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I hired you, you're perfect . . . now stay! (The top ten list for retaining top talent)

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Increasingly, it seems, we hear statements like: "young people today are not as committed to work as we are;" "employees today are just out for money;" "so many kids have an entitlement attitude;" or "there is no loyalty in the workplace today." Too often, we attribute a causal relationship between these perceptions and the changes in today's workforce and work ethic. Regardless of the underlying reasons, employee turnover is a costly challenge. To overcome this challenge, we need to better understand how to keep our most valued people resources. And to do this, we need to look at the world through their eyes. As leaders, we must also take ownership for our contribution to the shift in employee commitment.

In looking at the perceived changes in employee loyalty and motivation and the inherent leadership difficulties that these present, we need to first look at the evolution of employment – both explicit and implicit societal trends within "Corporate America." Excepting times of harsh economic crisis, like during the Great Depression, we entered the workforce with an implicit understanding: if we worked hard and followed the rules, then good things would happen to us. Those good things included promotions, salary increases, and most importantly, lifelong employment – often with the same employer.

More recently, during the late 1980s, remember our shock when IBM announced that it would no longer support the practice that had made the company such a coveted place to work – no layoffs. Since then, organizations everywhere have further eroded employee loyalty by instituting policies to "delayer," "downsize" and "outsource" increasing numbers of employees. It is not to say that these organizational practices have not arisen from valid economic reasons. In looking at shareholder return, reduced margins and competitive pressures, it makes financial sense to reduce labor costs. Further complicating matters, the issue of corporate greed and unethical business practices that led to the dotcom bust and the demise of corporations like Enron, have also contributed to changing employee commitment. So given this "new" employment paradigm, it is not surprising that people – particularly the most talented – take a more proprietary, self-interested approach to work. Indeed, many people are actually redefining work: it may be just a job to pay the bills – or better still – it may be a passionate interest: a career or even a calling.

So, is there hope? Of course! But to attract and retain top talent, we will need to fundamentally change our thinking. For us to attract the best and the brightest, we must create an environment where they are motivated to stay. The number one reason that employees leave an organization is the leadership failure of their key managers. So, if the game is changing, we need to change the way we play. It is our responsibility to value our top talent and make it difficult for them to consider options elsewhere.

Following is my top ten list of practical solutions for retaining these special human assets:

1. *Know who your stars are.* If you do not know who they are, it is hard to recognize and reward their value. Make sure that you have a way of identifying the people that truly

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allow your unit/function/company to be successful. Be careful that you do not focus solely on the superstars, forgetting the people that are most critical for delivering results – and keeping the organization running day-in and day-out. Many times, we take the solid performers for granted and by our actions, give them little to be excited about. "Stars" are best defined as those whose drive, passion and contribution are hard to live without.

When assessing your stars, take care that you do not fall victim to the all too common, "organizational masquerade:" the difficulty in distinguishing between those employees who really contribute versus those who "manage up" very well. Unlike their "political" counterparts, the true organizational "stars" often do not seek recognition or credit; they just expect that someone will notice that they continue to deliver. When I work with executives, I typically ask them what leader they learned most from in the organization. Who challenged them to excel? Who was the key person that enabled them to achieve their current level of success? It is always interesting to me that many consistently identify one or two people as being instrumental to their achievements. What is even more surprising is how often the identified person/people have not been promoted in the organization. Without recognition, these people have inspired others to be successful – and have not been rewarded for so doing. When these people are seen to lead the best performers in the company yet are not recognized, why should they stay? It makes me wonder what truly defines success. Why have not these companies valued these contributions? Do not lose your best human assets by failing to identify them.

2. *Do not just manage – lead!* As mentioned previously, the number one reason that employees choose to leave a company is that their managers fail to lead. Leader credibility is comprised of many attributes: competence (both technical and managerial), courage, character, composure and care for people. Those who consistently master these attributes are our most effective leaders and mentors. When leaders elevate their game to improve their leadership capabilities, they will be much more likely to retain their high-performers. When leaders are committed to self-improvement – so too are the people who work for them.

