

Key skills retention and motivation: the war for talent still rages and retention is the high ground

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Abstract

Purpose – *The paper sets out to examine effective, practical and holistic people strategies that address key skills retention, employee engagement, employee motivation and attendance gaps, with a view to positively impacting on organization costs, productivity and business performance. The paper also seeks to examine the value of assessment and feedback in talent engagement and retention, and to look at developing employees via experience-based development initiatives.*

Design/methodology/approach – *The paper commences with an assessment of a matrix of the “hot buttons” or “predictors”, which need to be consciously managed – with significant potential returns, where managed well. The paper examines a holistic matrix of nine employee engagement predictors: process; role challenge; values; work-life balance; information; stake/leverage/ reward/recognition; management; work environment; and product. Reference is made to a case study in which this matrix formed the basis of the organization’s people management strategy.*

Findings – *Workplace context is key. Take a holistic view of the key elements of the business most likely to impact team engagement, motivation, attendance and retention, link individual assessment directly to the key drivers of the business, and recognize that key talent is likely to thrive on experience-based career leverage opportunities.*

Originality/value – *Provides practical guidance to senior HR professionals and business leaders for developing a successful strategy for key skills retention and employee engagement.*

Keywords *Motivation (psychology), Skills, Retention, Assessment, Experiential learning*

Paper type *Viewpoint*

Maximizing team engagement, motivation, attendance and retention through assessment, regular feedback, ongoing support and experience-based development initiatives is vital in today’s highly competitive environment.

For many organizations, key skills retention, employee engagement and perhaps, to a lesser extent, employee motivation and attendance are key operational, or even strategic issues. These elements impact directly on organization costs, productivity and business performance.

Taking a holistic view

Taking a holistic view of the business and its impact on employee engagement is very often the most appropriate way to manage the key elements which need to be actively managed by organizations in order to enhance employee retention, motivation and attendance.

Another way to look at this approach is to think of a series of “hot buttons” or “predictors”, which need to be consciously managed – in some cases incurring incremental cost, and, in others, incurring little additional cost, but with significant potential returns, where managed well.

Often, the default thinking of larger, cash-rich organizations is that key skills retention and employee motivation is best managed by spending money to mitigate the problem – i.e. by

“It is possible to retain key skills within highly cash-strapped, extremely lean organizations; by focusing, as a necessity, on broader predictors of retention and motivation.”

increasing salaries and benefits, by providing cash incentives and by incurring employee development costs, for example by funding tertiary education needs such as MBA's, etc., in return for the secured ongoing employment of high flyers, or indeed by budgeting across-the-board for individual vocational needs.

In my experience, however, employee retention and motivation can be achieved more elegantly and effectively by focusing on a broader set of retention/motivation elements.

In many respects, the recent dot.com years taught us that it is possible to retain key skills within highly cash-strapped, extremely lean organizations; by focusing, as a necessity, on broader predictors of retention and motivation. In this regard, the recent age of technology entrepreneurship saw highly marketable, extremely well qualified people leave high earning, relatively secure roles, with excellent benefits and career prospects, to join high opportunity-cost, high-risk, high-workload, but apparently high-potential start-ups; very often at significant cuts in pay and benefits.

In return, these people sought accelerated hands-on career experience, the opportunity to build something completely new at speed, the opportunity to be associated with a “sexy” new product or service, and the opportunity to incrementally build a medium to long-term stake in a high value business, with expectations of “retirement at 40”.

While this mindset was and remains uncommon (though refreshingly still in vogue in some niche industries) it does provide food for thought; namely:

- people have very individual motivations, often in complex combinations;
- motivation and retention are not necessarily best or exclusively managed with cash inducements;
- ignoring broader potential predictors of motivation and/or dissatisfaction is naïve; and
- regular measurement of the most likely predictors of motivation and/or dissatisfaction, and the interactive communication of these to the organization is a powerful first step to actively managing employee motivation, and, by extension, enhanced key skills retention, attendance and improved performance.

