

Retention Tough Times

By Beverly Kaye and Sharon Jordan-Evans

Never before have organizations paid more attention to talent—in the United States and worldwide. Keeping it. Stealing it. Developing it. Engaging it. Talent is no longer just a numbers game; it's about survival. It's about winning market share, investors, new clients, big contracts. Companies are dependent on their top performers to innovate and provide services that differentiate them from their fierce

competitors. They're reliant on their human assets to thrive. Even in the wake of layoffs and the increasing U.S. unemployment rate, many corporations and industries search for skilled talent to fill key roles at all organizational levels.

Demographics alone tell us that the war for talent isn't over, just heating up.

Illustration by Bryan Leister

Here's what 25 global talent leaders say about

keeping good people—especially now.

We met with 25 global talent leaders spanning seven different industries representing more than 800,000 employees and 12 *Fortune* 100 firms to discuss talent management. They shared the significant challenges affecting their companies as they struggle to engage and retain talent in the economic downturn. Participants also shared best practices for building global talent-management systems. The following is a summary of key findings, challenges, emerging practices, and conclusions.

Key findings

Participants shared their reactions to the impact of economic fluctuations on their ability to compete. Some are sustaining their leading positions in the marketplace successfully, while others are struggling with downsizing.

What keeps them. Consistent with findings from our own research, participants affirmed that dollars don't drive retention. Exciting work and challenge continue to be the leading factors for engaging and retaining talent regardless of the industry, economic conditions, or business challenges.

The economic shift. Although the economy has softened, these talent leaders agreed: The war for talent is as hot as ever. There's no slowdown in the hunt for talent; talent can walk because it's a scarce commodity. The more competitive companies are, the more they depend on talented people to lead them. They need the best to produce faster, smarter, and more profitably. Talent management (including engagement and retention) remains a critical business imperative due to these factors:

- There aren't enough highly skilled workers to go around, and demographic studies suggest the shortage will last well into the next decade.
- Employees' attitudes and expectations of work and bosses have shifted permanently.
- New employment options lure the best and brightest.
- The cost of acquiring new talent is high, no matter what the economic conditions are.
- In times of downsizing, mergers, and acquisitions, the risk of losing top talent is especially high.
- In the new economy, having talented employees is a key differentiator.

A multifaceted process. Retention isn't a quick fix. Talent development, engagement, and retention have been elevated in many enterprises to the top tier of objectives, on a par with generating revenues and managing costs. Cutting-edge organizations recruit executive champions and talent-management experts to lead a variety of initiatives intended to blend retention efforts seamlessly into the company culture.

Accurate data and consistent communication. Those are essential across the organization. Participants said it's imperative to invest time in running numbers, examining regrettable loss, and communicating findings to the right people.

Cradle to grave. Such initiatives are viewed as critical to creating an effective retention culture. From the time an employee enters the recruitment cycle until long after he or she leaves the company, retention is composed of several key activities.

- **Recruitment.** Not only is it important to find the most talented applicants, but it's equally important to be viewed as the employer of choice with a strong employee value proposition.
- **Orientation.** These programs should come at the beginning of the retention cycle for each new employee, and they should extend beyond the traditional day-long or week-long timeframe.
- **Re-recruiting.** Companies must consistently re-recruit their existing talent, not only to keep them engaged, but also to match their skills to opportunities within the organization.
- **Coaching.** Managers need consistent, ongoing coaching on individual retention, engagement, and development strategies to build a retention culture in their own units. Our group shared a variety of coaching and training approaches, as well as delivery options. They agreed (loudly) that career development and mentoring are "initiatives of choice," matching

What Kept You

In a survey of 8,000 people in 35 industries, here's what respondents said were the leading drivers for keeping them:

- exciting work and challenge
- career growth, learning, and development
- fair pay and benefits
- relationships and working with great people
- supportive management, a great boss
- pride in the organization, its mission, and its product
- great work environment or culture
- being recognized, valued, and respected
- meaningful work, making a difference
- autonomy.

the What Kept You findings.

Not that difficult. Participants said their initiatives start with just getting to know people on a personal level. It's not the money or perks but the relationship with one's manager that can make the biggest impact in engagement and retention.

Challenges

The talent shortage. The talent necessary to satisfy business demands isn't available despite the downturn in the economy. One company with 3,000 employees reported 700 job openings compared to 400 last year. Reorganizations, mergers, acquisitions, downsizings, management changes, and culture integration. One company inherited 50 percent of its employees through a merger, along with problems due to failure to integrate the cultures.

Bad press on the new economy and industry- or company-specific players. That can cut business and bring down stock prices.

High turnover, low global unemployment. We've heard of call centers—which have round-the-clock service requirements that pose profound challenges—suffering turnover rates of 200 percent. One high-tech company was experiencing 28 percent turnover among critical engineering professionals and 48 percent in the nontechnical arena.

Skyrocketing recruiting costs. One company in our discussion group can no longer promote from within due to overall reductions in tenure. Forced to hire from outside the company and industry, the cost per hire and training investment are soaring and exacerbated by frequent turnover.

Salary freezes, bonus cuts, plummeting stock prices. A negative impact on finances causes already unhappy (with boss, career options, and so forth) employees to search for greener pastures more aggressively.

Managing the generations. Several participants spoke of the challenges they face as they work to integrate new Generation X and Y workers with existing boomers and beyond.

Developing leadership skills among technical professionals. The managers who engage and retain talented IT professionals are often technically brilliant but lack necessary leadership skills. With 450,000 information technology jobs remaining unfilled in the United States, our participants pointed out the need to effectively and quickly develop IT managers who can hang onto talent once they get it.

