

Finders Keepers:

5 retention strategies to keep your talent in a fluid market

By Michael Baker, Diane Kubal, and Tom O'Rourke



For many HR professionals, the last few years have been some of the most challenging of their careers. Faced with constant pressure to cut costs and drive out inefficiencies, many key HR programs have been put on hold or dramatically curtailed.

HR ROI is still important, and the need persists to create business cases for HR programs. But the focus is changing. As companies move toward profitable growth, the focus is no longer on strategic cost reduction and HR transformation but that of talent acquisition, talent management, and talent retention.

One reason for this shift is the upcoming labor shortage. Despite the jobless recovery touted by the business media, there will be few people available in the next ten years to fill high skill positions--the talent pool is draining at an accelerated rate. According to the U.S. Bureau of Labor Statistics, there will be 151 million jobs in the US by 2006; however, only 141 million people will be employed (see chart). As a result, tremendous pressure will be placed on organizations to attract and retain top talent.

Another reason for the shift is the expected turnover when the economy fully recovers. Several studies conducted in late 2003 indicate that when the economy convalesces some may leave their jobs for new ones. A recent study by Accenture indicates that nearly half of U.S. middle managers are either looking or planning on looking for another job when the market recovers. Another study by Korn/Ferry, an executive search firm, shows that 62 percent of global executives are dissatisfied with their current positions. A recent study by Sibson Consulting found that high performers are 32 percent more likely to be looking for a job moving into 2004.

With this as a backdrop, organizations must develop strategies to nurture and retain their talent. We interviewed six organizations representing a broad range of industries and employee sizes and made the surprising discovery that recruiting isn't the key to maintaining the best talent.

Volume doesn't produce quality

The market is flooded with candidates. Even though there are hundreds of applicants for any given position, it is still hard to find qualified candidates.

Kathleen Nieder, Recruiting and Retention Manager, General Binding Corporation (GBC) states, "Despite the economy, it's still really difficult to find the best candidates."

She adds that GBC receives up to 300 resumes from Internet postings. Among these it's difficult to find candidates with the best fit.

Another phenomenon is that managers have higher expectations for candidates than they did a few years ago. Because of the large pool of candidates, managers believe they will find the perfect applicant if they look long enough. According to Caryn Guinta, Director of Employee Development, First Midwest Bank, "The recruitment options are so plentiful. Managers are used to getting stacks of resumes, whereas years ago they were happy with three to five. Some managers want to see all the applicants."

Managers also believe they should be able to find qualified candidates quickly. Given the volume of responses to ads placed on Monster™ and CareerBuilder™, it is no wonder. However, Guinta states, "Even though managers can get applicants, we are seeing that it is taking longer, because today's organizations are so understaffed. Managers cannot sift through the resumes quickly and get candidates in the door for the first interview, because their schedules are so demanding."

Nurture the talent within

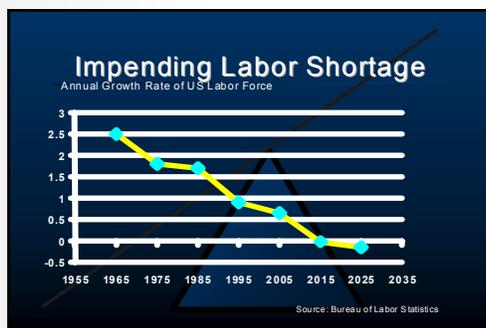
Research tells us employees have become passive job seekers; their antennae are always up. So what are companies doing to keep the people they want? The companies we spoke to have effective talent management strategies in place. In these organizations, HR plays a strategic role. No matter the state of your retention strategy, following are five ideas for you to consider as you think about the future:

1. Acknowledge the retention problem and bring it to management's attention.

Arm yourself with the data and work with senior leaders to create a strategy that addresses your future HR needs.

One older strategy still works: employee referral programs. At General Growth Properties, Judy Herbst believes employee referrals are a great way to find people who fit their organization. Herbst says, "We utilize our referral bonus program. We believe that the people that work within our company understand the culture and understand what will and won't work here."