I have helped to develop a holistic matrix of nine employee engagement predictors which take into account both obvious and less obvious sources of motivation/demotivation, but which, if managed in the right combinations, provide a powerful framework for managing employee motivation, team engagement, and key skills retention across most organizations, albeit that each organization may have very different profiles at different levels. These predictors include:

- organizational process;
- role challenge;
- values;
- work-life balance;
- information;
- stake/leverage/reward/recognition;
- management;

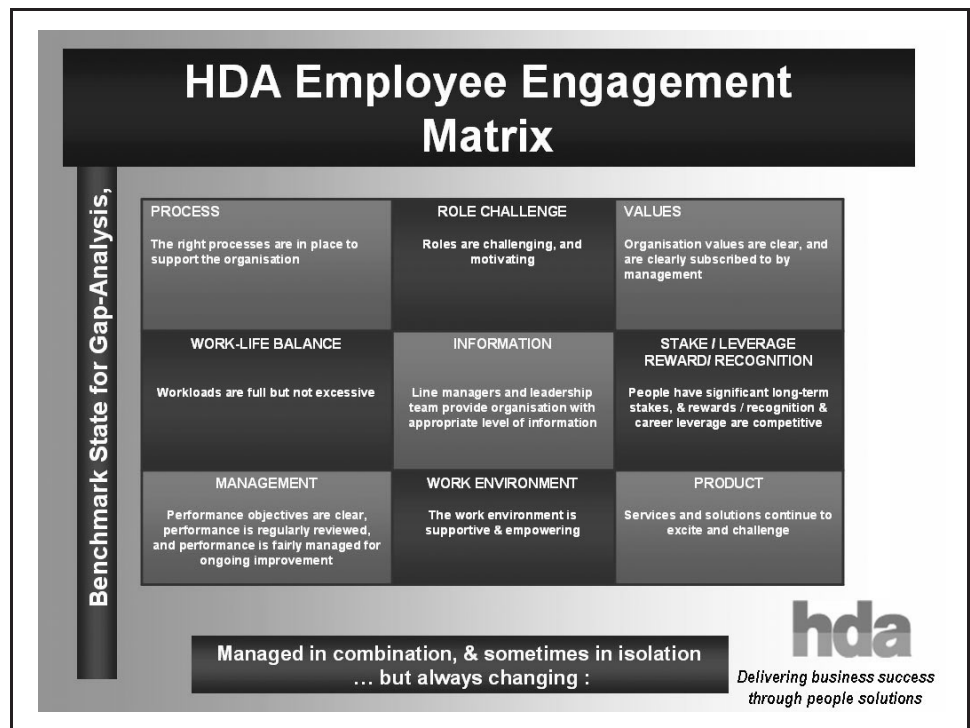
- work environment; and
- product/service.

I have worked across a range of industries in NYSE-listed, NASDAQ listed, FTSE 200 listed and smaller venture capital funded companies. Work environments have included tough automotive plants, funky dot.com environments and world-class professional services environments. Teams I have worked with in these environments have ranged from homogeneous shift-based local hires in mid-west USA, to electronically-connected dot.commers in London and California, to (often) migrant chemicals workers in southern Africa, to a highly cosmopolitan consultancy team – at one point comprising 27 different nationalities in a single London-based office of 120 people. In all cases, though, I have found that the above predictors – in different combinations – pretty much cover all aspects of the businesses likely to impact on team motivation, employee engagement, attendance and key skills retention.

These predictors can be matrixed as follows, with the following descriptions providing simple yet compelling statements which describe “ideal” states for the organization in all nine areas. These “ideal states” provide organizations with the opportunity to establish which areas require close, targeted management, with a view to addressing areas of the organization which compromise the organization’s engagement, motivation, attendance and retention objectives. See descriptions in Figure 1.

This practical view of employee engagement takes into account demonstrable elements of the business that can be easily measured and managed, e.g. measuring the effectiveness of “management” and the structures and practices that support this (e.g. clear expectation setting, clear accountabilities and objectives, effectiveness of performance reviews, etc.) is much more practical, and immediate than, say, measuring “leadership”, where measurement and the management of any initiatives to address any recognized gaps is open to wider interpretation, is likely to be less tangible, and is unlikely to result in a measurable solution.

