

Talent Retention

Strategies to Keep the Best People

Margaret Mackay



MARGARET MACKAY

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Talent Retention: Strategies to Keep the Best People

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ABOUT THE AUTHOR



Margaret Mackay is a business academic and recognised expert in talent management and leadership development. Margaret has written many articles in prestigious journals and won the Rackham Award for her Best Paper published in the *Journal of Education and Work*. A Senior Lecturer in Human Resource Management and Organisational Behaviour at a leading UK business school, she is currently an associate professor at a top university in Madrid.

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Margaret is an honours graduate of Durham University, a Master of Science in Human Resource Management, a Fellow of the Higher Education Academy, and a Fellow of the Chartered Institute of Personnel and Development. She is passionate about improving the quality of people management and for this reason leads workshops on talent development. Margaret is particularly proud of the results of her work on career paths with the US Defense Agency which has transformed the retention of key staff.

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1 THE STRATEGIC VALUE OF TALENT

INTRODUCTION

1.1 OVERVIEW

This book explains why talent retention is critical to an organisation. Talent is in high demand across diverse sectors such as engineering, healthcare and artificial intelligence. But there is a shortage of skilled staff in the global labour market; a gap between the supply of people talent and the demand. So, a top priority for employers in China, Europe, and the USA is to find and retain talent. This book examines the key issues in companies and offers practical solutions to keep the best talent.

When star performers leave, this has an impact on business productivity and continuing client relationships. To take a clear example, the United States Air Force faces a retention crisis. The demand for highly-skilled pilots has increased as commercial airlines double their fleet size and seek well-trained pilots. On the other hand, military fighter pilots are tempted to leave the air force by better civilian pay and working conditions. But a pilot who quits represents a huge loss of capital investment. To train an experienced fighter pilot, with 1500 flying hours, costs US \$10 million. A pilot shortage has a critical impact on military capability.

This real-world example shows why employers need to be strategic to keep the best people talent. The solution is to improve in-house retention programmes.

1.1.1 KEY QUESTIONS

Each chapter answers an important question for you:

- Why does talent retention matter? *Chapter 1*
- What is the business case for talent development? *Chapter 2*
- What motivates people to stay or to leave? *Chapter 3*
- How to spot talent and design a succession plan? *Chapter 4*
- What do staff value most at work? *Chapter 5*
- What are effective strategies to use in people retention? *Chapter 6*

Talent is rooted in the knowledge, skills, and specific experience of quality employees. This book uses examples of leading companies to give robust guidance on strategies to retain vital talent. I include links throughout the text to further reading in **Endnotes** to advance your understanding of how to tackle talent retention.

1.2 WHO NEEDS THIS BOOK?

This practical book of talent insights is essential reading for directors, managers and human resource specialists on how to keep the best in your organisation. Small business employers and students will find here a powerful guide to the value of skills, simple steps to tackle turnover and strategies to encourage staff to stay. In six chapters, I set out effective methods to keep talent to sustain the organisation's success.

When we talk about talent, we picture an Olympic athlete, a famous artist, or celebrity. Talent in the workplace are the people who make a key difference to organisational success. Employees are often a company's most valuable assets; the human capital. Across international labour markets, the impact of attracting talent and then being able to retain these skilled people is a growing concern.

Willis Towers Watson, in a [global workforce study](#) of 32,000 employees, found increasing turnover with 70% of top performers saying they have to leave their organisation to advance their careers. Moreover, companies in China, Brazil and India attract skilled people from Europe to meet their own talent shortages. This pattern of fluid movement in the job market with rising turnover has grown in the last decade.

Two main factors therefore are driving the interest in talent retention:

- a. A shortage of skilled staff for specific work sectors – *short supply*
- b. A global competition for talent across industries – *high demand*

Consequently, talent retention becomes a critical risk factor when there are such skill shortages.

1.3 WHAT IS THE COMPETITION FOR TALENT?

Talent is in high demand in engineering, healthcare, artificial intelligence and machine learning. A scarcity of experienced staff for certain vacancies increases the competition for skilled talent. The difficulty in attracting quality staff with the right skills, competence and attitude thus presents a threat to business growth.

Across Europe, a majority of employers, 70% agree that [competition for tech talent](#) is a deepening trend. Technology talent, especially engineering, is highly mobile across European hubs such as Paris, Berlin and London.

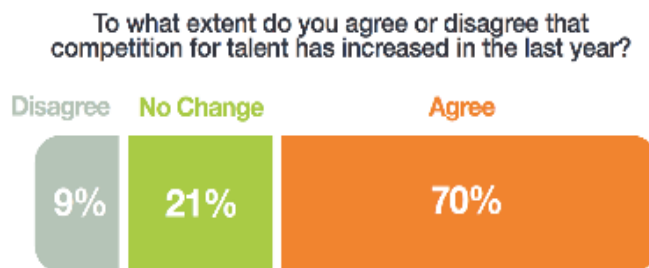


Figure 1.1 Employers' view of competition for talent

In a recent global survey, PwC found that 74% of Chief Executive Officers view talent as a business priority and they seek out talent internationally regardless of the geography or demographics. Companies struggle to get the skill set they need and have to race against other rivals to secure talent.

The McKinsey consulting group first talked about a 'war for talent' to describe the battle to find the right calibre of employees. Many employers pay scant attention to keeping the best talent, whereas they invest in external campaigns to attract new recruits. Strikingly, the Chartered Institute of Personnel and Development found that 56% of UK employers [surveyed](#) do not measure the cost of labour turnover. Few employers have specific initiatives to promote retention and limit the rate at which people leave the organisation.

Talent leavers are a business risk and failure to act is a blind spot in practice. This book is a persuasive reminder that people are mobile assets who can choose to leave. No employer can force people to stay but we can create a workplace where talent love to work and want to stay.

1.4 THE RETURN ON INVESTMENT OF TALENT RETENTION

Developing talent brings increasing business returns for an organisation's sustainable growth. As a result, those employers who develop and retain their staff talent know a winning strategy. People create value in a competitive market.

Talented employees stay with an organisation when there are opportunities for career progression, attractive pay schemes and supportive managers. An investment in people talent adds value to business continuity, greater creativity and innovation. The CEO of Delta Airlines sums up a people agenda: 'I am a firm believer that our people and our culture are

our only sustainable competitive advantages.’ Leading companies realise that a culture and work environment where talent can flourish is critical to keep the best people.

The quality of staff talent can transform an organisation from a mediocre company to an outstanding one.

Figure 1.2 summarises five important business wins from a focus on talent retention.

1. Talent are productive high performers
2. Talent builds a creative capacity for innovation
3. Talent sustains client loyalty and wins new clients
4. Talent adds a competitive advantage for long-term sustainability
5. Talent are the potential leaders of the company’s future

Figure 1.2 Business wins of talent retention

In contrast, the loss of key people threatens available expertise and a company incurs high replacement costs to recruit and retrain fresh staff. Organisations that waste their people assets risk the damaging consequences of high turnover. A loss of talent experience can disrupt productivity and damage workforce morale when operational skills and company-specific knowledge leave the building. Studies put the cost of employee retention at x 1.5–2.0 times the employee annual salary, or as much as 213% of the total compensation.

This book focuses on practical strategies to cultivate talent and win the commitment of quality employees. Each chapter presents tools and detailed plans to improve talent retention. Human capital in the talent of people is increasingly what defines an organisation’s competitive advantage. Talent is the key.



