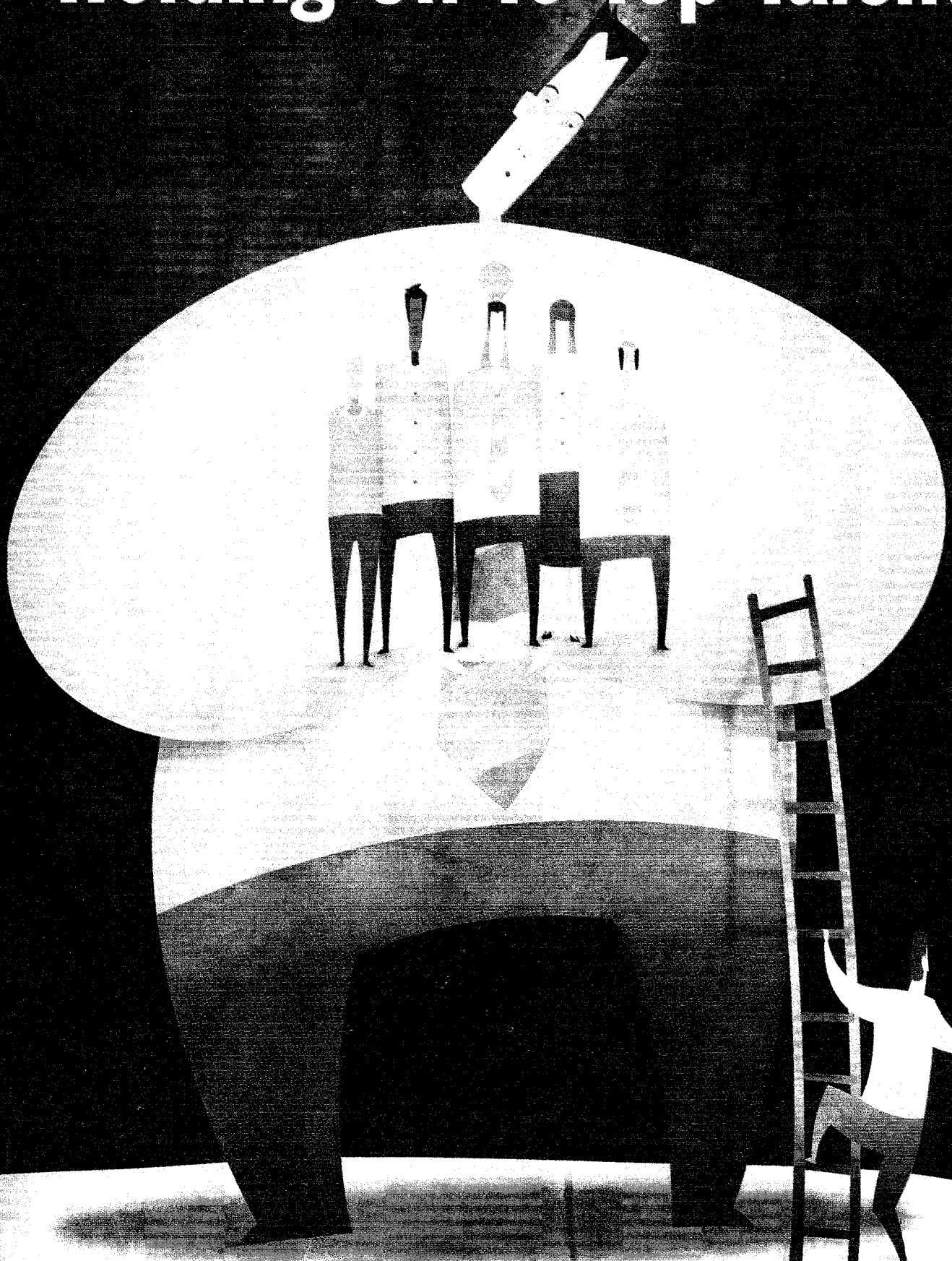


Overcoming Retention Deficit Disorder

Holding On To Top Talent



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to join new internal ventures are all ways employers can demonstrate their interest in employees' career development.