Figure 1 The HDA employee engagement matrix



“It is quite conceivable that, for example, certain employee groupings may be primarily motivated by their personal stake in the business, career leverage, rewards and recognition, whilst other groupings may be motivated by a combination of role challenge, organization values, work environment, and so on.”

Under this matrix, it is quite conceivable that, for example, certain employee groupings may be primarily motivated by their personal stake in the business, career leverage, rewards and recognition, whilst other groupings may be motivated by a combination of role challenge, organization values, work environment, and so on.

Often, homogenous employee groups (e.g. R&D team vs distribution team) will exhibit significant engagement and motivational differences, given differences in team structure, differing developmental expectations, business constraint areas, and so on.

Workplace context is key. In many workplaces, the “product” (or service) I deal with may be irrelevant to my level of engagement with the business and likelihood of motivation and retention (e.g. the goods warehouse or the utility service call center), whereas, in, say, a technology start-up, or the R&D department of the pharmaceutical company, my company’s products, their ongoing development, and their impact on society or scientific development, may be key to my level of engagement with the business and likelihood of motivation and retention.

Organizations are well advised to effectively measure and manage these predictors of employee engagement, via:

- predictive internal surveys and/or focus groups;
- detailed gap-analyses by division, location, department, workplace, etc.;
- communication of predictive gaps and progress to the organization; and
- facilitation of management teams and task-forces charged with addressing consolidating the new organization, and individual/team coaching.

Using the framework above, it is possible to frame the most relevant questions to ask people within the organization, in order to:

- establish levels of motivation, trust/distrust and overall company spirit;
- mitigate the risk of potential key skills losses, given concerns around career development, stake, rewards and recognition;
- establish levels of fatigue and mitigate potential burn-out, which may impact attendance, motivation and retention;
- establish the effectiveness of management, and management systems/processes;
- establish the effectiveness of the company’s communication mechanisms, and to provide an agenda for company communication;
- establish the effectiveness of HR strategies and systems, such as performance management; and
- (very importantly) ensure that employees are provided with regular opportunities to provide honest and open feedback for the good of the company and themselves, in an open feedback-oriented environment – and, in order to be seen to be eliciting regular feedback against a constant set of measures from the organization – very valuable for

tracking progress or slippage against each of the above measures in order to tell a “positive story”.

This approach also provides organizations with a compelling story about the gaps between organizational engagement, motivation, attendance and retention, aspirations and targets, and the reality of the business. Importantly, it can also indicate to what extent one element measured – if then closely managed – is likely to affect the other areas – positively or negatively.

For, example, improving management processes may positively or negatively impact the work environment (“with all these new processes in place, it’s no more fun in this place!”, or “I feel much more comfortable here, since my manager made her expectations clearer”). Equally, developing a new product or solution range may positively or negatively impact the experience that people have of company values (“we’ve always been a producer of world-class software, now we are a second-rate consultancy, and that does not fit!”).

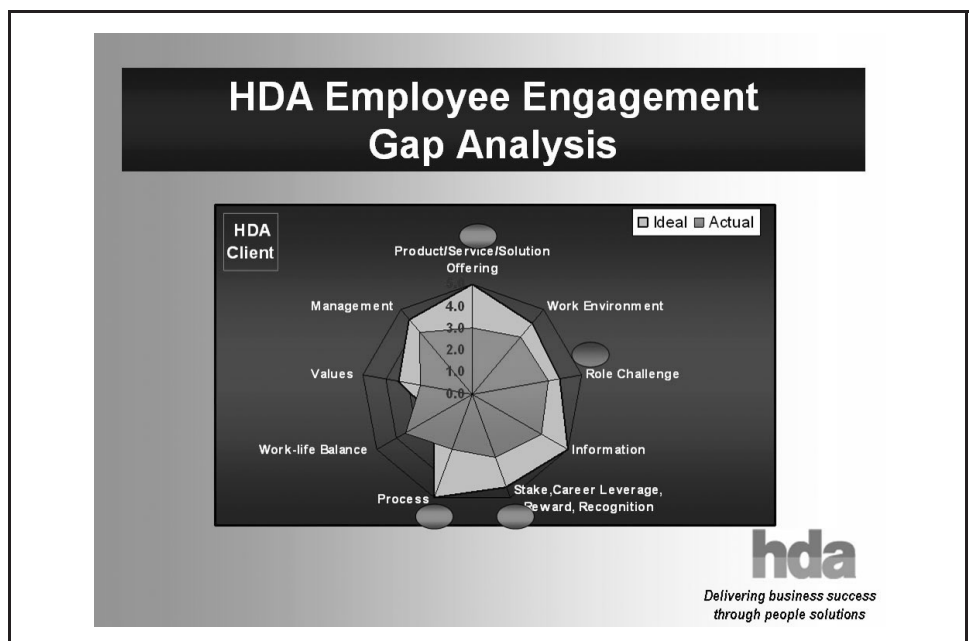
This approach provides the opportunity to provide regular feedback to the management team and to the organization via carefully structured scalable surveys and via one-to-one meetings; typical summarized gap-analysis results of which can be presented as follows in Figure 2.