The critical skills of pilots

1.5 RECAP: THE STRATEGIC VALUE OF TALENT

Chapter One key points

- Talent can transform a business
- There is a high demand for skilled people but a low supply
- Skill shortages exist in certain sectors
- There is more competition for top talent
- Investment in retention sustains the company's future

2 BUILD THE BUSINESS ON PEOPLE TALENT

This chapter makes a case for valuing people talent to retain the best assets. There is a short supply of specialised skill but a high demand for talent internationally. People with specialised skills are often knowledge workers who can leave the organisation and easily find alternative employers. Their competence, knowledge and skill strengths give them mobility.

What can we do to encourage people talent to stay? We can aim to make the company a *talent magnet*. A talent magnet naturally pulls in people through interesting work, engaging opportunities and a company reputation as a great place to work. A workplace where people readily choose to stay, grow and continue in the organisation. To achieve this, we need to rethink how we buy talent into the organisation, develop people capability, and hold a long-term vision.

Employee relations flourish when there is trust in good management. Successful talent strategies are based on mutual respect between the employer and worker. People, of course, will differ in their job motivation. Pay motivates some employees but the challenge of the work itself drives and energises others. Studies reveal that knowledge workers are motivated by a sense of purpose, autonomy, the values of the organisation, and the satisfaction of results achieved.

2.1 PROBLEM: SKILL SHORTAGE

The scarcity of skilled talent in certain sectors, such as engineering and digital intelligence can put a company's expansion at risk. The employer needs to provide the opportunities and support to cultivate staff talent. If talented people choose to leave, an employer may struggle to find replacements with the equivalent knowledge, skills and qualifications.

Finding trained people is hard in a global market of skills shortage. Talent management budgets are now growing faster than recruitment budgets. Employers recognise there are two options to sustain the business: 1) buy in the expertise of new talent or 2) build on and expand the skills of existing staff.

Let's look now at some examples of companies applying these approaches.

2.2 WHAT LEADING ORGANISATIONS DO

Solution #1: *Buy in talent with attractive pay and career opportunities*

Company example

Sir James Dyson, the British inventor and entrepreneur, has criticised the acute shortage of engineers and the UK government's failure to address this issue. Dyson argues a lack of skilled engineers constrains the economic growth and success of his business. When Dyson wanted to recruit 650 engineers for the Wiltshire plant, he was able to source 350 hires in Asia, but he struggled to find 300 engineers in the UK.

The outcome was to entice workers away from local suppliers and contractors which pulled out talent from neighbouring small businesses. Operating as a talent magnet, Dyson pays a joining bonus of £3,000 to new recruits, a golden handshake, on top of an appealing salary for qualified engineers. Dyson has invested heavily in the research and development base in the region and wants the company to retain these skilled engineers in Britain.

Solution #2: *Build the skills of existing staff in-house*

An alternative approach for hard-to-fill vacancies is to develop the skills of existing staff to meet business needs. A focus on the human capital can build talent internally to enable people to step into specific positions.

Company example

Fujitsu illustrates the benefits of investment in talent development. Fujitsu provides information technology consulting, products and infrastructure. Following major restructuring across the UK and Ireland, the company focused on creating talent pools within the 11,000-employee workforce to be able to tackle changes in the business objectives.

The company designed a talent programme that created a pool of candidates for future roles. They encouraged cross-disciplinary support, called buddying across borders, to collaboratively solve business challenges. People could self-nominate for talent development. The human resource function filtered all staff nominations together with a talent board to track training priorities and progress. The emphasis on talented people actively mentoring other employees inspired a view of shared goals.

[The talent programme](#) built a strong pipeline of ready skilled people, increased retention rates by 10% and achieved cost savings of £40,000 per senior role. Significantly, the company was able to develop internal talent to appoint a regional CEO and three executive directors. In implementing the succession plan, the company achieved an internal hire ratio of 80:20; 80% internal employees to 20% external recruits. This exceeded an original target of 70:30 internal hire and demonstrated the strength of commitment to in-house talent development.

2.3 VALUE YOUR TALENT

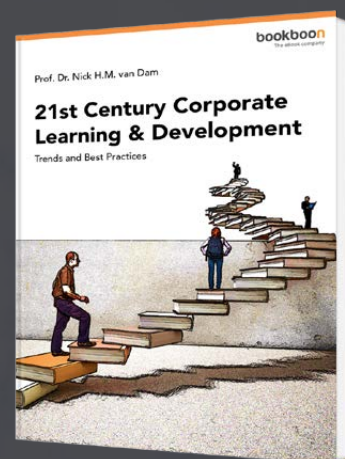
A business that builds on talent therefore values people as key assets. This is a radical shift towards valuing labour as an asset which moves away from defining labour as a cost burden. Peter Drucker, the influential thinker, declares in *Management Challenges for the 21st Century*:

‘Managers need to allocate human resources as purposefully and as thoughtfully as they do capital’

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Managers then are responsible for talent; for the growth of human capital to create wealth. A responsibility to develop and hold on to quality people. Similarly, the Canadian Business Association calls on employers to invest more in workforce development. They argue that employer investment in training and staff development can solve Canada's current skills crisis, in a report on [Upskilling the Workforce](#). The report also calls for closer collaboration between educational institutions and Canadian companies to resolve a mismatch in job seeker qualifications and employer demands for specific skills.

2.3.1 RELUCTANCE TO INVEST IN TRAINING DEVELOPMENT

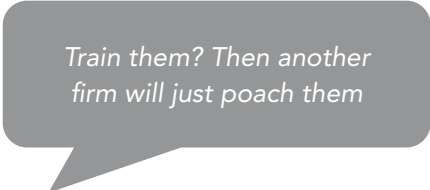
But many employers are reluctant to invest in training staff. The Canadian Business Association identifies a trend: 38% drop in expenditure on training employees over the past decade.

Since the economic recession, and in uncertain business environments, many employers immediately cut training budgets.

Moreover, some employers insist that training is futile:



It's a total waste of money!
Trained staff are more likely to leave.



*Train them? Then another
firm will just poach them*

Still, the research evidence contradicts these negative views of training. Studies show that workers have higher motivation and are more likely to stay, when an employer has invested in development. Besides, an unemployed worker is unable to invest in skill training that is exclusive to a specific company.

2.3.2 BUILD OR BUY EXPERTISE?

A recent survey of [Global Talent Trends](#) by Mercer showed that most organisations, 85% report that they need to overhaul their talent management programmes. The study looked at industry perspectives of 1,730 HR leaders and 4,500 employees across 17 countries.

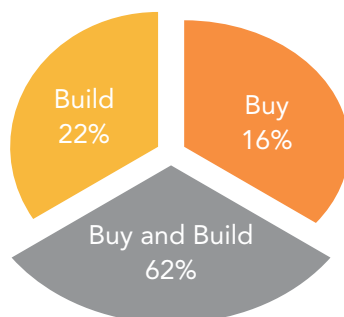


Figure 2.1 Approach to acquiring talent

As the race for talent accelerates companies look to either buy in people expertise or build these capabilities within the organisation. Research shows that most employers are pragmatic in blending both approaches to talent acquisition: 62% of organisations buy in external talent and also build talent in-house.

Many smaller organisations believe they need to look externally for talent or are convinced that ‘fresh blood’ will transform a project team. But they can overlook the potential to build the talent of current staff through a structured development programme. To extend new capabilities employers sometimes need to find new talent.