Strategic Vision. Today's high performers want to work for a company that scores some wins. They want to embrace a strategic vision for the company that promotes a deeper cause than the bottom line. Firms that are good corporate citizens or that rewrite their mission statements to promote a sense of a deeper cause will have a competitive edge.

A Working Partnership. Workers today want to be treated more like partners than employees. More than just empowerment, they want a sense of ownership. They want to make suggestions without regard to age or rank, be included in profit-sharing plans or enjoy team bonuses, and work in an environment that is free of rigid hierarchical titles and executive offices. They want a big say in the work they do and how they do it. For some employers, that may be a big pill to swallow. Indeed, a 1999 Watson Wyatt Canada survey indicated that while 61 percent of senior managers felt that they treated employees as valued business partners, only 27 percent of the employees agreed.

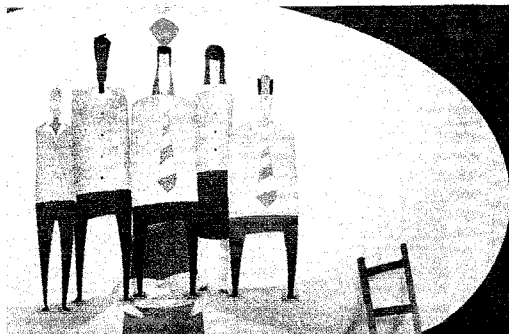
Bub-bye to Bureaucracy. In addition to sharing in decision making, today's employees seek flexible, open-minded organizations that are big on communication while eschewing bureaucratic processes. Companies need to communicate their progress, financial news and major activities to employees on a regular basis. Even more important, they must demonstrate an interest in gaining employees' trust. Since the downsizing of the '80s, fewer

employees have positive attitudes about the workplace. In the above-mentioned Watson Wyatt survey, only 37 percent of respondents rate the level of honesty in their workplaces as high or very high. Only 14 percent agree that people trust each other. And, while 54 percent of senior managers think the level of trust between corporate ranks is good, only 27 percent of employees agree. Instead, they say that entrenched hierarchy is one of the key barriers to rebuilding trust.

The Dilbert Principle. Dilbert, the popular comic strip which conjures images of incompetent supervisors, poor management, shady ethics and inane business objectives, has long poked fun at corporate life and can often be seen pinned to many cubicle walls today. However, in the real world, today's employees desire a management style and corporate culture that is much different than that of Dilbert and friends.

In order to maintain morale and keep top talent around, companies are recognizing that they have to give these employees bosses they deserve. As the McKinsey report declares, "C players not only have a minimal impact on the bottom line; they rarely know how to develop, coach and motivate A players. Consequently, they may cause A players to leave the company."

Indeed, McKinsey's *War for Talent 2000* survey revealed that 58 percent of senior and mid-level managers reported that they have worked for an underperformer. Seventy-six percent of the respondents said the underperforming supervisor prevented them from learning while 81 percent said it hurt their career development. Of the respondents, 82 percent indicated

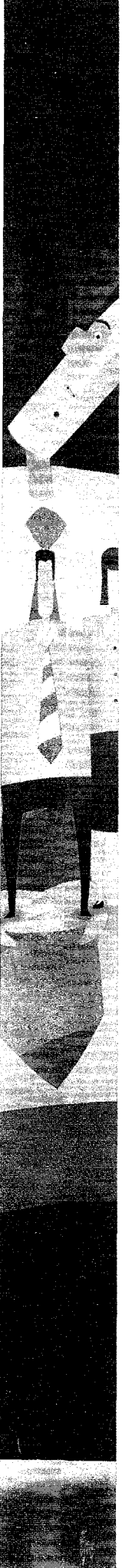


Evaluate Your TOP TALENT

Think of your top three employees and ask yourself these questions:

1. Do you know why this person works for the company and not somewhere else?
2. Have you talked with this employee about several different career options and does he/she feel he/she is moving in that direction?
3. Do you know this person's #1 career concern and are you working with him or her to address it?
4. Do you know how valuable this person's skills are in the competitive market?
5. Do you remain vigilant for any sign of fatigue or overwork, and do you take prompt supportive action to correct it?
6. Does this employee know that he or she is fairly compensated for his or her contributions?
7. Do you know what the employee's long-term goals are and are you actively supporting him or her?
8. Does this person's work environment meet the employee's personal and professional needs?
9. Does this employee's values fit the corporate culture?
10. Is this person's profession and expertise critical to the organization?
11. Does this person have enthusiasm and passion for the work he or she is doing?
12. Does this employee know you will actively promote his or her development via training, challenging projects and learning opportunities?

Source: Caela Farren, President of MasteryWorks, Inc., and author of *Who's Running Your Career? Creating Stable Work in Unstable Times*, published on Workforce.com



order to retain the best employees. For example, a poll of all employees on flexible schedules found that 65 percent would have left the firm without them.

Before implementing a retention program in your company, it is necessary to carefully analyze key issues including the following:

- *Create a value proposition.* Creating and delivering a great employee value proposition is clearly the best way to retain people, yet only 16 percent of those surveyed in McKinsey and Company's *War for Talent 2000* study say they are effective at giving high performers more exciting jobs to retain them. It is extremely important to ensure that your employees understand what you and the company need to be successful. It is surprising how many employees don't know how they contribute to the overall mission of the firm. Explain how important their efforts are to the team, the department and the company.

- *Build an employee brand.* According to Michael D. Bekins, COO of Korn/Ferry International which issued the study *What Do Employees Really Want? The Perception vs. The Reality*, "As leaders seek to build an employment brand, they need to resist fashionable perks that make the company seem attractive to work for. It is the core features of the employment contract that are important—such as providing exciting work in an innovative and winning environment, creating ongoing opportunities for skills development and giving employees a financial stake in the company through broadly-based stock options."

The Korn/Ferry study also found that there is a discernable set of com-

mon organizational features that impact behavior of the workforce. These include a company which offers a clear and compelling strategy, an innovative environment low in bureaucracy, challenging work and rewards based, in part, on how well the organization performs.

- *Understand the scope of your retention problem.* Start with key questions such as "Why are your high performers walking out the door?" and "Why would a talented individual want to work for your company?" Ray Morganti, vice president of Strategic Business Relationships, Research and Content for Kforce.com, also suggests that "you need to decide what the priorities are within your company's critical skill set and what steps you want to take to retain them. Once you know what your priorities are, you need to understand the motivating and de-motivating factors influencing your employees." Some methods to implement include reviewing your company's HR policies, surveying existing employees, conducting exit interviews, and using an external consulting firm.

- *Move on the poor performers now.* Most companies have a number of weak players in their organization and fail to do anything about them. Yet, the cost of carrying such people is enormous.

- *One-size-fits-all no longer applies.* When it comes to developing an approach to retention strategies today, the focus has shifted from one-size-fits-all to customization. Each employee is motivated by different factors. Some are professional, some personal. Some relate to deeper immersion in the mission of the company and some represent flexibility to manage personal challenges.

Therefore, retention strategies must be targeted to individual employees or groups of employees.

- *Adopt an analytical approach to people management.* Given the long-term reality of today's workplace structure, employers need to become downright analytical when it comes to managing their employees. This requires the ability to make an honest assessment of how long employees can be retained and how long the company would like them to stay.