Technology organization – an illustrative HDA case study

A rapidly changing technology company had delayed its commercial launch in the UK given software development delays. The business’s investors were keen to keep the organization fully engaged, within a highly constrained budget:

- developing its world-first technology at high speed for an accelerated launch within the next four months;
- retaining key technology skills and expertise within the business;
- developing global partnerships;
- ensuring that its intellectual property was protected;
- ensuring that key quality processes were introduced;

Figure 2 The HDA employee engagement gap analysis



- ensuring that a new CEO was hired within the next three months; and
- ensuring that cash spend was maintained at X, despite high levels of commercial activity.

Given these objectives, the company demanded a lot from its people (e.g. the London office was often almost fully staffed two or three hours after the close of “normal business hours” for at least the first year after funding, as a “normal” day’s work could not fit into a typical eight-hour day. It was also the norm to “find” Palo Alto colleagues online, completing their previous day’s work at 10 or 11 a.m. each morning).

The company also had very little to offer people as a lean venture capital funded company, other than a future stake in the company (via stock options), and via actively seeking opportunities to leverage careers by encouraging people to get involved in areas of the business that they would not typically get involved in within more established businesses. Notwithstanding the fact that, for the most part, people in new or newly restructured organizations are often required to spend much of their time working well within their capabilities, ensuring that the basics are done within the constraints of the situation, without the typical levels of support available within established companies.

An internal, holistic survey was conducted on all staff across the organization, both in the UK and the USA. The survey measured the following predictors of team satisfaction:

- *Process.* Are the right processes in place to support the business?
- *Role challenge.* are roles challenging and motivating?
- *Values.* Are company values clear, and are they clearly subscribed to by management?
- *Work-life balance.* Are workloads full but not excessive?
- *Information.* Do senior managers provide the business with an appropriate level of information?
- *Stake/leverage/reward/recognition.* Do people have significant long-term stakes in the business, and are rewards, recognition and career leverage opportunities with the organization competitive?
- *Management.* Are performance objectives clear, and is performance regularly reviewed and fairly managed for ongoing personal improvement?
- *Work environment.* Is the work environment supportive and empowering?
- *Product.* Do solutions, products and services continue to excite and challenge?

Detailed and headline feedback results were then systematically used over the next six months as a key driver for:

- facilitated objective-setting;
- management meeting actions;
- management interventions;
- process adjustments; and
- company meeting agendas.

The process was repeated after six months, and again six months later, with focus on continuous improvement in all measures, and the facilitation of change where operational and managerial weaknesses were identified. As expected, improvements in certain measures, impacted negatively on others.

During the 18-month period the company successfully launched its technology in the UK and in Germany, and licensed its technology in Japan, whilst extending its cash reserves for four months longer than budgeted. During the period, the company experienced only one resignation (in the USA), and was considered to be very stable, despite its various financial constraints, the marketability of the talent within the organization, and significant differences of opinion across the organization about future directions of the business.

“Rather than seeking formal educational, training and development opportunities, skilled, high-potential people (those likely to comprise the core of organizational talent), will increasingly seek experience-based career leverage opportunities to rapidly develop their careers, and to enhance their personal marketability.”