- What does your organisation do?
- Which vacancies are hard-to-fill?
- What is the ratio between the *buy* or the *build* of talent?

2.4 WINNING APPROACHES TO KEEP TALENT

Let’s take another example of a multinational company which uses a talent framework ratio of 70% *build* compared to 30% *buy* to attract and retain people talent.

Company Example

Unilever, an Anglo-Dutch company, has products in domestic detergents, personal care, food and beverages. The multinational has two billion customers globally and wants to reduce the impact of their products on the environment. The concern is to run the business brands for long-term sustainability. Unilever focused on the people management challenges of [People, Place and Performance](#):

- I. To secure the best talent – the right *people*
- II. To make Unilever the best *place* to work
- III. To ensure people are *performing* to their productive best

They track the quality and quantity of people talent and use data analytics to evaluate whether there is the staff capability in place to sustain an €80 billion-euro business. The right people will sustain the future success of the business through their expertise and innovations in technology. The company calls this exercise in mapping human resources a way to future proof the business.

Unilever have kept a strong focus on the attractiveness of their brand to hire new graduates and quality recruits. This is to secure the best talent. The positive outcome of this strategy has been a business growth from 3–4% up to 6–8%. The company now has lower staff attrition rates than the market average. Keeping talented employees has increased the company's return on investment.

To apply this approach, consider these questions:

- What skills and talent do we need in the next 5 years ahead?
- Where do we have these specific skills and experience in-house?
- If not, where are the gaps?
- How can we close those gaps?
- Where do we need to build and develop expertise?
- Where do we need to recruit externally to buy in talent?

2.4.1 IN-COMPANY EXPERTISE OF SEASONED PRACTITIONERS

In roles that require a seasoned practitioner, there is no alternative to long-term development of company specific knowledge and skills. To train a pilot, for example, takes 7–10 years of intensive training to acquire sufficient mastery of the role. The design of the training nurtures seasoned practitioners through a structured development programme.

Company example

The U.S. Air Force has a huge [shortage of experienced pilots](#). There is an ongoing retention crisis. Each pilot that resigns represents an immense loss of experience, institutional knowledge

and capital investment. There is no shortcut to replace mature fighter pilots with over 1,500 flying hours capable of leading missions to Afghanistan and the Middle East.

To keep trained pilots the Air Force is now offering retention bonuses. But more money has failed to stop the departure of mid-career pilots. Commercial airlines have lured away some pilots. But many pilots leave due to dissatisfaction with additional duties, a poor work-life balance and limited flying time. Beyond money, pilots love to fly and love their country. What motivates air force pilots is the opportunity to work with highly skilled people, the flight crew on a global mission. Each mission inspires these pilots: the challenge of skilful flying and the allure of the cockpit controls. To retain current pilots, the air force needs a superior understanding of their job motivation. Then a systematic investment in planned training over time to develop new pilots.

2.4.2 TALENT WITH FIRM SPECIFIC KNOW-HOW

Law firms depend on the calibre of their people to deliver client success. It is crucial for law firms to keep the continuity of their top talent with firm-specific knowledge. New lawyers who join law firms are on average 60% female graduates. But this gender balance disappears in law practice where 75% of partners are male and only 25% of law firm partners are female. This suggests an unconscious gender bias in promotion decisions and amounts to a significant waste of notable talent. Many highly competent female lawyers, frustrated by limited career progression, choose to leave the profession. What can stop this talent drain?

Company example

The law firm Linklaters LLP decided to set targets to prevent the loss of top talent and progress more women into partnership roles. The [law firm](#) designed a talent programme to give support to potential talent at specific points in their career. Mentoring support gave a dedicated focus to individual development needs through bespoke coaching and learning events. Linklaters affirm that the most useful strategy to retain female talent for the long-term has been career progression based on merit.

These company examples underline the value of investment in talent. In chapter four, we will look at how to spot talent and design a development programme.

2.5 TALENT ECOSYSTEM

We think of the talent of individuals – the permanent stars on full-time contracts. Yet talent is rooted in a community of working relationships across teams of many contingent workers. An ecosystem recognises the complex pattern of relationships across the business. In contemporary organisations, the performance results have blurred between workers who are full-time staff, part-time employees, outsourced workers or independent associates.



Figure 2.2. A talent ecosystem

A view of talent in an ecosystem considers the continuing relationships of people and their connections with the company. We can appreciate the diversity of potential talent across distinct categories: core full-time staff, part-time associates, and virtual freelance workers. This broader view of talent enables a business to be agile in response to unexpected changes. An employer can more easily scale human resources up or down using different staffing levels as the economic situation shifts. Tracking talent movement across the internal workforce and external partnerships helps to reduce the impact of unexpected departures. For example, if the senior executives choose to retire at the same time where is the capacity to replace them? The principle to develop quality staff, and build talent, is central to a healthy equilibrium.

Leading talent requires an understanding of what motivates capable people, and what opportunities are available for high performers in the organisation's network. Managing people in a traditional control structure dictates a single approach. In contrast, managing talent keeps the focus on enabling skilled people to perform at their best by providing the right conditions for them to flourish. People expect choice about meaningful work,

performance results and how to achieve those results. The employment relationship relies on trust, integrity and mutual respect.

The next chapter looks at the reasons why people stay with an organisation and why people leave. Before we do, let's recap the case for valuing people talent.



Value talent across the business

2.6 RECAP: BUILD THE BUSINESS ON TALENT

Chapter Two key points

- Protect the sustainability of the business with talent
- Operate as a talent magnet which pulls in quality employees
- Tackle skills shortage: solution #1 buy in expertise of new recruits
- Tackle skills shortage: solution #2 build internal talent to upskill staff
- Retain company specific know-how of air force pilots or lawyers
- Value an ecosystem of diverse talent in partners, associates, freelancers

3 WHY PEOPLE STAY WITH A COMPANY

This chapter examines employee reasons for choosing to stay with an organisation. Employers sometimes have a blind spot about workers who leave. Many organisations calculate the cost of staff recruitment but overlook the cost of leavers. Labour turnover is the number of leavers compared to the number of replacements. Although staff turnover is natural, a loss of key talent can threaten the stability of the company.

We will look at a simple tool to measure staff turnover which can reveal patterns of leavers from a department, or job category. If new recruits quit in the first three months on the job, this suggests a weak selection process or a lack of support for the new starter.

3.1 WHAT MAKES PEOPLE STAY?

What is attractive about the work in your company? What is the appeal of the workplace? There are three fundamental reasons talent chooses to stay with an organisation:

- a good job
- a good manager
- a good place to work.

These factors enable an individual to perform at their best and remain committed to the work. Let's look at each factor.

3.1.1 A GOOD JOB

In a knowledge society, skilled people relish work that is meaningful. Work that is interesting, challenging and has a clear purpose. Peter Drucker stressed the importance of job design to attract talent:

‘If you want someone to do a good job, give them a **good job** to do.’

The technology company Google claim their employees choose to stay with them for the mission; the quality of the people; and the chance to build a better skill set as an entrepreneur. A good job offers the satisfaction of a vital purpose, a supportive team environment and exciting opportunities for growth. A good job commands respect within the social community.

An employer of talent then is like a conductor of an orchestra with excellent positions. The leader respects each musician's virtuosity and enables the combined group to give an outstanding performance. Talent relishes the challenges and rewards of a good job.