At First Midwest Bank, Caryn Guinta believes that internal referrals are better talent sources than the Internet or search firms, even for specialized positions. She states, "Right now, we are looking for a very specialized sales position in our corporate side of the organization; we are going to up the employee referrals



for that specific position."

Companies agree that effective referral campaigns rely on a variety of incentives: bonuses, dinners, or movie tickets. The key is to make sure the incentives match the employee's interests enough to generate the kinds of referrals you are looking for.

Elkay Manufacturing uses another approach: challenging employees to grow in new areas outside their expertise. According to Ann Jones, the former Corporate Director of Organization Development, Elkay "stretches people in areas where they don't have experience." For example, Elkay has several training efforts linked to their business strategy. These include leadership and supervisory management training programs. Other developmental opportunities include lateral promotions or rotational assignments. One interesting note: Jones said Elkay believes lateral movement is where employees get the greatest development. The corollary may be job satisfaction.

2. Know what your associates are thinking.

Regretfully, because of cost-cutting efforts, many organizations abandoned employee opinion surveys. This tool could be one of the most effective means of tapping into your workforce, particularly as it applies to exit behavior. Certain segments of your population, such as your top performers or your newest hires, are more vulnerable to departure than others. Use your survey to target these groups.

General Growth Properties uses a 12-question survey for each team in their organization. The survey is administered at regular intervals, and each team receives a scorecard afterwards. Based on their scores, the teams then build an impact plan on areas that need improvement.

Regarding the survey instrument, Judy Herbst says, "With our focus on team dialogue and team engagement, one of the twelve questions is, 'Have you been recognized within the last seven days?' So there is ongoing dialogue and feedback about that."

Herbst acknowledged that recognition means different things to different people, but by asking the question, General Growth Properties has raised management's awareness of acknowledging their employees' contributions.

First Midwest Bank realized its managers were not giving tangible rewards to employees. When asked why, the managers said they liked giving rewards but it came out of their own money. Caryn Guinta says the bank "put an online system together that allows our managers to go online and print certificates and coupons as well as other items." She added they also put a reward recognition budget in place for managers to be able to host monthly events such as pot lucks, buying lunches, donuts, or other rewards so the managers could have their own appreciation strategy.

General Binding Corporation (CBC) uses training as a retention tool. To stay on track, the firm collects employee opinion data for their training efforts. Kathleen Nieder says, "We're making sure that we are collecting employee feedback, surveying our employees to see what they really want for training." GBC's managers and supervisors also conduct focus groups.

HR Professionals Interviewed for this Article

Bill Donahue, Director of Recruitment,
Sears Corporate

Caryn Guinta, Director of Employee Development,
First Midwest Bank

Judy Herbst, Senior VP Human Resources,
General Growth Properties

Ann Jones, the former Corporate Director of Organization
Development, Elkay Manufacturing Company

Kathleen Nieder, Recruiting and Retention Manager,
General Binding Corporation

Eileen Timmins, Vice President, Human Resources,
Transora

Phyllis Roth, Corporate Director, Human Resources,
Elkay Manufacturing Company

Nieder adds, "It's the best way to connect with employees."

3. Monitor the sentiments of the recently hired.

As the data indicates, over the past few years many individuals who landed jobs accepted them as a means of income fulfillment versus career desire. These "placeholder" jobs need not be dead-end or temporary. Be a proactive organization and concentrate on this segment of the workforce. Hold focus groups and get their input on career-pathing.

At General Growth Properties, Judy Herbst, Senior Vice President of Human Capital, argues that "people just want to feel valued. This keeps people happy and motivated within organizations."

Sears has several initiatives underway to help employees feel valuable, right from the start. One effort recently re-tooled was their hire on-boarding process. Bill Donahue, Director of Recruitment, Sears Corporate, says, "Because the first 30 to 60 days of a new employee's time are critical, we revamped our orientation program."