The management team agreed that managing within a clearly defined framework for measuring the team's temperature, and for informing management team actions (followed by concrete – and clearly communicated – responses to areas of weakness) was a valuable approach to setting the agenda for managing the key people component of the business within a highly constrained environment, specifically:

- key skills and talent retention;
- employee engagement and motivation; and
- development of quality culture.

Attendance was never an issue in this organization, with a small number of exceptions.

The value of assessment and feedback in talent engagement and retention

Once a solid company-wide feedback base is developed, linked to a consistent and focused communication process, skills, knowledge and behavioural assessment at an individual level can be sensibly carried out in a way that links to the overall engagement objectives of the business to the individual.

Often, organizations implement assessment tools linked to their performance management process, or as part of an independent leadership development/retention initiative. Very often, I come across organizations which have multiple initiatives in this area, focused on company-wide 360-degree assessment and feedback measures, high potential assessment and development centers, senior talent assessment measures, and so on. Often the objectives of each of these initiatives are disconnected, and difficult to calibrate against the organization's broader commercial goals – all too often these initiatives live in the pet-project world of the HR or L&D team, with an unclear line of sight back to broader employee motivation, engagement and retention objectives which mitigate organizational risk and which address commercial opportunities.

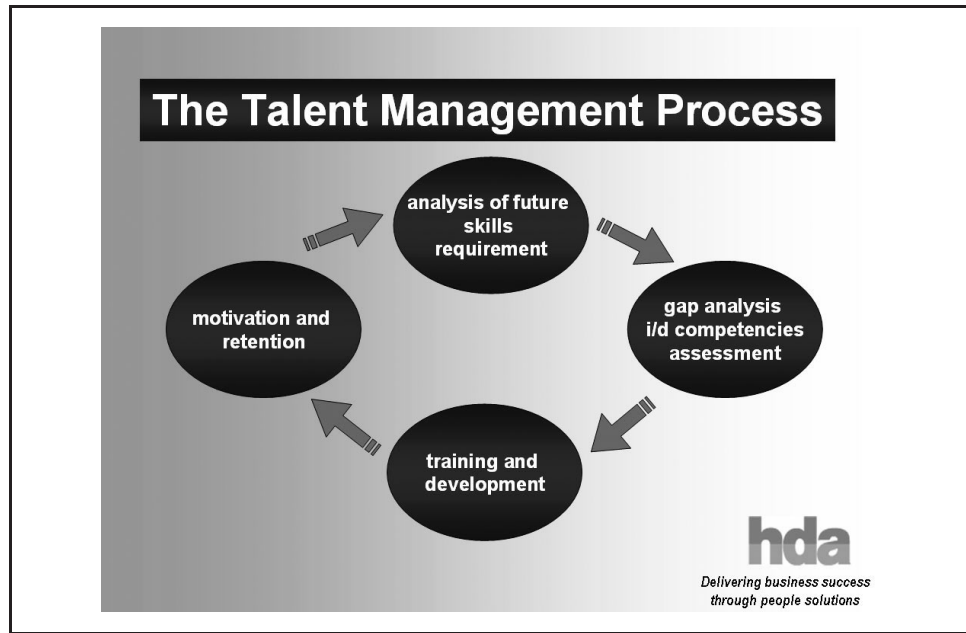
Individual assessment is best viewed (and closely managed) broadly and holistically – with a clear view of the link between analysis, assessment, and development to employee motivation, engagement and key skills retention (Figure 3).

Important questions for organizations to ask beforehand to ensure the effectiveness of any assessment and feedback initiatives in driving talent engagement and retention include:

- How will the organization's strategy and external business drivers affect future talent requirements?
- Who will lead the changing business in three, five and seven years' time?
- How do our values, beliefs, culture and line managers' attitudes affect the talent pipeline speed and quality?
- Which is easier – internal promotion or external hiring?

Having first asked these broad organizational questions, and taken the view that individual assessment and feedback are necessarily part of a process that is rooted in clearly recognized and agreed business drivers; then the various assessment methods – 360°

Figure 3 The talent management process



feedback, competency-based interviews, psychometric ability tests, panel reviews, online self-assessment, assessment/development centers and so on – are likely to generate feedback and developmental outcomes which truly support the business.