3.1.2 A GOOD MANAGER

Good managers have a strong impact on staff retention. They treat people as individuals not just a payroll number. An arrogant manager can push talent away, as the saying goes: *no-one leaves an organisation, they leave a bad boss.*

Good managers encourage people to stay. An organisation, with its HR team, therefore has a responsibility to train managers in people skills, social awareness and emotional intelligence. Managers who are confident in their skills to resolve conflict can encourage collaborative working relations.

Company example

Google's vice president of people operations knew they had hired talented people. A new employee who was under-performing could be due to a weak manager, or a misplacement in the organisation. To investigate this, Google collected data; they gathered 10,000 observations about managers from employee surveys and performance feedback. The results of Project Oxygen identified eight behaviours of a good manager ranked in order of importance to employees.

Google behaviours – A good manager	
1.	Is a good coach
2.	Empowers the team and does not micro-manage
3.	Expresses interest/concern for the team members' success and personal wellbeing
4.	Is productive and results-oriented
5.	Is a good communicator and listens
6.	Helps employees with career development
7.	Has a clear vision and strategy for the team
8.	Has key technical skills that help to advise the team

Figure 3.1 Characteristics of a good manager

Employees want a boss who pays attention to their interests, listens and supports the team. Google's big data affirms a common-sense approach to managing people. Good managers respect individual talent and can empower superior performance.

Company example

The John Lewis Partnership, a department store and grocer, invests in people for the long-term. The company focuses on internal promotion to develop talent. The organisation's approach is like a farm that grows its own plants by sowing seeds for a talent field. All employees own a part of the company; this concept of partnership, in place since 1929, ensures people have a stake in the business. The company strives to consistently treat partners with integrity and trust.

3.1.3 A GOOD PLACE TO WORK

Surveys show that work conditions have a major effect on an individual's decision to stay. The company [Great Place to Work](#) conducts annual surveys of trust levels and employee engagement within an organisation. People rate highly the working conditions, management style, social aspects of the job, and an employer's recognition of achievements. Top talent becomes a loyal worker in a superior place to work.

Some employers wrongly assume that: *to keep staff, you have to pay more*. Evidence from research contradicts this myth. A good place to work offers more than just money as an incentive. The job itself, a sense of purpose, and developing mastery motivates knowledge workers. More money might seem a quick fix but will not change deeper discontent with working conditions. Watch this [short film](#) by the Royal Society of Arts that illustrates Daniel Pink's study on the surprising truth about what motivates us.

3.2 WHAT MAKES PEOPLE LEAVE?

It is easy to assume that employees leave an organisation for a better paid job elsewhere. Surveys reveal that diverse factors pull talent away from organisations:

- Lack of career development opportunities
- Dissatisfaction with line manager
- Stress of workload

- Low pay
- Long commute and geographical location
- Poor work-life balance

3.2.1 LACK OF CAREER DEVELOPMENT TOP REASON TO LEAVE

The most common reason that an employee quits is a lack of career and development opportunities. An employee can become frustrated if there is no chance of progression. [A survey](#) of 3,000 UK adults by the Trades Union Congress found that only 1 in 3, 33% of workers, have training opportunities. Yet employers who do invest in training perform better in economic terms and hold onto talented people.

A talent strategy must face the reasons why people choose to stay or to leave. An employer who offers wider opportunities can pull trained graduates out of a smaller organisation. Career blogs on social media encourage recent graduates to broaden their CV with diverse experience. Debates about generational attitudes depict young millennial workers as job-hoppers who lack long-term commitment. But recent graduates will seek another company, if there is no likely prospect for career growth. Similarly, employers' rhetoric of a dynamic



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job role needs to match the reality of work experience. Loyalty to an employer relies on a reciprocal give and take.

3.2.2 SHOULD I GO? OR SHOULD I STAY?

How can an employer discover why an employee decides to quit? A confidential talk, known as an *exit interview*, with the human resource department can reveal specific issues. However, employees may give generic personal or family reasons to avoid apparent criticism and secure a fair reference from the employer in future.

Company example

Halfords, a car accessories and bicycle retailer, realised that new hires were leaving within the first three months on the job. There was a turnover rate of 21% and customers were dissatisfied with the poor service. The company discovered that new staff needed mentoring and support to be able to give customers specialist advice. New recruits were unable to acquire this knowledge on their own. Halfords invested £50 million in recruitment, training and retention over three years. After one year, staff turnover fell noticeably from 21% to 10% and staff performance visibly climbed. Sales have increased by 7% and training has improved customer service. The company is now more able to keep new recruits.

3.3 WHAT IS LABOUR TURNOVER?

Staff leave for a range of reasons including family circumstances, health and relocation. A company then needs to find replacements for the number of leavers. When an organisation needs to reduce the costs of the workforce, any voluntary turnover can be welcome. A spouse moves on international assignment and her partner resigns to accompany her. But the unexpected resignation of exceptional talent matters to the business.

The turnover rate, expressed as a percentage, is a simple calculation of the number of leavers compared to the total number of employees. To calculate turnover, you divide the number of employees by the average number of employees in the workforce.

Formula of labour turnover:

$$\frac{\text{Number of leavers}}{\text{Average number of employees}} \times 100\%$$

Example: You have 120 employees in the company but at the end of the year, 20 workers decide to leave. Using the formula $(20 \div 120 \times 100\%)$, the turnover rate is: 16.6%.

Tracking the pattern of leavers by job category or business unit reveals where turnover is high or low across the business. The CIPD's Resourcing and Talent Planning survey 2017 demonstrates that 56% of UK employers, more than half, do not count the cost of labour turnover. The rate of turnover differs widely across industries and sectors. What does your turnover rate show? How does your turnover rate compare to your competitors? You can find average turnover rates by sector in national databases online. For example, links to the European Union database are in my Endnotes.

Sectors vary in labour turnover

The current average turnover across UK sectors is 16%, a relatively high rate. Public services has a lower turnover of 12% as the sector offers stable conditions of employment and better job security. A strong commitment to the work in the charity sector, the mission, means staff are more likely to stay with the organisation. In contrast, the hospitality sector has high turnover rates of 65% as the work pattern is unsociable hours on low pay. Many hotels and restaurants employ staff on a seasonal and temporary basis.

The shortage of chefs has increased demands for industry investment in apprenticeships. In the UK hospitality sector 25% of vacancies are chef positions and 64% of employers struggle to fill catering jobs. The journal *The Caterer* reports that 20% of chefs leave the profession due to an aggressive and antisocial work culture. To retain talent, employers need to promote a positive work culture where trained chefs want to stay. When a restaurant is a family business, the shared bonds of relations rally support for success.

There is no single figure of optimum turnover. A focus on the number of employees who have stayed for a period of service, more than 3–5 years, shows the stability of the workforce. In Hong Kong's strong economic environment, [business research](#) argues that zero turnover of professional talent is more valuable than any skills of new recruits.

A contrast is Amazon, the Seattle based company, where employees stay on average 12 months. This is the shortest time for any technology company and Amazon ranks 464th for employee tenure in the Fortune 500 companies. [Amazon has a reputation](#) for driving staff productivity using high-pressure tactics and a relentless workload. *The New York Times* describes this approach as 'burn and churn'; workers are used like burning fuel for the operation but then replaced by fresh logs. But the quantitative data of turnover does not explain workers' reasons for leaving. Exit interviews and regular anonymous employee surveys allow workers to specify intentions to leave or stay.