Now, for example, a member of the corporate strategic leadership team addresses each new-hire class. Donahue says, "A director vice president--or above--talks about our strategic priorities, what we focus on, and what our businesses are." Sears also assigns each associate a mentor. Follow-up within the first 30-60 days ensures employees are acclimating well to their jobs, the organization, and the culture.

4. Revisit your compensation, bonus, and rewards plans.

Even if you are concerned about the bottom line, an evaluation

of the ways you reward employees will provide additional data for building an effective talent-retention program.

At Transora, a new technology firm, Eileen Timmins, Vice President, Human Resources, says, "True appreciation from our leaders means a lot. We try to motivate our employees with social gatherings and spot bonuses."

Employees win spot bonuses through fellow employee recognition. When the awards are presented, a bell rings, associates gather around the person being recognized and their contributions are touted to all. The social gatherings Timmins mentioned are cross-departmental events, which range from company-paid lunches to off-site celebrations. According to Timmins, these events have helped "break down silos and barriers. They help employees understand each others' needs by getting them together in a non-work related atmosphere but still sharing knowledge about work in a fun atmosphere."

"Elkay believes lateral movement is where employees get the greatest development."

At First Midwest Bank, Caryn Guinta said they looked at compensation and rewards from a generational perspective. For example, they asked what 20- to 30-year-olds preferred vs. those who were 30 to 50. She said, "We also upped our tuition reimbursement to include part-timers, which we had never done before." In addition, the bank upped the ceiling of the amount for tuition reimbursement. But that's not all. Once someone hits the ceiling, other options kick in.

"We also put in place a non-interest loan," says Guinta, "which picks up any additional dollars needed, that really doesn't have a pay-back. For each year you're here after you get your grad degree or you're no longer drawing on that loan, \$4,600 is wiped off."

That means that if an employee borrowed \$10,000 after they received their grad degree, within 2.5 years, it would be wiped out.

5. Use this economically turbulent time well and say thank you.

We have a window of opportunity, but it will close quickly once the economy is on sure footing again. Over the past few years, the workforce has endured relentless cost-cutting, downsizing, unplanned departures of colleagues, and more.

Therefore, it is critical for organizations to recognize their employees' loyalty and say thank you. Transora human resource executive Eileen Timmins says her firm cannot spend a lot on salaries. So they offer employees 20 days of PTO (paid time off) each year, flexible work hours, and do little

things for their employees. For example, managers send thank you notes, offer movie tickets, gift certificates, and dinners out in recognition of the work their employees are doing. We want to acknowledge that people have worked hard," says Timmins.

At GBC, Kathleen Nieder says, "There is a lot of employee recognition at the manager and employee level. They send e-mails and do other small types of recognition." At the company level, GBC has a monthly newsletter that highlights the company's performance. The CEO creates a monthly employee e-mail that highlights GBC's successes.

At General Growth Properties, Judy Herbst says they host an annual management conference every year. In fact, she said that their conference, "strictly focuses on recognizing team accomplishments." She compares the event to an Academy Awards ceremony in that the talent definitely leave knowing how they contribute to our company's success.

Elkay Manufacturing Company recognizes its employees every year through ACE Awards. According to, Phyllis Roth, Corporate Director, Human Resources, the firm created the awards two years ago because it wanted a way to recognize their employees' contributions to Elkay's business.

She said they wanted "to encourage and recognize employees for going above and beyond the call." She also added they wanted to create an environment where people really contribute to the organization and help to increase Elkay's competitive advantage in the marketplace.

The awards recognize four areas of excellence: organization growth, continuous improvement, process improvement and product development. Nominees are drawn from Elkay's 2000-plus employee population. Anyone can nominate themselves or others. These nominations are then sent to a steering committee which finalizes the winners. The winners and their spouses are invited to an awards night where they receive a trophy and public recognition of their contributions for the past year. Trophies at this year's banquet were given to 106 employees and included individual and team winners.

Ultimately, Roth said, "Our people make us." And, Elkay wants to make sure they know how important they are to the business.