Supporting employees and providing experience-based development initiatives

Providing experience-based development initiatives is vital in today's highly competitive environment.

There is a view – shared by myself – that, rather than seeking formal educational, training and development opportunities, skilled, high-potential people (those likely to comprise the core of organizational talent), will increasingly seek experience-based career leverage opportunities to rapidly develop their careers, and to enhance their personal marketability, e.g. via participation in stretch roles, participation in split roles, lateral moves, participation in key organizational projects, via secondments, etc.

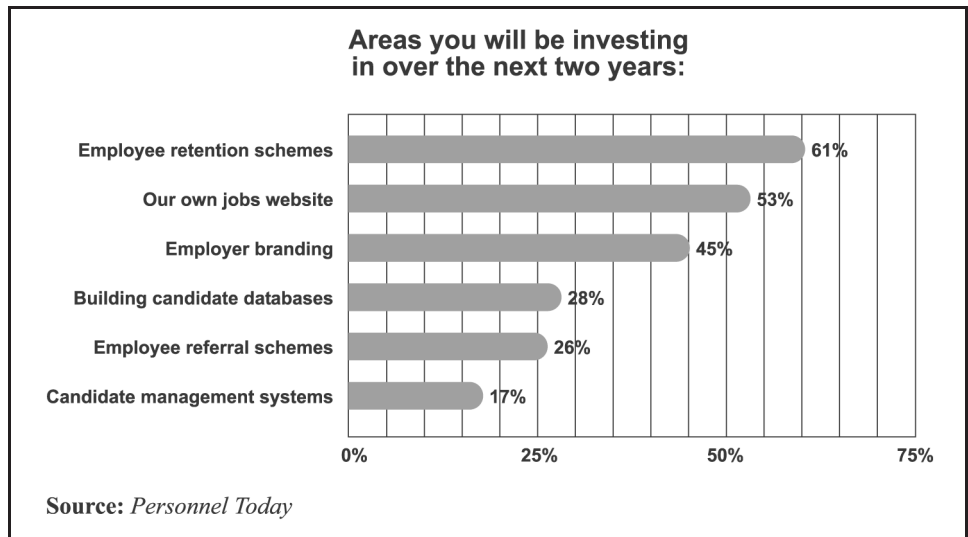
This trend is especially evident in new economy organizations, and where talented people choose to give up roles in larger, multi-layered corporates in order to join smaller, flat-structured fast moving organizations, with fast business cycles.

Astute organizations and those with a solid strategy for developing a strong employer brand will recognize that by providing these high-speed learning and self-marketability opportunities, and communicating these clearly (during the recruitment process, during induction, and, by example, in the workplace), they can provide a very powerful attractive force for organizational talent – both external talent and internal talent.

The focus in this case is on the likelihood that self-starting talented people are most likely to seek new (sometimes tough and testing) workplace-based challenges on an ongoing basis – especially where there is a direct link between "my learnings" and my marketability.

If learning and development professionals place greater emphasis on developing organizational talent in this way, team engagement, motivation, attendance and retention are all very likely to be enhanced.

Figure 4 The *Personnel Today* employer branding survey



In summary

As stated at the beginning of this article; for many organizations, key skills retention, employee motivation and attendance are key operational, or even strategic issues in that they impact directly on organization costs, productivity and business performance.

In summary then:

- taking a holistic view of the key elements of the business most likely to impact team engagement, motivation, attendance and retention (e.g. organisational process, role challenge, values, work-life balance, information, stake/leverage/reward/recognition, management, work environment and product/service);
- linking individual assessment directly to the key drivers of the business; and
- recognizing that key talent is likely to thrive on experience-based career leverage opportunities.

... are vital in today's highly competitive environment.

A recent *Personnel Today* employer branding survey, which included responses from 1,900 senior respondents in the UK, indicated that employee retention initiatives are foremost in the minds of people tasked with developing their organizations as an "employer of choice" (Figure 4).

Retaining key organizational talent requires joined-up thinking, a clear business-driver link, and a good deal of thought and energy.

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