



Talent Retention Survey April 2010

“Communication, bribery and hard work”

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Communication, bribery and hard work...

At long last, talk is beginning to turn to improvements in the global economy. We have just had one of the best months in revenue terms of the past year, reflected by our partners throughout Transearch International. Our In Good Company network tells us that calls from headhunters are becoming more frequent, so we're not an exception – much as we would like to be! It is no coincidence that many of the conversations we are having with leadership teams across all sectors feature the tricky issue of how to keep their best talent from answering the siren call of a new challenge.

In our latest topical C-level survey, we asked CEOs, MDs and HR Directors what they are doing to retain top talent. We found that there is no real difference in market sectors but a big difference in the approach of CEOs and MDs versus HR Directors in broad brush terms, with a few notable exceptions from highly commercial HR Directors and very people-focussed CEOs. HR Directors were more focussed on more internal issues that affect people directly – compensation and benefits, training and development, employee engagement, succession planning – while MDs and CEOs were less specific but more forceful and market-facing; they talked about creating a vision, being proud of the brand, keeping people busy. Both agree that involvement in the business, strong leadership, training and development and delivering performance related remuneration are all critical measures.

Communication

One thing that almost everyone made clear is the need for effective communication, whatever initiatives a business rolls out. Key to retaining good people is making sure that they feel confident in the direction their company is taking and that they are proud of its position in the market; that they feel involved and secure; that their hard work and loyalty is both noted and rewarded; probably most crucially that they have a future they can look forward to. Top performers are savvy enough to know that the grass is not always greener elsewhere; they also recognise when another business is stealing a march and are keeping a close eye on their competitors.

But what should a business communicate and how should it be done? As with all things, it is clear that this is highly dependent on the company and what its objectives are. In more general terms it is a mixture of the tangible and intangible.

Emphasising the tangible benefits

A number of respondents talked about the importance of ensuring that people knew what they had to gain by remaining with a business, both in financial and non financial terms. Paying attention to the “hygiene” factors was a key issue – making sure that salaries are clearly and obviously industry benchmarked and competitive, providing strong short term and long term financial incentives, retention bonuses for the top performers and making improved benefits packages available. This is particularly relevant when carrying

out benchmarking; one HR Director feels that it is important to make it clear that the benefits her business offers are much better than the competition.

Don't forget that small things can make a big difference. In the words of one HR Director - "This may sound simple but for ages we have had a one size fits all approach [such as with] mobile phones. I have now introduced a scheme where staff can choose from a range of models. Suddenly everyone is much happier."

Other factors that our respondents point to are career development and succession planning; training and development; offering mentoring and coaching; making people's jobs more enjoyable and fulfilling so that they have no need to look elsewhere was a common theme: "We will retain talent by motivating them with business challenges that stretch them but are achievable and grow them as individuals and as teams" said one CEO, and from another; "[we will] promote them into difficult and interesting jobs or give them more difficult things to do in their current job." One pithy response to our survey simply read "Make sure they have enough interesting things to do."

Effective communication is vital to a retention strategy, and for many is about making it clear to people that the right decisions are being made. As one CEO says: "Retention for now is about the basics - making the business sound and secure, pragmatic investment to enable operating costs to be lowered (facilities, utilities, IT etc), tactical performance bonuses for securing new business, making people believe in a future by getting the fundamentals right."

Highlighting the intangible benefits

Less tangible but just as important is the need to involve people in the business. This does not need to be at the strategy level; communicating a clear vision effectively and getting people involved in the decision-making process to ensure buy-in is also seen as a way of keeping people engaged. As one respondent put it "we are intent on communicating a new, ambitious strategy for our business in a very engaging and motivating way to staff - we want our top team to really want to be a part of this organisation going forward".

Allied to this is the broader objective of making people feel proud of who they work for. We all want to work for a business that is going somewhere; being associated with a great brand, seen as a top player in the industry. Or as one CEO put it: "Emphasise what a great place it is to work"; and from another "Encourage team spirit – plenty of playing together [to foster a] healthy culture." In some businesses the culture is so strong that it becomes the reason why people come to work. These companies are far focussed on retaining people with tangible benefits, relying instead on a sense of loyalty. In the words of one HR Director: "We focus on ensuring that the pub is at the heart of our business. Many of our stars work here because they love working in the pub business and so we actively manage our internal culture to ensure that we have a vibrant, stimulating and fun environment for people to work in!"