   A practice, although well-meaning, that has been especially detrimental to effective leadership is that of "equal treatment." We have been taught to treat people the same, taking steps to value them equally. This is not an effective leadership approach in today's world. Why should we treat our worst performers like our best performers and expect our "stars" to remain motivated? It's a recipe for disaster. If your top performers are special, treat them that way.

   What we must do is recognize those who are most valuable to us. What does that mean? Develop a philosophy and a culture that provides employees with treatment that is commensurate with the contribution that they make. We can over-complicate this process. It is not about calibrating employees on a list, which may have the unintended effect of actually offending/de-motivating our solid contributors. Rather, it is about recognizing those who "go above and beyond." It is also about recognizing those performers who consistently deliver for us – those on whom we depend to get the job done. If I do not feel special when I consistently deliver beyond expectation, why should I stay? Tell people often why you value their contributions. Be specific about how they benefit you and the company.

   One of the things that I advise clients is that when you have employees who are invaluable, take the time every three to six months to tell them that they are invaluable. Too often we spend most of our time coaching under-performers. In so doing, we tend to take our best performers for granted rather than continuing to reinforce their value to us and to the organization.

3. *Talk is cheap: find creative ways to motivate and acknowledge contributions.* To do this, you need to understand the difference between reward and recognition. It is important that leaders continue to find creative ways to reward performance but they should be

careful not to think that these rewards take the place of recognition. Recognition is all about noticing and articulating value.

I can best describe the difference between reward and recognition through a situation I experienced in a client organization. I had been working with several executives at a Fortune 500 company for several years. During this time, these executives had evolved into a high-performance team of outstanding contributors. It was widely known that most of them received calls at least monthly from headhunters attempting to entice them to leave for other opportunities. The CEO knew this and asked me to talk with each of them to ensure that he and the company were giving them everything that they needed to be motivated and satisfied. I asked a series of questions of each executive including: "what was the most memorable occasion in the past year?" One of the executives that I talked with had led a task force on a new product introduction. The project took one year to complete and had a firm launch date. The executive had done such a great job on leading the product launch that the CEO gave him a one-time, $3 million dollar "thank you" bonus for his contribution – in addition to his regular salary increase, stock options and incentive compensation. So, when I asked "what was the most memorable occasion in the last year," I expected to hear about the project success and the $3 million bonus. The person responded very differently.

Instead, the executive told me that although it was a very challenging year for him – many long hours and very tight deadlines – what resonated most with him were the sacrifices that his family had had to make. One particular incident stayed with him: he had bought his family tickets to a touring production of The Lion King. The family had been looking forward to attending the performance for several months. On the day of the play, he knew he would be unable to attend due to unforeseen circumstances. He told his family and they said that they did not want to go without him; they understood and would give the tickets away.

After the successful product launch, the CEO came into his office and told him that he had heard about the play that he and his family had missed. Further, he said that he appreciated the sacrifice but wanted to do what was right. He then told the executive that he had checked and that the touring production of The Lion King had unfortunately left the city. Because of this, the CEO had made arrangements for the executive and his family to travel to New York to see the original production of the play. He had purchased front row center tickets, paid for the airfare, arranged the hotel and given the executive 500 dollars in spending money.

I asked him, "but what about the three million dollar bonus? You could afford a private performance of *The Lion King* with that much money." His answer was instructive: "It was an incredibly generous bonus – granted – but I will never forget the CEO for the special effort he made for me and my family." I checked. The total cost of the weekend was under $5,000. This exchange demonstrates the important distinction between reward and recognition – of doing something that will be meaningful for the person that you are recognizing.

As people become increasingly restless in today's workplace – wondering if there is something better out there – we need to take the time to truly understand what motivates them. This is particularly important as promotions become less frequent when a person climbs the organization ladder. To keep our "stars" motivated, we need to look creatively at lateral moves. There are fewer barriers holding our top performers back from changing companies – and indeed careers. Just look at the engineer who becomes the investment banker or the chemist who joins the start-up biotech company in business development.

