

Talent magnetism – beyond retention

by Stewart Forsyth

I was catching up with a former workmate. "What's keeping you busy?" he asked. "In this market, a lot is around retention." He sighed. "What do you do when one of your best people gets offered more than you can afford to match?"

We discussed some of the ideas I have developed and tried. The first thing is that we can expect more poaching. It is a straightforward way to build capability and hurt your competition. By poaching competent people with established reputations you can develop new business lines, expand into new locations and deliver projects.

Meanwhile, of course, your competitors are going to be trying

to do the same to you. Expect more 'golden hellos' – up-front financial inducements to join another business – including offers to buy out existing 'golden handcuffs' such as share options and pension entitlements.

The conventional wisdom on ensuring your people don't return the head-hunters' calls is to measure turnover and make managers accountable for keeping it low. If you are talking about levels of voluntary turnover for professionals – 10 to 12 percent a year is median level. Five percent is a lower quartile level.

But these numbers don't make much sense to managers until you put a cost on them. For mid-level professionals the cost to replace (including training, learning about clients and the way your

organisation does things) is more than their annual salary.

Basically, the more highly paid your people are, the more it costs to lose them. But this is not a straight line relationship – it is proportionately much more expensive to replace a senior associate or project manager than a secretary or administrator.

If you translate the difference between where staff turnover is and where it could be into a dollar cost, you will get more attention and traction.

In one business we compared turnover levels between regions (you could try between business units – there are always significant differences). The attention-grabbing question is: "If we could get turnover in this region down to the lower quartile level across the regions, how much money would

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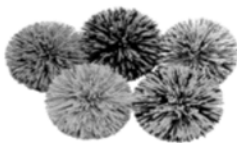
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Then, having got attention, both in terms of the sums involved and the fact that some parts of the business are doing much better, you tell managers that staff turnover is one of their KPIs.

Obviously they need to be empowered to be able to influence this measure. The good news – the leadership skills that encourage staff to stay can be taught. There is consistent evidence that improving these ‘talent magnetism’ skills improves retention and improves financial performance (see box).

your business, and push a disproportionate amount of effort into keeping them. We have found the best way to do this is to define the ideal employment proposition (EP) for such ‘talent’. Don’t assume that it’s what you have on offer at present – why would one size fit all?

Focus groups are useful: we have had good results with anecdote circles that encourage stories of actual experiences and emotions, rather than collecting opinions. We get the reports of talents inside the business, and of those outside – the people the business wants to

(or better, can’t) do it;

- real – the EP is substantive, not PR puffery.

There is another link to training at this point. It is likely that key ingredients of an effective EP for talent such as professionals are intangible – such as ‘supportive managers who make flexible work practices happen’.

Obviously to ensure that the EP is real across the business, it is important to regularly measure staff’s perception of that reality, to make managers responsible for delivering that perception, and provide managers with the skills to deliver on the EP.

If one experienced person drops out of the crew, overall productivity drops seriously.

By establishing the business imperative first, it is easier to motivate manager participation in training – especially getting the managers who usually avoid this sort of training.

That’s the conventional wisdom. It is an important starting point, but there are some more strategic initiatives that can increase your retention advantage.

Some skills matter more

As noted above, some people are very expensive to replace. In a world of finite attention and resources, you need to identify who are the more valuable ‘talents’ in

attract. This step identifies what these valuable people want (and what they hate).

The next step is to evaluate the relative positioning of the business. How does the business do in providing the essential aspects of the EP? Compare this with the efforts of those competing for the same talent.

The product of these fascinating steps is an employment proposition targeted at the crucial talent, and with these qualities:

- attractive – they want it!
- unique – the competitors don’t

An example is a contracting firm that wanted to retain its experienced crew members. These people are not generally well qualified, but they are hugely experienced and capable of working near-autonomously across a range of tasks.

If one experienced person drops out of the crew, overall productivity drops seriously. Every six months the crew complete a short survey of the crew climate. Their manager then meets them to review this and identify areas for improvement. The climate trend line is included in the manager’s balanced score cards. The retention trend is up.

Talent Magnetism skills

There are strong similarities between the skills that retain staff, and those identified as characterising ‘transformational leaders’. It may be that your existing leadership development approach needs only some small tweaks. Basically, leaders who are talent magnets show both **transformational leadership behaviours** (for example):

communicating a clear and positive vision
giving encouragement and recognition to staff

and **performance leadership behaviours:**

clarifying responsibilities and goals
coaching for performance improvement.

Relationships matter

I got to organise the staff children’s Christmas party when I was an HRD manager. The children arrived early afternoon; the floor was covered with heavy duty plastic. Food and drink went everywhere. Then the entertainment started, followed by Santa and his big bag of personalised presents. The parents loved it. I got a load of positive feedback. At times I thought I was getting more appreciation for this than the ‘important’ initiatives.

In a little way the kids' party was reinforcing the value of the ongoing relationship our staff had with the organisation. Such social events, particularly getting employees building relationships beyond work, are a part of creating ties that bind them to your business. The changing nature of work can create further social bonds.

The research is clear – people join your organisation for the things that are more easily assessed from outside: pay, benefits and reputation (which is why you need to work so hard on your EP).

They stay for the experiential aspects, nature of the work, and the quality of relationships with leader and team-mates.

With increasing emphasis on team work there is the potential for people to belong to something more real than the overall organisation.

Of course, team relationships are not always wonderful. Teams have

their share of conflict, some of it not particularly positive. Some teams explode.

Conflict resolution and mediation will become increasingly important competencies in a team-working world.

Assessing team climate and supporting team development will become more important for L&D and OD practitioners. The more you can build relationships between your people, across and beyond your organisation (especially involving family), the harder it is for people to leave. They are walking away from friends rather than a job.

You don't want to have no turnover of staff. You want people out there who tell others that working for your business was a great opportunity for them – to be your walking billboards.

Try, in your regular career reviews, to work on a career development plan that helps people grow, even if

that means out-growing your unit or organisation.

For those who remain, or are thinking of joining, that's a very strong EP!

Stewart Forsyth has worked as a coach, consultant, trainer and HRD manager. He is Director of FX Consultants, specialists in creative approaches to lifting businesses performance through improvements in their people's contribution.

At the fxc.co website you can download a staff turnover calculator: <http://www.fxc.co.nz/articles.php?topic=5> and

participate in the talent magnetism survey – identifying what it is that attracts and retains different kiwi employees

<http://www.fxc.co.nz/survey/survey>.



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