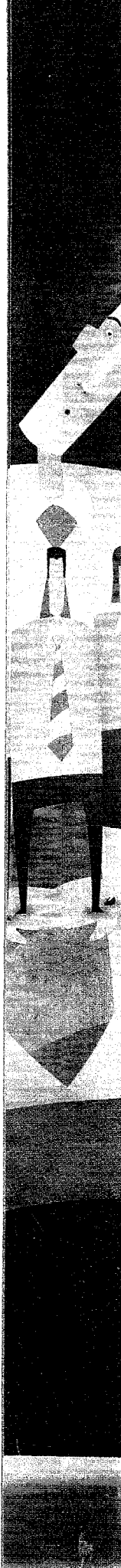
Standardizing jobs, and cross-training workers in multiple jobs whenever possible are two methods that will lessen a company's dependence on any one individual. Organizing work around short-term projects can also help manage turnover.

Employees' Changing Needs

Once an approach towards retention strategy has been adopted, it is essential to understand your employee base—who they are and what they value. As stated earlier, employees must be regarded as individuals when structuring retention programs as each employee is motivated by different factors which need to be addressed. In our highly-educated society, higher order needs such as self-esteem, challenge, creativity, acceptance, belonging and even aesthetics, are the primary focus of workplace. In addition, the style in which employees are managed plays an important role in retaining top talent today.

According to the Korn/Ferry study, employees' needs can be categorized into three basic stages:

- For early career employees (30 and under), job security does not have a positive effect on either retention or commitment, whereas career



advancement is very significant to the retention of this group. Their ability to influence the organization and their satisfaction with their professional work environment also helps build their commitment to the company. Being part of an innovative organization is important both for retention and commitment.

- For mid-career employees (31 to 50), commitment to the company increases if they are able to manage their own careers, and professional satisfaction results in greater retention for this age group than for either their younger or older colleagues.

- For late career employees—those aged over 50—professional satisfaction relates to neither retention nor commitment. This is the only group for whom job security drives retention.

Although specific needs will vary from employee to employee, today's workers, as a rule, are motivated by nine basic factors: compensation; training opportunities; career paths; the company's vision; empowerment; supervisory styles; the company's corporate culture; social ties; and work/life balance programs.

Money Talks. While compensation isn't always the most important factor in employee turnover, companies must be committed to pay top employees competitive salaries. It is also important that the company's compensation strategy differentiate between those employees who are high performers and those who are just average. Sign-on bonuses, merit increases and bonuses for extraordinary effort are just some ways companies are structuring their employee compensation packages. (For a more detailed discussion of compensation, see the *JPM* article on page 30).

Training Retains. In an industry like real estate management, where knowledge and intellect are keys to survival, creating a learning culture and an environment where people are intellectually stimulated is crucial. Training and career development are important drivers in employee retention. Indeed, a Gallup Organization survey showed that employees are more satisfied with their employers when training opportunities are made available to them. Yet, of the employees interviewed, 99 percent said more training than what they currently receive would be useful.

It is clear that there is a strong relationship between training and retention. When companies provide the opportunity for their employees to acquire new skills, job satisfaction increases and those employees are more likely to stay.

One common reason that employees flee the real estate industry is because their employers fail to show interest in their career development. Some employers are remedying that by offering on-site education sessions and training employees in non-traditional skills or in areas in which they are not yet active.

Many companies don't realize that they have control of their retention issue if they take the extra step to ensure that their employees are working on interesting work, and feeling that they are adding value, learning continuously, and challenging themselves to do more.

University of Southern California's David Finegold agreed stating that "With career advancement high on the agenda, continuous learning is a crucial part of any retention program. Our research shows that many leading firms are pursuing innovative


approaches to developing employee skills, such as e-learning, on-line simulations, project-based learning using new electronic tools and the creation of online corporate universities."

Challenging Career Paths. Closely related to the need for training opportunities is employees' desire for their company to offer challenging career paths. A Gemini International Workforce Management Study found that 53 percent of the American respondents said they would leave their current jobs for an opportunity for advancement.

Authors Roger and Joyce Herman of The Herman Group (www.herman.net), strategic business futurists, explained that more than ever, workers don't want to climb the traditional corporate ladder rung by rung. "People want more flexibility and more creativity in their career designs," the authors explained. "We're moving to a hopscotch model. Workers will jump forward, backward, laterally—or into a whole new path. Job satisfaction, freedom, the chance to make a difference—these are the new career drivers."