7 Ways to Retain Your Staff:

Following are some suggested retention approaches based on the 6 companies interviewed:

1. Closely monitor the sentiments of the most recently hired.
2. Contact the competition now for future opportunities.
3. Revisit compensation bonus/rewards plans.
4. Re-invigorate the succession planning process.
5. Build talent from the competition into your succession planning process.
6. Thank employees for staying the course.
7. Focus on and showcase why people stay with the organization.

Author Bios

Michael Baker Bio

Michael Baker is Vice President of Fulcrum Network and has worked in a variety of senior positions in training and organization development over the past 20 years. His experience includes training and consulting to a number of industries including: manufacturing, healthcare, pharmaceutical, service and information technology.

Michael speaks on issues related to working with consultants. He co-hosts Fulcrum Network's monthly web conferences, writes articles and co-chairs forums and presentations each year on a variety of industry subjects.

Prior to joining Fulcrum Network, Michael was Director of Organization Development and Training for The Management Association of Illinois. He and his staff worked with organizations in developing their teams, leadership, strategic plans, and coaching skills, and specialized in supervisory and management training. Michael worked for Trans Union as Sr. Organization Development Consultant where he developed Trans Union's leadership competencies and created a 360-degree assessment as the central feature in an ongoing, leadership development program. Before Trans Union, Michael worked for Zenger Miller, now Achieve Global and is a master certified instructor. Michael has an M.S. in Management and Organization Behavior and a B.A. in Public Relations.

Diane Kubal Bio

Diane Kubal is principal of Fulcrum Network, a company that matches client needs with independent consultants and boutique firms for organization development, training, human resources and management consulting projects. Since its inception in 1997, Fulcrum Network has helped its clients on hundreds of projects, pulling consultants from its international database. Diane's knowledge of the training and organization development industry and market is extensive. Fulcrum Network continuously scouts for top talent and innovative products and services.

Diane speaks several times a year on issues related to working with consultants including how to hire the right consultant, contracting and consulting skills. She moderates monthly web conferences on hot topics, writes articles and hosts two forums each year on major industry concerns. She has held positions in corporate training and organization development for Montgomery Ward, Budget Rent-A-Car and Cincinnati Bell Information Systems. She has over 20 years of business experience in management, internal and external consulting roles.

Diane has delivered services including: management development, 360 feedback, team building, customer service, strategy rollout, quality improvement, group facilitation, needs assessment and project management. Diane earned an MS degree in Organization Development from Loyola University and BS in Applied Behavioral Science from National Louis University.

Tom O'Rourke Bio

Tom O'Rourke is a Managing Member and leader of the HR Solutions practice for the St. Charles Consulting Group, LLC. His work focuses on HR strategy and structure, HR transformation, HR strategic cost reduction, HR productivity improvement, talent management, competency model development, organizational design, merger integration, succession planning, and retention planning. Prior to joining the St. Charles Consulting Group, Tom was a Managing Director in the Strategy, Transformation, and Operations practice at BearingPoint/KPMG Consulting – one of the largest consulting firms in the world. There he was the leader of the People Strategy & HR consulting practice. Prior to joining BearingPoint/KPMG Consulting, Tom led the People Strategy & HR consulting practice at Andersen LLP.

Tom is a frequent speaker at local and national conferences including International Quality and Productivity Center, American Society for Training and Development, and the American Gas Association. He has spoken on such topics as Reinventing Human Resources, Retaining Employees During Critical Organizational Transitions, The Strategic Role of HR in Mergers and Acquisitions, Building the Business Case for HR --HR ROI, and Employee Retention Redux – What Lurks Behind the Economic Recovery. He is also author of a published three-volume casebook series on business ethics entitled "Ethical Dilemmas in Business" and has published several business and research articles. Tom received his BA from the University of Wisconsin-Madison and his MS in Industrial Relations/HR from the UW-Madison Industrial Relations Research Institute. He has also completed course work in pursuit of a PhD with an emphasis in HR and organizational behavior.