To continue to challenge and motivate our employees so they will not look elsewhere, we must be willing to break organizational molds. Look for opportunities to leverage your high performers' skills to other functions or businesses. Where once it was typical for a talented person to stay in an organizational for ten years – two to four years is now quite common. To keep our top performers we must keep them engaged. This may come in the form of providing those who are philanthropically motivated with an assignment to a "green" task force to create opportunities for the organization to be more socially responsible. Or, if these employees are excellent people leaders, build a mentoring program where they may develop younger leaders to be the future "stars." The bottom line: we must understand what motivates our people and be creative in delivering opportunities that challenge them.

4. *Leveraging diversity of thought and behavior.* It is important for us to recognize and acknowledge that we do play favorites. We engage with people who think and behave as we do. The most important question to consider from a leadership perspective, though, is whether we engage with these employees because of the contributions they make or because of their similarity to us?

   Spending time with others that think and act differently from us requires structure. Take the time to schedule meetings with those employees who have different approaches and strengths than yours. Ask yourself if the organization benefits from these strengths and differences. If no, then you have a performance issue to deal with. If yes, then it is your responsibility to show your appreciation for the diversity of thought that results. Too often organizations try to get their employees to conform, creating "group think" and business mediocrity.

   In my previous life in the corporate world, it took me far too long to come to this realization. I had a direct report, Larry, who thrived on detail, was methodical and who took great pride in analyzing anything and everything to seek the best result. It drove me crazy! For me, coming up with a solution "just in time," focusing on the big picture, seemed logical and a better use of time. For Larry, exploring what seemed to me like an endless permeations was satisfying. There were days when I fantasized about Larry submitting his letter of resignation. When would the headhunters call him? It finally dawned on me that Larry's propensity for the detail that I disliked did create value. And I could use it to my advantage by delegating the detailed tasks to him that I had previously undertaken. Yes, it did require some additional patience on my part but the organization benefited. And even more important, by dedicating additional coaching time and placing more value on his contributions, I encouraged diversity of thought – resulting in better business decisions. As leaders, we should be challenging our people to disagree with us – to push us in new directions. Diversity is more than just race, culture and gender; it is the value that we place on the divergent opinions of others, which contribute to our companies' success. By accepting diverse thoughts and behaviors, we are more likely to encourage appropriate risk taking – leading to break-through innovation.

5. *Never tell your top performers that they are doing everything well and there is nothing that you can think of for improvement.* One of the downsides of an annual performance system is that we frequently look at the process as a transaction. This is particularly true when a leader has many direct reports. We need to remember that a key characteristic that makes top performers excel is their commitment to self improvement. They get better because they want to. They are not satisfied with simply being good at what they do. They want to be great.

   We think that we are paying our "stars" a compliment by telling them that everything that they are doing is right on target. Indeed, many of us have adopted the expression "no news is good news" to deal with these solid performers. We believe that by giving them autonomy – leaving them alone – they will be satisfied. Wrong. It is leadership failure. Valuing and abandonment are not synonymous.

   As leaders we must continually look for assignments, projects or developmental tasks that will stretch the strong performers to be the best that they can be. It is our responsibility to coach these individuals, determining what they need to get to the next level and identifying goals and opportunities that will help them arrive. I realize that this requires a time commitment but losing these contributors is a much worse alternative.

6. *When looking for new ideas and directions, look inside first.* It always amazes me that we give equal footing to external and internal candidates when considering them for job openings. There is a reason for the expression "better the devil you know than the one you do not." Have you ever wondered why we are initially so excited about an external candidate joining the organization only to have the excitement wane when he/she has had several months on the job? Why didn't this person live up to our expectations? Maybe they have less talent than we realized.

