning or, perhaps, new importance during recent economic turmoil. They see disengaged employees as psychological casualties of talent mismanagement; the employees who leave are the physical casualties. Both types drain an organization of the brainpower and commitment that are vital to ensuring productivity and profitability.

So, how to keep them?

The findings from Career Systems International's ongoing Retention Driver Survey support what the talent leaders found: There is no mystery about what keeps good people in their organizations. The key factors:

- challenging and exciting work
- career growth
- development
- a good boss
- working with great people
- fair pay.

The challenge lies in how to apply that knowledge in fast-paced, competitive work environments. It's interesting to note that those retention drivers didn't change much from 1998 to 2002, despite drastic shifts in the U.S. economy and labor market.

Key findings, best practices

Once the global talent leaders discussed current realities and defined *engagement* and *retention*, they shared key findings and best practices. We have summarized them here. Some are short and may seem basic but could remind you of something you haven't been doing. Others are complex and may represent innovative thinking. Any could spark your creativity and help you build or strengthen an engagement-and-retention culture in your organization.

Reciprocity is key. Employees are investors in their companies and expect a return on their investment. Without it, they leave—physically or psychologically. Retention is based on the concept of reciprocity. If you create the kind of environment people want to work in, they'll deliver. When people are ignored, they can undermine overall productivity. Employees actually have the power to fire their bosses—by delivering weak performance and low productivity.

Weave retention into the DNA. Managers who successfully retain and engage talented people have woven retention and engagement deeply into the fabric of their organizations. They don't treat retention as another event to focus on when time permits, nor do they stamp it onto an already message-laden culture. Instead, they strive to make

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retention and engagement an ongoing expectation of their management teams.

One organization experienced a devastating reduction in business in a geographic region, which it attributed to talent turnover. The business downturn was reversed through a manager-focused initiative that required

- managers to hold a "stay" interview with every employee
- each unit to select a distinct retention strategy from a menu of many options and implement it
- managers to submit bimonthly reports about their retention activities.

While developing managers into talent-focused leaders, this organization created a reward program for its managers, Re-Recruit New Hires ASAP. Strong leaders have the power and influence to build loyalty in an organization. Loyalty is earned, not a given, and employee loyalty is earned early on. It begins with orientation.

One talent leader describes his organization's new-hire program as focused on these basics: Seek great job fit, train early and consistently, and hold managers accountable. The organization consistently trains talent (especially in customer service) and, at regular intervals, evaluates job fit. Managers are required to create development plans with each employee and have bonus-based scorecards that measure not just turnover reductions, but also employee engagement.

Another talent leader strongly emphasizes the importance of treating an employee's first year as the beginning of the retention cycle. The focus should be on an effective on-boarding process and an in-depth introduction to the culture. The first, and continuing, handshake engages the employee and builds a relationship that extends the bond over time. This organization increased its ability to lure the best and the brightest with its comprehensive orientation program. The attention to on-boarding played a major role in the organization-wide attrition rate, which dipped below 4 percent, with an even lower rate among newly hired employees.

"Improving first-year retention, decreasing time to productivity, and building loyalty and commitment are directly related to how quickly managers can develop high-quality relationships with their new hires," says one talent manager.

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Become an employer of choice. All of the think tank participants agree that being viewed as the "employer of choice" in their respective markets and developing a strategy to create an extraordinary environment for all employees were crucial to retention and engagement.

One talent manager says that her organization agreed "to compete on compensation and benefits, and win on culture and learning and development." Her company fashioned its Talent Relationship Management system after a customer relationship management model, in which everyone has a role in the engagement equation. The genius of its culture shift came in viewing employees as investors, not assets.

Remotivate after mergers, downsizings, and bankruptcies. Those calamities require leaders to remotivate employees, during and after a crisis. The global talent leaders say that keeping employee survivors engaged after a layoff is vital to productivity. These survivors are often unable to contribute effectively to organizational goals. As key contacts are laid off and surviving employees disengage, productivity drops and customer-service levels are directly affected.

To combat the effects of a merger, one organization assigned senior-level mentors to high-potentials to share information before and during the change, to give assurance they're safe, and to provide a direct link

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to someone at a higher level than their boss. By keeping its stars internally well linked during change, the organization was able to foster a sense of engagement among the survivors.