3.4 TRACK THE REASONS WHY STAFF LEAVE

Understanding the turnover rates in more detail can point to an issue with the work (poor job), a lack of managerial support (poor manager), or a conflict within the team (poor place to work). What does a pattern of leavers suggest? Poor selection, a bad fit with the organisation’s culture, or that employee expectations are not met.

Q. What is the target retention rate in your organisation?

What is the rate of retention for new employees in the first year? An employee who stays for the first three years is more likely to continue with the organisation.

Surprisingly, few employers take specific initiatives to improve retention. In the CIPD’s survey of 1,000 organisations only 40% of employers had specific plans to address staff retention. The three initiatives most used to keep staff were to:

- a) increase learning and development opportunities (57%)
- b) improve induction process (56%)
- c) improve benefits (50%)

Few organisations, however, track the return on investment in development initiatives although retention matters to the business. The negative impact of losing talent is outlined in Figure 3.2.

Losing talent	Impact and cost to business
Loss of high performers	→ Disrupted service and productivity
Loss of knowledge and expertise	→ Gaps in competence and capability
Difficulty in replacing staff talent	→ Competition, scarcity, hiring delays
Time delay and cost of replacement	→ Threat to business continuity
Loss of business continuity	→ Damage to succession plan

Figure 3.2 Disadvantages of losing talent

Chapter five gives more examples of talent development programmes that reinforce the company’s brand reputation as a good place to work. The next chapter looks at how to spot talent and then apply relevant strategies to your context and sector.



The exhilarating challenge of a good job

3.5 RECAP: WHY PEOPLE STAY WITH A COMPANY

Chapter Three key points

- Encourage people to stay with a good job
- Ensure managers have good people skills
- Design a better place to work
- Avoid talent frustration with career development
- Measure average turnover across different sections of the organisation
- Compare the turnover in your industry sector
- Conduct exit interviews to discover why staff leave

4 MAP TALENT ACROSS THE ORGANISATION

This chapter sets out how to spot talent across the workforce. Businesses are a collection of talent; the people. Being able to identify your top performers, the ones with the potential to become future leaders, helps decisions on the placement of these employees for their career development. A clear map of talent links individual performance results to the collective goals of the business.

4.1 WHO ARE THE TALENT?

Talent is a unique resource as people are of inimitable value in the business context. Steve Jobs asserted that hiring talent was the most important job. So, how do you spot that talent? Where are the best people in the organisation? To answer this question, we can apply a definition of talent drawn from the literature. Talent are the employees who:

- a. consistently deliver credible results and high performance,
- b. master new types of expertise rapidly,
- c. recognise that behaviour counts.

Most private sector companies define talent as a few star players in executive positions who have a major impact on the organisation's performance. These key individuals make a significant difference to the company's knowledge bank, innovation and productivity. Certainly, the star performers are the equivalent of the company's astronauts in a pool of talent who benefit from mentoring and career planning.

However, 'A' players also need the collaborative support of 'B' players to achieve success. Another approach is to include all staff as potential talent. For example, the Ford motor company tried to ensure a good fit between a job role and a person's capabilities. In the early 20th century, workers generally had lifetime employment with the same firm, which is why Ford strived to make sure there was a good match between worker and role. Ford wanted his workers to be comfortable round pegs in round holes. Public institutions are more likely to take an inclusive approach to workforce talent. This view promotes equality of opportunities and believes in the potential of all employees to make an enduring contribution.

4.2 SPOT STAR PERFORMERS

Talent matters to the long-term capabilities of the organisation. A succession plan is a proactive approach to protect the company from the risk of a vacant key role. The trigger of a resignation can mean a struggle to entice new talent into the organisation. A plan that predicts hard to fill positions focuses on the people who are internal talent that can step into specific roles that affect business performance. A strategic workforce plan manages the potential staffing risks by matching groups of jobs to the available candidates who can fill these positions. Developing this talent then underpins a coherent programme to supply future successors.

To apply this thinking, consider these questions:

- How can we develop our best people for the business?
- Which roles do we need to fill in the future?
- What specific skills, knowledge and company experience do we need in those key positions?

A simple method to identify internal talent is to use a traffic light coding for high performers; a red, amber and green system; see Figure 4.1.

A green code signals these staff as available talent ready to fill important roles. An amber code spots the candidates who are rising stars and need specific development to accelerate their readiness for future jobs. A rising star may need more departmental experience, leadership experience, or strategic exposure to build a credible track record within the business. A red code signals no need for immediate training.



Figure 4.1 Traffic light coding for talent development

The tool is most useful in structuring conversations about current performance levels and where investment in training development will be most effective. By identifying high performers, managers can agree on groups of talent pool candidates who are ready to fill key positions. Underperformers may be the result of failure to understand the expected job behaviours.

To differentiate groups of staff by assessing their current performance and level of potential, many large organisations use a popular tool called the [Nine Box Grid](#). Managers like the visual representation that a box grid offers to analyse the matrix of talent. Clear definitions for decisions on potential will gain the trust of employees. A talent review committee can work with team leaders to consistently categorise their employees based on performance evidence. For credibility of the process, this exercise needs to be constructive.

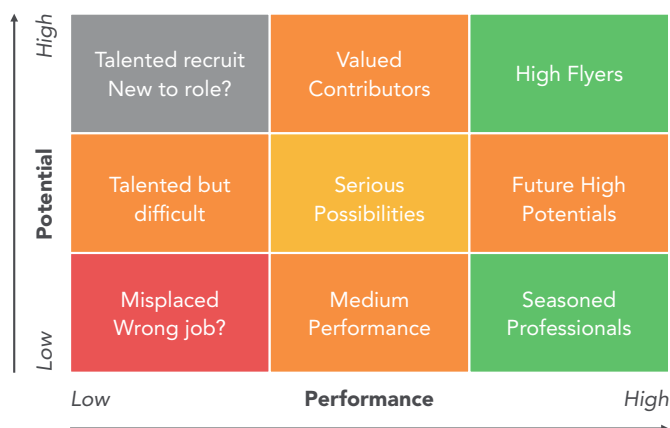


Figure 4.2 Grid of performance and potential

Data from performance appraisals, self-assessment, 360 feedback and client feedback provide a justification for selection. The box tool appears systematic but managers need clear guidance on the definition of potential to avoid arbitrary decisions based on gut instinct. An example of a biased approach to performance ratings is the U.S. energy company Enron.

Company example

Enron enforced an aggressive system to evaluate employees known as rank and yank. Managers ranked employees from A–C based on their performance. But employees who ranked in the lowest group C faced immediate dismissal, if they did not improve. This encouraged managers to apply subjective criteria and use the process to silence dissent and reward blind loyalty.

Rating	Enron’s evaluation process
A	challenge and reward – <i>water walkers</i>
B	encourage and affirm
C	improve or leave – <i>losers</i>

Figure 4.3 Evaluation process

Managers had to identify 15% of their staff as group C. Group C employees were described as weak 'losers' and coworkers pressured them to leave quickly. By contrast, group A were miracle workers with an extraordinary ability to even walk on water. A cut-throat and competitive culture emerged at Enron. Eventually, the corrupt trading practices led to the company's bankruptcy, a collapse that destroyed 20,000 livelihoods.