   It reminds me of initial impressions on "first dates" when we were younger. How often did we meet a person and believe after that first dinner that this person was "the one?" It was only after three or four more dates that we realized that not only was this person not "the one" but we actually could not stand them (where was that car with the special ejection seat when we needed it?). The lesson learned? First impressions may not be as accurate as we would like to think. In the hiring process this can be particularly true. Even if we do extensive due diligence, checking many references, we can never know if we have selected the "real deal" until the person is performing in the role for several months.

   So, when there is an internal candidate for whom a job may be a stretch, make sure that you give appropriate consideration to their candidacy. Discount the external candidate's accomplishments by 25-30 percent because you simply cannot know how they will fit into your culture – or what their achievements actually are. The key is not to lose a high potential employee because you valued their contribution less than the resume of an untested external candidate. When solid performers are overlooked for an internal role, it often results in an external job search. If we are lucky and the new hire is indeed stronger, then people will generally accept the decision since they will be able to learn from this individual. If they do not believe that the external candidate is credible, they will leave; it is just a matter of time.

   A word of caution ... We must also fight the ego-centricity that makes us undervalue external experience. It is important to recognize when home-grown wisdom may not provide the best solution or direction.

7. *Watch for the signs of waning motivation and act quickly.* This sounds easier to accomplish than it actually is. When we see the signs of decreasing will in our best performers we often look the other way – hoping that the issue will go away on its own. While it may be difficult for us to deal with a person whose performance is sub-par, it is even more difficult for us to have a performance discussion with our superstar. Remember, paying attention and "noticing" motivational issues with our people demonstrates our care and respect.

   Driven, top performers always need to be challenged. They will often impose tight deadlines or make statements like "I work best under pressure." Average is not fun for them. Since most of them like to feel "pushed" in their jobs, it is critical that the position (or other supplemental activities) bring them fulfillment.

   While it may sound like an insignificant action, even having a frank discussion about the current situation can pay major dividends. It is important to remember that these are reasonable people who want to make a difference. However, be careful not to make promises that you cannot deliver since this will only compound the retention problem. Motivating employees will require solutions that will likely differ from person to person. For some, the opportunity to help a bright, talented new employee will be rewarding. For others, a chance to play a part on an executive initiative, instead of you assuming that role, will make the difference. Look for opportunities to build networks for your top performers with other senior leaders who may be unaware of their talent. Likewise create learning venues for high potential leaders where they will interact and learn from each other. The solution will always be determined by your ability to assess the needs of the individual to find the right approach.

8. *Good employees will leave, poor employees will not.* We consistently underestimate the impact that under-performers have on those who consistently deliver results. The top

performers notice who is not carrying their share of the workload and grow increasingly frustrated by their leaders' tolerance in accepting this performance (or lack thereof).

We can never afford to forget that our top performers are in demand and the opportunities for them in today's marketplace are too numerous to ignore. Do not make the headhunter's job easy. Most people in the corporate workplace – particularly those under the age of 35 – are driven to use their skills and abilities to progress. As long as they are learning and challenged, they are generally satisfied. If they are not given opportunities, they will seek them in another company where their talent is better appreciated (and recognized).

The poor performers are equally savvy about their prospects. They can stay in their current organization with an annual review about their lack of results or risk going to a new company that may not only be more demanding but also less tolerant of their work ethic. So, for them, the comfort of the job, company and leaders who are predictable will always make the decision to stay easy.

The strong performer on the other hand wants to work in a culture that is dynamic, creative and results-driven. They do not want to work with peers whose performance is substandard. The lesson is clear. Deal with poor performers – or lose your strong ones.

9. *Make sure that you do not reward your best performers by piling on more work.* The timeline is tight, the deadline is quickly approaching. Who is the person that we count on – our "go to guy." Sound familiar? And when he pushes back, reminding us of other critical deliverables, we respond: "you always get the job done for me; I know you'll figure it out." Conversely, when the poor performer is not getting a task done, often that accountability also goes to our overburdened "star." Eventually, the inequity and workload frustrate our talented performers to the point where they leave. And we express surprise – thinking that we were simply "challenging" them – and pushing them to reach "stretch" goals. We assume that they will never leave our organization because our "stars" know how valuable they are to us. Wrong.