A financial-services organization found that by focusing on diversity during a merger, it was able to increase commitment, thus minimizing the risk of losing merger survivors.

Says one talent leader, "The second wave of departures can deteriorate an organization further. The people you count on after downsizing often walk out the door six to 12 months later."

Stars include more than the top. Stars are people at any level who bring value to an organization. A good test to identify stars is to consider this hypothetical question: If you were leaving and could take anyone with you to build your new team, who would you take? Those people are your stars. The talent leaders at this conference unanimously agree that focusing only on the top 10 percent of performers and ignoring the rest is a costly error, especially considering the effect of turnover on customer service. It's often those in the middle who are responsible for servicing customers. Poor customer service will eventually affect shareholder value.

One talent leader shares a realization that 99 percent of the employees making US$5 to $8 an hour are often the most ignored. That's an amazing mistake because those workers are typically directly responsible for customer satisfaction—or the lack of it. In one organization, turnover rates of 400 percent among that population created an incredible customer-satisfaction challenge. The talent leader began his retention intervention by asking 30-year veteran employees why they stayed. The answers drove the decision to initiate a retention culture change throughout the organization. Managers learned retention strategies, then hired for attitude and trained for success.

Manage high-potentials carefully. Keeping high-potential talent is vital to competitiveness. Many employers are frustrated to see their high fliers become willing victims of talent theft.

One talent leader's experience was that managers often talk *about* high-potentials but rarely talk *to* them about their potential. Instead of mapping out such employees' development plans, managers are likely to pile on the work and raise expectations without telling the employees why. Then the obvious happens: Uninformed high-potentials feel they're carrying the weight of lower performers and are being taken advantage of. Frustrated talent, unfulfilled at work, will listen (and talk) to recruiters. When managers focus on retaining and engaging the vital talent pool, those high-potentials are less likely to take calls from headhunters.

Even people who didn't make job security a priority before are now weighing job opportunities with security-focused eyes. Many organizations have taken advantage of the slow recovery to create an environment that will retain and engage their employees. They're repositioning as the employer of choice and staffing to meet the demands of a recovered economy.

"As the economy recovers, talented people will be even more in demand, will be harder to engage, and will have greater choice," says one talent leader.

Return to basics. Several discussions centered on the importance of re-examining founding principles, vision, and mission—as if the basics had been forgotten.

One organization participating in the think tank sought to reduce a 26 percent turnover rate by returning to basics, relying on the principles that built its success. A redefinition of core values, with a talent focus, was the context for this organization selecting, assessing, validating, and communicating with its talent.

A customer-service-focused organization returned to basics by reminding all employees that taking care of internal customers ultimately enriches service to external customers. It viewed its engagement initiatives as efforts to increase motivation and build commitment, which promote operational performance improvement and ultimately affect profitability. The organization focused on leadership skills, role definition, supervisor effectiveness, recognition, information processes, enhancing skills, and building teamwork. It has since measured higher ratings in customer satisfaction, while building a more reliable team.

Each generation has different reasons for staying. The think tank participants agree that engaging talent is critical—across generations and throughout diverse cultures. For the first time in the history of the United States, four generations are working side by side in most organizations. Generational differences are one of the greatest engagement challenges facing employers. Many are unaware of the issues or unclear about how to work effectively with those differences. Employers need to recognize different motivators, communication styles, and work values. And they need to define, individually, what might encourage talented people of different generations to stay (at least for a little while longer) and stay engaged.

One talent leader describes the organizational approach taken with its employees—average age, 26. This organization focused on career development, signaling to employees from their first day that they would be able to develop career paths and options without leaving the organization. Creative mentoring programs and empowered managers who help shape careers combined to develop a retention culture for that transient age group. The organization recognized a direct link between learning and retention, so it created career mobility inside rather than maintaining a structure that would require moving on to be able to grow.

"The golden rule is now obsolete and has been replaced with the platinum rule: Do unto others and treat others the way they want to be treated"—to quote one talent leader.