Retention Tips

Here are some tips collected from participants for keeping top talent.

- Focus initially on the executive group. They need to be retention champions to truly implement a cultural change.
- Present a retention business case to the executive team. Show the numbers; reflect the true values in revenues, costs, and productivity; and attach results to the bottom line.
- Make retention mandatory. Devise measures to keep managers accountable, then reward them for success.
- Design retention as an OD intervention. It's important to not only deliver training, but also to explore new ways to learn. Integrate retention into a cultural process.
- Use exit interviews. Share that information with managers, show them why people leave, and educate them on the power they have to keep talent.
- Conduct routine sensing interviews. Know your at-risk talent, make asking a routine part of managers' job, and never stop asking what matters most.
- Focus on the histories and culture of acquired employees. Blend company cultures, respect past experiences, and integrate those who were drafted with the enlisted employees.
- View recruiting as ongoing and proactive. Look at specific employee groups, cultural groups, or management groups. Ensure stability.
- Keep track of employment trends. Look at your talent pool and succession plan. Who will you develop to replace the star performers?
- Treat your people like VIPs—very individual people. One size doesn't fit all.
- Leverage the strengths of current team members. Find new opportunities, but don't forget what has been successful in the past and use that as the foundation for a retention plan for the future.
- Develop individualized retention plans. That's especially important for top talent. The plans should emphasize development, work challenge, and life-work balance.
- Provide clear development plans and learning opportunities. That means not only formal training, but also mentoring programs. Empower employ-

More Tips

ees to seek development opportunities.

- Stay connected with previous employees. You can learn from them and present a retention environment that might bring them back into the fold.
- Plan challenges for knowledge-based people. They are the technical gurus that keep your business on the competitive edge, so plan and assign their next projects long before they reach the end of their current assignments. Give them challenging experiences to keep them engaged and help them learn.
- Communicate goals, strategies, and successes. Ongoing communication about retention reinforces the value that the company places on its pool of talent.
- Maintain a warrior spirit towards retention. Keep it at the top of your corporate initiative list because your talent is a key element of your success. Don't let the assumption that "there are plenty of people out there" let you take your eye off the ball.

Emerging practices

One company in our group launched a significant initiative to "make retention a part of our DNA." Overall, the participating companies are taking a variety of steps to support retention strategies. All are heightening awareness and developing managers as retention owners. Many are creating programs to measure results and hold managers accountable. The companies are altering recruiting strategies on the front end while formalizing mentoring programs to support longer-term employees, including succession planning and legacy coaching for star performers.

The group agreed on the need for these actions:

Elevate retention to a core business initiative. Managing talent has been elevated to one of the top three enterprise goals in most of the companies that participated, alongside generating revenues and managing costs. One company has cross-departmental teams to address and lead retention initiatives; another has task-

forces to address generation-specific issues.

Heighten awareness. Many of the companies are holding global executive briefings and management presentations featuring retention experts to introduce retention as a critical business imperative. One organization uses its external marketing campaign as the foundation for a key internal communication effort. Retention messages and employee value statements are integrated into external branding, linking employees to corporate strategies.

Collect compelling retention data. Companies across the board find unique ways to collect data, measure results of their retention efforts, and communicate return-on-investment. One financial company created Retention Dashboards to measure retention results correlated to its bottom line.

Identify talent retention drivers by asking. Nearly all of the companies in the group use some sort of stay interview. They ask employees what keeps them with the company, uncovering individual needs well within a manager's control and making employees feel important and valued. These companies conduct individual interviews to identify strengths and opportunities to improve as a retention-focused organization. The results of the interviews serve as the foundation for building individual retention and development plans. One company asks former employees what would bring them back and was able to fill 34 open positions last year from its alumni.

Hold managers accountable. A number of companies have implemented formal programs to hold managers accountable for talent management. Some of the companies in our group tie specific and measurable goals to management performance evaluations, compensation, and development plans. One company reported that senior management's long-term options are linked directly to specific goals to "attract, develop, and retain talent."

Use comprehensive, effective strategies. Participants shared dozens of different strategies they've woven into their formal plans. Some focus on retention as a systemic intervention, integrating retention into current practices and training programs. Others provide cradle-to-grave programs to support retention at the individual level. Several participants have formalized internal mentoring and development programs and are creating succession plans for star performers as a brain-drain preventive measure.

Conduct retention workshops for managers. Most

participants have delivered some kind of training to executives, managers, line managers, and supervisors. One company customized its workshops to support specific retention initiatives on a unit-by-unit basis and in a variety of formats to support geographic and business requirements.

Build career development into the core curriculum. As development continues to be the primary retention driver, most of the companies in the group have either planned or implemented a formal career development program under the umbrella of retention. More than 1,100 of one company's 5,000 employees participate yearly in formal career development programs.

Create multidimensional mentoring programs. Participants reported using a variety of mentoring programs to protect their intellectual property. At one company, star performers mentor future stars and leaders mentor at-risk groups.

A profound message from the dialogue is that organizational success in the current economy

depends especially on leadership, knowledge, and learning—critical aspects of managing intellectual capital. Despite economic fluctuations, engagement and retention remain perennial issues. Clearly, organizations that are best able to capture, harness, and develop their human capital will flourish and succeed over the long term. Never before has talent management been more important. Unmistakably, it's within the power of managers to influence people to stay. As leaders help managers create competitive strategies, retention and engagement will be at the forefront of universal business strategies. TD

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