   I frequently work with leaders who say that they cannot put different people in the roles that their top performers are filling. When I ask why, they tell me that no-one else can deliver as well. I then ask them who will assume that position when their "star" delivers their letter of resignation. The answer to this dilemma lies in the leader's ability to break apart the role into smaller deliverables. This then allows us to look at individual components of the role and may suggest other people who can undertake these tasks. At a minimum, this practice provides a more manageable way to start the process of training/educating one or more people to undertake the role. Do not reward your top talent with more of the same; reward them with new and exciting assignments that truly test their upside potential.

10. *Find ways to recruit their talented friends.* Many organizations have started employee referral programs to attract talent in this competitive labor market. Companies are offering everything from cash to a chance to win a car for referring successful candidates. What they have not yet done is to prioritize the referral based on the performance of the person providing the reference. If a person is a top performer within your organization, she will usually be in the best position to know another top performer who will be a good fit within the company. When these people make referrals, there is a far greater likelihood that you will hire these candidates rather than those referrals suggested by your poorest performers. Our "stars" know the culture and what it takes to be successful. As such, we should offer these top performers five or ten times the incentive for referring successful candidates. And when it becomes apparent that a new hire will be successful, we should ask him for one or two suggestions of people that our company cannot do without.

    One of the most compelling reasons to ask our top performers for their referrals is the satisfaction that comes with working with their friends. When our "stars" are working together, the risk goes down dramatically that they will leave our organizations. It is a key satisfaction variable and on those bad days, it never hurts to have someone close that can empathize but can also provide an objective voice. Successful organizations create and ride upon the drive, passion and talent of their high potential employees. By accelerating the referral process of your "stars," you will be more likely to create a high performance culture.

It is not easy to recruit the most talented candidates into your organization. It is even more difficult to retain them. These people have the most opportunities from which to choose. To have the greatest chance of success, we must create a culture that is challenging, fun and rewarding (both intrinsically and financially). We must recognize their contributions and we must give them the opportunities to experience continued growth. Great people attract other great people. But the more great performers that leave through our doors, the fewer replacements we will have the ability to hire. Successful people want to work for a winning team. Nurture and value your top human capital – remember, it is no longer your right to get the best talent, it is increasingly a privilege.

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About the author

Howard J. Morgan is an executive coach, and has led major organizational change initiatives in partnership with top leaders and executives at numerous international organizations. He was named as one of the 50 top coaches, recognized as one of world's five coaches with "a proven track record of success" and has published several books. His clients include global businesses in the Financial Services, Manufacturing, Management Consulting, Communication, Media and High Tech industries.

His profound understanding of the demands of executive leadership come from 17 years of experience as a line executive and executive vice president in industry and government. He has operated major businesses with full profit and loss responsibility; managed the people side of mergers and acquisitions; led international expansions and start-ups; and gained the respect of unions and corporations when negotiating agreements in volatile labor environments. He knows what it means to structure an organization, lead people and manage a business to achieve quarterly objectives. This practical background, along with an understanding of the politics of leadership and the competitive pressures of today's global marketplace, is embodied in the roll-up-your-sleeves coaching work he does with executives.

The dramatic impact of his approach is drawn from his ability to communicate the significance of people and performance issues in the context of business objectives. He has been a pioneer in the practical understanding of how motivation, productivity and behavior are linked to organizational values, leadership approach and employee satisfaction. He has done significant work on measuring the impact of leaders on long-term profitability and growth. He has helped leaders understand that the nuances of people management are a major influence on corporate success, and how they can increase their effectiveness in that area in practical ways.

He is a Managing Director of Leadership Research Institute and member of 50 Top Coaches. He specializes in executive coaching as a strategic change management tool leading to improved customer/employee satisfaction and overall corporate performance. He has led the development of an internal coaching model for a large international organization and has done significant work coaching executives on the art of managing managers. He has worked with many executive committees of the world's largest organizations on improving corporate and executive performance.

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