Many HR Directors in particular indicated the importance of employee engagement as a proactive process. This incorporates many themes, from conducting surveys to making sure that the talent know who they are, which one HR Director pointed out “[this seems] pretty obvious but a lot of companies don’t actually communicate to the individual that they are viewed as talent”. It is critical, though, to use employee engagement surveys effectively and put the outcome to good use, this is no time to pay lip service: “Conduct Employee Engagement Surveys now, pay close attention to the results, engage employees in action planning and shout about what is being done to target problem areas and to celebrate successes.”

“Do you want to keep your job?”

It isn’t all about coaxing people to stay, though. A good proportion of responses we received (usually from CEOs and MDs) were more aggressive, principally centred on delivering strong results and creating a performance management culture. One HR Director even felt it wise to remind people of their contractual obligations. “Be tough on failure” said one CEO. This is a bold stance. Many companies are unsure of how to go about this as we are in such difficult economic circumstances, and certainly HR Directors are less keen. How can we compare performance? Are we relating performance to targets set in a previously buoyant market? Is there a level playing field internally? Have some been luckier as their clients renewed essential contracts, for example, or simply suffered relatively less? A common allied theme is clear management and clear accountabilities so that there is no doubt in anyone’s mind what is expected of them and what the consequences of not achieving their goals will be.

While there still exists a good opportunity to exit poor performers there remains a clear need to balance current performance against the need for more people to deliver as the business climate improves.

Protecting future assets

Key for many respondents is getting the fundamentals right so people know they have a future. This is about investing and innovating, creating an exciting and progressive place to work. An interesting trend that we identified from both CEOs and HR Directors was a move to identify stars lower in the company. As one CEO put it: “Gear up systems that will look low down into the company to find who the players are lower down the company – they are the ones to really concentrate on. They could be leaving today – real stars moving on – and no one knows it. If I could have one gift, it would be the of “x-ray” vision to see lower down the company.”

Is there a real threat of an exodus?

It is very easy to be paranoid in these uncertain times. Many people we speak to are concerned that they are losing their best players, but is this happening in reality? Some strategically-minded souls are no doubt benefitting; in the words of one CEO: “The recession has enabled us to recruit some very talented staff that might otherwise not have been on the job market.”

However, by and large we are hearing a different message. As one CEO said: “[we believe that] other companies are investing in some key strategic hires [but we are] not sure if this is paranoia. We haven’t seen much evidence of this happening. People know they should but few have put their money where their mouth is.” The last year has for us and many of our competitors been characterised by an impressive number of truly world-class candidates across all disciplines becoming available unexpectedly. Many companies want to meet them but relatively few have committed. One CEO commented “Maybe I’m being complacent, but I’m not seeing talent too keen on moving or employers too keen to take on the cost of bringing in the best talent. I think our best talent is hunkered down, maybe not working at full stretch but happy for some security and getting the mortgage paid - a bit of the “better the devil you know” and an understanding that any new employer will need to see significant results very fast - so moves are high risk.”

In summary

It is clear that talent retention hit a real nerve across our network and we have had a large, passionate and detailed set of responses. There would seem to be almost as many talent retention strategies as there are businesses, and no one solution is suitable for all. There are trends, however, and these are clearly related to issues such as market positioning, company culture and in some cases whether talent retention is even a concern. Where it is important, though, we can put it no better than the people we talk to. One CEO says “We will continue to invest in development initiatives, continue to have regular meaningful conversations with individuals about their future in the business and continue to do the things we do best – celebrate success, provide a stimulating, challenging yet supportive environment and reinforce at every opportunity the strength of our brands and ultimately our business.” Another summarises thus: “There is no silver bullet in response to this issue. We are balancing the need for a continual focus on cost reduction / efficiency improvements with a clear message that we have the right long term strategy in place which will provide great career development for our people.”

A Word from the Partners

We are very grateful to everyone who took the time to respond to the survey and we would like to extend our thanks to you all. We hope you have found this summary of our survey useful and we would love to hear your thoughts. If you would like to discuss the findings in more detail or if you would like to suggest other topics for our survey please don’t hesitate to contact us.

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Previous surveys and other thought pieces can be found in the “In Good Company” section of our website:

www.snowdontate.com/company.shtml