Mentor widely in both directions. Mentoring was the engagement focus of a number of the think tank participants. Several created year-long mentoring programs, driven by an application process for mentors and mentees. Both partners in the learning relationship are held responsible for its success. Mentors and mentees alike report personal benefits, and the organization experiences enhanced communication, an increase in employee engagement, and strengthened leadership. Such programs also provide an opportunity to identify and develop the individuals needed for bench strength.

One organization with a large aging workforce provides mentoring for people in the most-senior positions. Says its talent leader, "This process is opening communication lines and creating development opportunities for senior mentees as well as the young mentors."

Another organization used a reverse mentoring process, pairing mostly white male senior executives with African-American and female partners. That approach supported a diversity initiative alongside the learning goal.

Train as an investment. Training continues to be seen as a serious investment for some of the talent leaders, who talked about commitment to training despite the fluctuations of the economy.

Ongoing training in manageable bites was a banking corporation's approach to engagement. This employer saw engagement and retention as an ongoing, continuous effort and found ways to size the retention plan to the demographics of the organization. That meant taking the time to secure buy-in from the top, providing information, delineating expectations, and delivering training in manageable chunks over time rather than all at once. The organization empowered managers to fire poorly performing employees and rewarded retention-focused managers. The organization is seeing results by consistently applying a systemic approach to engagement and retention.

Create a development culture. People consistently cite a chance to learn and grow as a reason to stay with an organization.

Capitalizing on that fact, one organization sought to retain its 10,000 diverse employees without placing the development burden entirely on managers. Its development program includes an employee development center with learning stations, a Web-based career development tool kit, a mentoring program in which both parties are responsible for success, and an employee development assignment program to support career development among employees at all levels by developing highly skilled leaders.

Another organization facing a different development challenge discovered that a high percentage of its employees were nearing retirement age. The company needed to retain and build on its senior employees' knowledge base, while adding rungs to the ladder for a large crop of rising managers. Its approach was remarkable for its long-range vision and relative independence of managers to support long-term goals of the organization.

Another quote: "Career development is the right thing for the organization (identifying and developing future leaders), the right thing for the employee (creating a development environment), and a key retention component."

Recognize managers who keep employees. Meaningful recognition remains a potent energizer for employees and managers alike. Many established progressive reward systems also recognize improvements in turnover, even when retention goals are missed. Managers at one participating organization know that their feet are held to the fire, but the fire is an objective yardstick that gives specific weight to particular retention skills. Using employee satisfaction surveys measured alongside customer service scores, bonuses are incrementally awarded based on improvement.

Hold managers accountable for reducing turnover. Every organization present at the think tank acknowledges the need to fairly and effectively hold managers accountable for engaging and retaining good people. They also acknowledge the inherent challenge in that task. More than ever, retention and engagement-focused organizations rely on competent managers who excel in the so-called "soft skills."

A global financial-services firm trains managers in soft skills and expects leaders to become retention missionaries. Managers go through a Retention Focused Manager 180° assessment program with employees and peers.

Another organization surveys all employees annually and holds managers accountable for their people-management skills. Managers are expected to score in the top 15 percent of the employee satisfaction audit. The organization has seen significant improvement since implementing the measurement system.

Cultivate the internal headhunter profile.

Two executive-search professionals say their headhunting tactics aren't much different from what good managers should be doing. They ask questions, listen and understand, respect and value people, and offer choices. They also provide a picture of what opportunities exist and link people to good work environments. The truth is, they're called on (by employees) when managers don't do what they should. When employers integrate retention efforts into the culture, headhunters have a difficult time prying talent out. They can't steal employees who feel honored, respected, and valued in their present situation.

A final quote: "Managers who do these things create an environment where employees aren't compelled to seek opportunities outside."

Talent continues to be the key differentiator in competitive markets. In the midst of a slow economy and take-no-prisoners stock market, attracting, recruiting, hiring, retaining, and engaging top talent can make or break any organization. With a U.S. labor shortage expected to hit 10 million workers by 2010 and 43 percent of the U.S. labor force eligible to retire in the next decade, the demand for talent will continue to markedly outweigh supply. Talent management will remain one of line manager's highest priorities.

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Leaders must manage the scarce commodity called talent to sustain competitive edge. The talent leaders profiled here have developed some solutions, but there will always be room for more great ideas as shifts in markets, cultures, and generations keep talent managers challenged. TD

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