4.3 INTERROGATE THE STAFF DATA

To maximise the value of talent, it is important to gather accurate insights from employee data. By analysing this data, HR can forecast the supply of in-house talent and analyse groups of job positions, the stability rate and turnover. Then we can analyse the skill sets of current job holders and anticipate what agile skills will help the company stay relevant to customer expectations and evolving markets.

The data sources on staff talent are:

- Performance appraisals
- Skills assessment
- Feedback from managers
- Dialogues with supervisors and line managers
- Self-evaluation reports

Many organisations limit their focus to immediate needs, current vacancies and business fluctuations. Although we cannot predict the future, a range of scenarios forecast employee demand. What stands out from my experience and business research is that savvy multinationals also think about staffing supply to support the long-term sustainability of the business. They are knowledgeable about where the talent strengths are, where the gaps exist and work to balance their skill supply with a forecast outlook on demands. These companies think about the flow of talent as the lifeblood of the business.

A *Harvard Business Review* article, [Competing on Talent Analytics](#), gives examples of how leading companies use simple metrics to identify skills shortages and regulate talent supply ahead. We saw in chapter two how Unilever focuses on the strategic development of internal talent to protect the company's future options.

4.4 MAP TALENT IN THE COMPANY

To place employees on a visual map illustrates the business opportunities aligned with staff strengths. A map of talent depth makes good quality people more visible across the organisation. The creation of a talent pool ensures a good field of candidates for key positions; a strategic approach to placing talent in the right location for [desired organisational behaviours](#).

Staffing is a moving picture and so we need to avoid too rigid a categorisation of performance results. As business priorities change, a flexible view of staff potential can encourage good people to develop further in their current role or in other areas of the company on a stretch assignment.

Individuals, identified as talent candidates, can prepare for role opportunities on the horizon. This makes career directions more visible and enables talent to strengthen experience across organisational functions. Sometimes a manager can hide the good people, for self-interest and to keep them on a particular project, rather than share talent for collective goals.

4.5 CREATE A TALENT POOL

Talent pools are groups of people with specific expertise where coaching can accelerate their development in the business. A specialist may need more leadership experience to acquire a credible track record. Through leadership that forecasts changes in strategy, we can make robust decisions about where to develop essential skills and experience in population clusters. Then we can outline the required mentoring, project experiences and opportunities to expand this talent.

A talent pool may be the successful graduates from an in-house assessment centre or leadership programme. The Odeon Group implemented open application to talent pools with the process filtered by the HR function. An effective process that adapts to a shifting business environment is better than a complicated system that categorises talent but fails to take any further action.

Company example

The Odeon Cinema group knew they needed to improve development opportunities to retain staff. Hence, they created a fast-track [talent programme](#) of brand heroes based on a film theme of superheroes. Staff could nominate themselves using video pitches with the support of their manager.

From this talent spotting exercise, HR selected 220 staff with the potential to step into a supervisory role with coaching support. These talent stars participated in an eight-month development programme of challenges, mentoring and business insights. The company promoted more than 50% of the brand heroes and are confident in preparing the future leaders of the company.

4.6 FOCUS ON TALENT POSITIONING

Decide on the job roles that are critical to delivering the business strategy and concentrate star talent in those positions. A succession plan crystallises managerial thinking about staff deployment to grow available talent inside the organisation, which lessens the risk of vacancies in key posts. The company develops groups of deputies, or understudies, who have the capability to step into a pivotal role. A talent pool ensures a field of excellent internal candidates which gives managers a choice of options and avoids the threat of a single candidate leaving the business.

For further tips on talent positioning, see the Institute for Employment Studies [ten tips for succession planning](#).

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A commitment to providing opportunities for career progression can transform talent retention. Managing talent proactively is to make deliberate choices about where to place these individuals in positions of particular value to the organization. Concentrate star talent in the roles that influence the delivery of the business strategy.

4.7 METAPHOR OF TALENT RETENTION

To think about a metaphor for talent and the importance of retention, here is a tale from the ancient Silk Road.

Story: The Goose that laid the Golden Egg

There once was a couple who bought a snow-white goose from the market. The goose had a remarkable talent. For each week, the goose laid a dazzling egg of solid gold. The couple were delighted with their goose. They could not believe their good fortune and luck.

Every day the man would carefully feed, water and cherish the beautiful goose. Every week the man was able to collect another fabulous egg. And little by little, golden egg by golden egg, the couple began to grow rich.

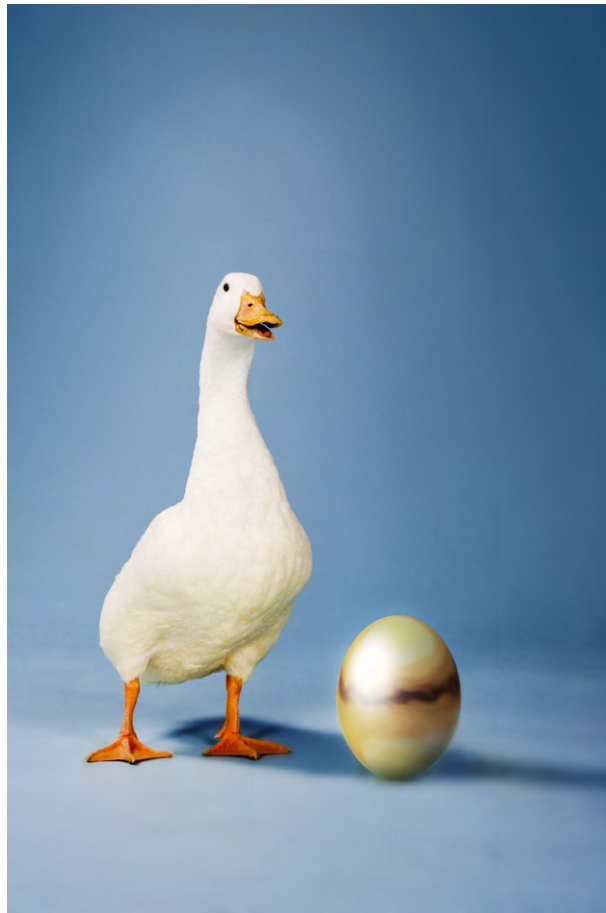
But the man wanted more. *My goose has those gold eggs insides her, he kept thinking. Why not get them all at once?* One day he could wait no longer. He grabbed the goose and sliced her open with a knife.

But he discovered there were no gold eggs inside the goose. *Why did you do that?* screamed his wife. *You fool, now there will be no more golden eggs.*

Exercise: The metaphor of the goose is like the talented people in an organisation. People can surprise us with their fresh ideas and human ingenuity. The value of excellent service, quality design and creative products can resemble an exceptional goose. When respected for their work, employees can flourish in secure working conditions. But if poorly managed, these geese can fly away.

- How do you identify the people who are capable of delivering gold?
- How can you nurture remarkable talent?
- Who to develop? For what purpose? And how?

My next chapter looks at how to cultivate talent with reward and opportunities. Let's first review the key points of this chapter.



The golden goose as a metaphor for talent

4.8 RECAP: MAP TALENT ACROSS THE ORGANISATION

Chapter Four key points

Mapping talent is a business win which:

- Identifies the best people across the organisation
- Tracks high performance and potential
- Gathers insights from employee data
- Builds people clusters in a talent pool
- Plans specific development of successors
- Uses talent pools to develop future leaders
- Places talent in key positions
- Thinks about talent as a growing asset

5 EFFECTIVE REWARD AND CAREER DEVELOPMENT

This chapter looks at the reward and career development opportunities that nurture talent. People talent are growing assets who add value to the organisation as they expand their skills, knowledge and competence. Finding out what specific benefits encourage the best people to stay, creates a workplace where talent can flourish.