The Hermans also predicted that "companies will have to prove that management jobs offer added value to the individual as well as to the company. Employers will need to transform the management function by breaking it down into compelling pieces, such as 'communication enhancement' or 'global resource allocation.'"

Moreover, as organizations become flatter and the number of managerial promotion slots decline, employers will need to get creative about developing career paths for their employees. Technical ladders, rotational assignments, opportunities



that working for an underperformer prevented them from making a larger contribution to the bottom line, and 86 percent made them want to leave the company.

A recent Gallup Organization study based on queries of some 2 million workers at 700 companies found that poor supervisory behavior was the main reason people quit. The length of an employee's stay is determined largely by his relationship with a manager. Therefore, companies must focus on building strong, flexible, attentive managers.

Social Ties That Bind. Another critical need for many employees is the opportunity to develop social relationships.

The fact is that the workplace has replaced the neighborhood as community, the place where people feel they can find comfort, support and friendships. Longer work hours, smaller families, later marriage and more mobility has increased the need for social ties at the office. Businesses determined to retain the best talent today must develop programs aimed at building community spirit.

An added benefit for employers is that in creating social opportunities employees will develop a social network they might find difficult to leave behind.

A Balancing Act. Work/life balance issues have taken on added importance in recent years as time-crunched employees seek a better balance of work, family and play in their lives. Employers are realizing work/life programs—including family care, flexible work arrangements, personal convenience services, and financial, wellness and career counseling—are valued by employees and relatively low in cost.

Pam Withers, co-author of *Values Shift: The New Work Ethic and What It Means for Business*, wrote in the July 2001 issue of *Workforce* magazine that "today's workers resist tying up their self-identity with their work identity. Instead, they're exploring ways to balance work and leisure, family and community time."

She added that time spent on the job in a given year has increased by 163 hours in the last 20 years while leisure has declined by one-third. In addition, 55 percent of 18-34-year olds say the option of taking extended leaves or sabbaticals is a key workplace benefit. Workers today are willing to sacrifice twice as much pay as they were seven years ago to achieve a work/life balance, Withers explained. Indeed, a Korn/Ferry International global study indicated that as many as 86 percent of employees cite work/life balance as the top priority in their career.

According to authors Roger and Joyce Herman, some of the concern for work/life balance is due to the extra load placed on people who did not get laid off during the 2001 economic slowdown. The Families and Work Institute reports that of workers who remain after current downsizing efforts, 54 percent feel overworked, 55 percent feel overwhelmed by the workload, 59 percent lack time for reflection, 56 percent can't complete their assigned tasks, and 45 percent must "multi-task" too much. With plenty of employment choices, workers who feel overloaded will flee.

Retention Injection

Leading companies recognize the damage that retention deficit disorder can cause to their bottom line.

They are strategically restructuring their organizations to meet the changing needs of today's mobile workforce. Results of the Accenture study indicated that 60 percent of executives who describe their company as a "leader" in change said they use an inclusive strategy-development method. Other companies are moving to project-oriented approaches, in which all employees can work on diverse, limited-term assignments, rather than being sequestered within a single department.

Talent exchanges, which connect employees and other resources with appropriate projects, roles and positions across the company are also being used effectively. In addition, some organizations are instituting "real-time" goal setting, performance measurement, and skills-development programs to ensure that people always know where they stand and to address performance issues and skills gaps before they become a problem.

From making managers accountable for driving away good talent to conducting exit interviews to blasting out toxic policies, businesses today understand that an injection of fundamental change is needed. For many, these changes will come hard. Yet, it is only by embracing these changes and responding to the individualized needs of today's top performers that real estate firms can hope to improve retention rates, thereby improving their bottom line.

Nancy Pekala is Managing Editor of the *Journal of Property Management*.