5.1 INVEST IN TALENT DEVELOPMENT

Talent investment represents a business win. People companies outperform the market average in 8 out of 10 years, as evidenced in the Boston Consulting Group report on [creating people advantage](#). The BCG report, based on 3,500 respondents in 101 countries, finds that talent management and leadership is the highest priority in future importance. Notably, companies listed in *Fortune* magazine's 100 Best Companies to Work For consistently demonstrate an economic performance advantage.

A people first approach integrates quality recruitment and talent management by providing strong leadership for reward and career progress. Although a legal contract frames an employment transaction, an employer needs to focus on development opportunities to win the hearts and minds of people talent. To discover what staff value as a reward and growth opportunity, energises great performance.

First, let's look at a common belief that pay is the primary way to keep staff in a company.

5.2 THE IMPACT OF PAY ON RETENTION

Research shows that increasing pay does not inevitably retain talent long-term. A skilled employee can find another employer who offers higher pay. According to a Gallup report, financial incentives only improve workers wellbeing up to a certain point [Retaining Employees: How much does Money Matter?](#) Also, more pay is no guarantee of superior performance.

In contrast, the evidence shows money spent on staff development does retain more people than a pay rise. Yet 80% of managers are convinced staff turnover is a result of poor pay. A recent survey by recruitment consultants, finds that British workers quit when they are [bored and frustrated](#). Workers left their jobs, for three main reasons:

Rank	Reasons for leaving	Percent
1	Boredom and frustration	35
2	Work-life balance	31
3	Stagnant career prospects	30

Figure 5.1 Reasons workers quit their job

An interesting job with dynamic career opportunities can therefore transform a company's retention.

5.3 CREATE TALENT DEVELOPMENT PROGRAMMES

We can nurture talent with structured learning experiences. To develop a seasoned practitioner, a standard timeframe is 5–7 years of planned coaching and mentoring. To take an example, this is the period the U.S. Air Force needs to train seasoned pilots who are capable of flying missions, as seen in chapter two. An accelerated programme of 1–3 years may fit high potentials with experience who need to prepare for a specific post. The development can thus concentrate on enhancing specific business knowledge or language skills for an international assignment. Here is my experience of talent development in the workforce.

Story: Career expectations

When I worked as a Senior Consultant for a U.S. Defence Agency, the organisation wanted to increase staff capability to face major challenges. But disruptive policy changes had triggered numerous staff retirements. The institution was suffering from staff turnover that caused a loss of core skills. Also, to acquire senior level talent for security sensitive work was difficult and met with limited success. A priority was to start to grow the agency's talent in-house.

Consequently, to build a talent pipeline we collaborated with the military experts to create a learning academy; a corporate university. First, we designed a skills assessment tool for the workforce and then produced career guides that identified job rotations, connected assignments, and mapped available training in a network of resources.

This online academy structured options to improve specialist skills and set out 17 competency-based paths for the professional growth of 2,300 staff.

In the words of one employee: 'I'm excited to see how my experience applies to systems management. The career guide shows me what's a logical next step.'

The result is that since the career maps are widely used to build critical skills, this has recharged the development of talent.

The design of a talent development programme needs to include milestone reviews to evaluate the success of training and learn lessons from the participants’ feedback. This builds in a capacity to refine, and update development training for relevance. An effective plan assigns line manager ownership, sets a timeline and feedback mechanism.

Development & Training	Owner	Timing	Measure
What?	Who is responsible?	When?	How to assess effectiveness?

Figure 5.2 Strategy for talent development

5.3.1 PROVIDE OPPORTUNITIES TO GROW AND ADVANCE

Talented people value learning opportunities to grow in skill and competence. An article in *The Washington Post* asserts the relevance of career development for retention. They ask: Are you providing your employees with [meaningful advancement opportunities?](#)

Moreover, in a changing global environment, it is of mutual interest to employers and workers to build their skill strengths for diverse contexts. We need to be able to tackle change, adapt to new situations and balance the continuity of work relationships. The OECD’s report on [21st Century Skills](#) emphasises the role of continuous learning to advance soft skills such as collaboration, communication, creativity and critical thinking. Our agile ability to learn differentiates are human capabilities. Albert Einstein declared:

‘All that is valuable in human society depends upon the opportunity for development accorded the individual.’

Development enhances our capacity to adapt and lifts our self-esteem, imagination and resilience. Formal training programmes can increase the visibility of talent development. However, when we pay attention to daily job experiences we notice ongoing opportunities to learn, reflect on practice and rethink challenges. I have researched how HR specialists learn in action and my article here looks at how practitioners increase their professional know-how, [Evidence of Professional Learning: A Closer Look at Development in Practice.](#)

5.4 FIND OUT WHAT STAFF VALUE

A leader comes to know the unique strengths and abilities of their talent. The philosophy of the hotel chain founder JW Marriott runs: ‘Take care of your people, they will take care of the guests, and the guests will come back again and again’. The hotels encourage ‘family’

loyalty and by looking after staff, the company secures the business advantages of a place where talent wants to stay.

Indeed, an investment in people generates business returns. Marcus Buckingham, in the *Harvard Business Review*, argues the importance of knowing talent:

‘To take great managing from theory to practice, you must know three things about a person: her strengths, the triggers that activate those strengths, and how she learns.’

Notice his emphasis on talent development; for some people the opportunity for career progression is the biggest perk.

To discover what motivates staff gather information through employee surveys, focus groups, intranet and face-to-face discussions. Then act on this information. Employees will become disillusioned when there is public consultation without follow-up action.

What do employees value most in their working lives?

- Flexible working to support young family
- Wellbeing initiatives
- Volunteering in the community
- Career breaks to travel

An employee’s perception of value shifts with career stage and age. Childcare vouchers will interest an employee with a young family, for instance, but will not excite other employees. Certainly, one-size does not fit all in the effective use of reward and benefits to increase talent retention.

Story: Employee choice

As an HR specialist, I have worked with multinational clients on talent management. One Managing Director of a small technology firm described his setback with a ride to work scheme. The Director was a keen cyclist who enthusiastically promoted the health benefits of exercise. The company offered a new bike to any employee who would cycle to work.

But the Director lived in the affluent city centre; a 15-minute bike ride to the company. Most of the staff lived far away in cheaper districts, which made any cycling distance long and time-consuming. Parents taking children to school didn’t want to bike.

The MD eventually dropped the scheme with such a low take up of bikes. The Director had promoted his choice of wellbeing for work. But this was not an employee choice from the start, and the Director failed to gain worker interest in bikes as a reward option.

5.4.1 RECOGNISE ACHIEVEMENTS, SHOW APPRECIATION

It is important to recognise star performers at work and celebrate the team achievements of shared success. An example is the Royal United Hospital Trust Bath who are dependent on talent and teamwork. They realised that the social cohesion of staff helped to provide quality health care to their patients and related families. The hospital has three core values which they summarise as: everyone matters; working together; and making a difference. The hospital decided to initiate a scheme to recognise staff achievements and show appreciation of staff care.

So, the hospital set up a 'thanks box' which invited staff and visitors to drop in notes and personal messages. These human stories of care-giving have become a huge source of pride which feeds staff morale. This simple approach highlights how everyone makes a difference to quality care and staff efforts include the talents of doctors, nurses, cleaners and porters. Teams working across the hospital support star performers.

This represents a view of talent as stars supported by all the workforce efforts across the hospital. Stars are part of a team who work together and collaborate in a galaxy of talent. A company needs teamwork as well as talent.

5.4.2 SUPPORT FLEXIBLE WORKING

Another strategy is to empower talent by giving people more control over their working lives. Studies reveal that being able to work from home, or avoid rush hours, positively boosts retention. The Royal Society of Arts reviewed 4,000 studies and reports on agile working. Their review found a majority, 72% of employees, affirmed that teleworking strongly influences their intention to stay with a company. Many employees prefer to work 1–2 days from home while others prefer to work four condensed days to enjoy one day off each fortnight.

A company example, in the review, is the telecommunications group BT. The firm improved staff retention from 47% to 99% by encouraging home working and flexible hours. A shift from half of the workers leaving to nearly all the workers deciding to stay. There are now 70,000 flexible workers who value a work pattern which suits personal choice and family care arrangements. Overall, fewer driving commuters reduces carbon emissions and promotes greener working for the environment.

5.5 ENCOURAGE TALENT TO STAY

Developing talent is a shared responsibility for managers and supervisors. Human resource specialists can draw on staff performance data for insights that ensure managers are alert to the talent on their teams. A clear message to *stay with us* encourages staff to participate long-term in the company. It is important to conduct *stay interviews* with talent that explore what they envision ahead. This contrasts with *exit interviews* that find out why people quit, see chapter three.

To start a conversation, which welcomes talent to stay, use these prompts:

- What upcoming projects would you like to explore?
- What can help you expand your skills and knowledge of the business?
- What are your ambitions for the next three years?
- How do you see your future with the company?

An example is the energy firm GE who asked early career high performers to fine-tune their talent development programme. The feedback was: ‘Don’t try to retain us; instead [inspire us to stay](#)’. In other words, these star performers wanted to feel a passion for GE’s mission and work.

If you give talent meaningful work to do, appropriate rewards and development prospects, they will stay with the company.

5.6 APPLY WHAT WORKS IN YOUR CONTEXT

Every business has a unique culture with diverse issues. No single method will stop people from leaving. Similarly, there is no blueprint for talent programmes as each scheme needs to adapt to the culture, context and needs of the organisation. To transform staff engagement, you need to find what works in your context and culture.

What works in the retail sector may not transfer across to the hospitality industry. But there are techniques and tools that can be adapted from company scenarios to implement in practice.

Document and evaluate working conditions and opportunities to increase staff engagement.

- What works in your organisation?
- What do staff value most?
- What has ceased to be of interest?

The next chapter calls for action to put talent retention strategies to work. Let's recap the main points of reward and career development to invest in people.



Many employees prefer homeworking

5.7 RECAP: EFFECTIVE REWARD AND CAREER DEVELOPMENT

Chapter Five key points

- Realise more pay only motivates to a certain point
- Nurture talent with structured development
- Discover what staff value as reward
- Enable employee choices
- Show recognition of star performers
- Provide learning development to enrich capabilities
- Encourage staff to stay
- Adapt techniques for your context

6 PRACTICAL ACTION TO KEEP THE BEST

This final chapter outlines practical action steps to invest in people talent. The best calibre of staff who will think strategically, innovate and add value to performance results.

6.1 THE FUTURE DEPENDS ON PEOPLE TALENT

A talent retention focus is increasingly a central strategy for business sustainability. Talent retention matters to the entire organisation. Managers therefore need to champion the talent on their team. Good managers recognise star performers, encourage team collaboration and pay attention to individual interests. Bad managers drive talented people away.

Human resources can integrate managers' insights on talent with the flow of workforce data to guide strategic decision-making. Well-designed work spaces are friendly spaces that enrich social interactions which spark creative thinking.

To put a talent agenda into practice, let's walk through five proven strategies to retain people.

What if you could build your future and create the future?

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6.2 FIVE STRATEGIES TO MAKE RETENTION WORK IN PRACTICE

Every business has a unique culture with a diverse set of values and priorities. What works in the technology sector to retain staff may not transfer across into healthcare. Still, by designing a systematic approach to talent retention you can adapt techniques for your context.

Here are five proven strategies to keep the best people and make retention work in practice.

Action step #1 Hire great people

Talent retention begins in the initial recruitment of people who are a good fit with the organisation. A stylish employer brand can pull in many candidates, but skilled people are interested in the challenge and social mission of the work, as much as the legal contract. Recruitment needs to respect the interests of both parties as a two-way deal. The more attention paid to an employee's preferences at the outset, the more reciprocated loyalty.

Action step #2 Train managers in people skills

Every boss must be a people manager. Managers need to have confidence and competence in their skill set to manage people effectively. HR needs to train managers to listen well and attempt to meet reasonable employee expectations of supportive management. Research demonstrates a strong correlation between the quality of people management and talent retention. Indeed, a troubled working relationship acts as a major push factor on a worker's decision to quit.

The Enron case shows how a toxic, corrupt operation destroyed trust in the firm's leaders, trashed jobs and ruined the livelihoods of a community, see chapter four. In contrast, a desirable workplace offers a good job and invites trust in the company leaders.

Action step #3 Recognise and reward talent

Skilled people are an immense asset with growth potential. The simple recognition of exceptional work operates as a powerful motivator for many employees. Consider what different employees value and what can be done to improve recognition. Focus on talent expectations of reward and development opportunities for career progression.

Action step #4 Ensure leadership of talent pools

Leaders and managers need to own talent development; to nurture the successors who will be ready to step into a key position. To ensure ownership of people development, evaluate team leaders on their mentoring of talent. Develop plans that strengthen particular expertise and expand the talent within pools to increase workforce capabilities.

Action step #5 Evaluate the impact of talent programmes

Evaluate the feedback from participants on the structure of the talent development programmes. Then assess the effectiveness of current talent programmes. Track stories of talent retention to pin down what works in your context and organisation.

6.3 TAKE ACTION TO RETAIN YOUR TALENT

The global job market is an open forum, skilled people with specific expertise are mobile through choice. A measure of turnover keeps a focus on what works to meet reasonable expectations and keep talented people.

Finally, after learning about specific strategies consider these questions:

- What can we learn from other companies about retaining the best people?
- How can you adapt this initiative in your own organisation?
- What are the challenges?
- What is the likely resistance to such a plan?
- What will justify an investment in talent retention?



Keep the best in the company

6.4 RECAP: PRACTICAL ACTION TO KEEP THE BEST PEOPLE

Chapter Six key points

- Invest in people talent and the business results will follow
- Take these five essential steps to boost talent retention:
 1. Hire wisely to select the right people
 2. Train managers to spot talent performance and potential
 3. Recognise and reward talent at work
 4. Lead the development of talent in pools
 5. Evaluate the success of programmes and improve based on lessons learned

To conclude, people are a defining asset – unique to your company and context. I hope this book has advanced your understanding of the key strategies to retain the best people.

In my **Endnotes**, you can read more about the company examples used in this book, and the research studies that I have drawn on to illustrate the importance of talent retention.

ENDNOTES

Chapter 1

- 1.2 Willis Towers Watson *global workforce study*
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