

Winning The War For Talent: How To Become An Employer Of Choice

The future is now. The survival and profitability of your business depends on how well you recruit and retain your leadership talent.

The attractive candidate you just offered an ungodly amount of money said “Thanks, but no thanks” and joined your competitor. The rising star you groomed for a major leadership position abruptly jumped ship for a dot-com start-up. And the “B manager you hired after three “A” prospects turned you down has just cost you a major client.

Sound like a work force nightmare? These scenarios are actually much more common than you might think. More and more corporations are waking up to the fact that their sleepy recruitment and retention practices are putting them at a disadvantage in the war for talent.

Even if you’re not striving to make headlines as one of the top 10 companies’ to work for, you still have to compete for the most talented prospects that can deliver top-rated products and services. The future of your company depends on how well you wage the war to find and keep talent in the tightest labor market in 30 years.

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well they represent your organization are the keys to differentiation in the future. Like it or not, there’s been a major shift in the way we work and in the relationship of employees to their employers. Gone are the “Why should we hire you?” days when prospective employees were privileged to get the interview. Today the best candidates have four or five offers on the table and expect you to tell them why they should work for your company and how they will be a valued member of your team.

A more global economy, corporate reengineering, outsourcing, mergers and acquisitions and quality team management have disintegrated the concept of corporate loyalty. The shift to a seller’s market and a new entrepreneurial work culture has erased the longstanding “mutual loyalty” contract. Now there are an endless variety of interesting opportunities frequently offering more money, more flexibility and more

ownership in bottom-line success.

A major new value proposition is also developing. Astute employers are beginning to identify the core competencies they need from their employees to keep their companies

competitive. Individuals are learning how to pinpoint the competencies they need to successfully manage their career. Both employers and employees are getting more sophisticated in managing the interview process.

Even if your company has forward-thinking recruitment strategies, there’s no escaping the fact that we’re facing a shrinking talent pool. There are already considerably fewer executives to choose from in the 35 to 44 age bracket, and over the next 15 years, the scarcity will deepen by another 15 percent (Chart 1).

When employers have trouble finding and hiring the best people, their impatience often leads to hiring the wrong people. If you don’t make a serious commitment to recruiting the right person from the start, the eventual cost is significant. Bad hires can cost you seven times their salaries — considering recruitment time and resources, training and management

time, compensation to attract them and benefits. In essence, you end up investing in the same job twice. An even bigger sting is the

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CHART 1: The Shrinking Talent Pool

Executives in 35 to 44 age bracket declining

- Over next 15 years, another 15% dip
- Ratio of probable workers (ages 25 to 64) to probable retirees (ages 65+) is 4 to 1.

By year 2011, Baby Boomers hit age 65 — 76 million behind them

- In 2020 a 3 to 1 ratio
- In 2030 a 2 to 1 ratio

cost of unhappy clients who aren't as forgiving when it comes to giving your "B" hires a chance to grow into their "A" jobs.

How to Compete

Since declining work force demographics are against you and a new entrepreneurial culture drives even more people away from traditional corporate jobs, have you lost the battle before you've begun to fight? Not necessarily. There are ways to become an "Employer of Choice", even out the balance of power, and create a work force of qualified, productive "intrapreneurs".

A recent study of hiring challenges and practices of industry leaders, combined with our own experiences from the field, indicate that there are four clear-cut strategies to compete successfully in the war for talent:

1. Acknowledge the realities in the current work force
2. Improve your recruitment process
3. Create a platform for training and retention
4. Develop innovative compensation programs

Face Reality

The first and most important step is to take off your blinders. No employer likes the fact that they have to put more and more money on the table to attract candidates who may or may not have the skills they need. But certain market realities, aside from those outlined earlier, impact how prospective candidates compare

your job opportunity to others. Chart 2 is an outline of "What's In," and "What's Out" in the recruitment game today.

To meet these realities head-on, it's not just a matter of understanding that cash-only compensation is the dinosaur of executive recruitment. It's also critical to get your top management involved in evaluating the limitations of your organization in comparison to your competitors.

Like all corporate practices, ex-

that will sharpen your competitive edge. Successful companies aren't just looking to fill a certain slot, they're hiring, promoting, training for and rewarding specific skills and competencies that will give their products and services the competitive edge. Employees know they are a valuable commodity in today's market — and they know which of their core competencies will be most attractive to prospective employers.

When you create the job profile, take a hard look at the assignment and the absolute skills and competencies required for doing the job well. Be realistic: organize your needs into "critical to have" and "can be taught" categories.

In the next decade the most successful candidates will have superb technical skills blended with "softer" leadership skills. These individuals will have excellent coaching, mentoring and team-building skills. You need to find the right mix for your organization and know where you're willing to train and pick up any slack.

CHART 2: Recruitment Realities

<i>What's In</i>	<i>What's Out</i>
Equity Incentives	Cash Only Comp
Private Equity	Public Equity
Seller's Market	Buyer's Market
Multiple Job Offers	Single Job Offers
You're Critical to the Success	You're Lucky to Work Here

ecutive recruiting can benefit from a program of continuous improvement. You need a well-articulated recruitment strategy that firmly positions the advantages of your opportunity in the minds of prospective candidates. This requires a well-defined, systematic process.

The Recruiting Process

Plan for the future. Stay in the recruiting mode: always recruit for the leadership talent you will need in the future. You can no longer wait for the job requisition to be approved. If you're committed to the business plan and strategy, be proactive and hire top talent when you see it, rather than wait until you have an immediate need.

Focus on the competencies

Recognize that "A" players are attracted to "A" level opportunities, "B" players to "B" level and so on. The challenge is to find ways to attract "A" level players to "B" opportunities that may be a better use of their skills and a better fit for their behavioral style.

Define your culture. The integration of banking, brokerage, and insurance businesses into single organizations has caused huge cultural gaps. As a result, it's more difficult to define corporate culture in familiar terms. As you try to define your changing culture, be prepared to describe important transitions to prospective candidates. It's also a good idea to profile current top employees who can be benchmarks for new hires.

Sell your strategy. Building brand identity for your company in the marketplace is only the beginning. You need to sell your organization to prospective candidates and give them compelling reasons to change jobs. Articulate your company's vision and strategic plan, how you plan to execute it, and how top performers in the company get rewarded for their contribution. Demonstrate why your opportunities may be a better choice for candidates than their current positions.

Build HR/Line partnerships. Both HR and line executives need to have equal goals for success in the recruitment process. It is becoming increasingly important for senior HR executives to participate in strategy meetings so that they are better prepared to help fill in the gaps on the team. Enhance their knowledge of your business and the critical competencies required for making people successful in their jobs. Then your HR colleagues can work more effectively — either independently or with outside recruiting sources — to attract the professionals you need.

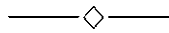
Interview intelligently. Unfortunately, most of us have not been trained as expert interviewers. But this is an ever-increasing requirement in order to meet the recruiting challenges we face in the future. "Where do you want to be in five years?" is no longer a relevant interview question.

You need to have a more philosophical discussion about values, market challenges and how candidate strengths can help you reach your goals. Elicit anecdotes that give you hints about on-the-job behavior and look for styles and skills that complement your team. Let the candidate do the talking and use your intuition as you listen. It's also helpful to set up a tag-team approach to interviewing, so that you can compare your impressions with others in your organization.

Close the deal. There is no getting around the fact that employers who snooze, lose. Don't delay in getting your offer on the table, and make it your best offer. Re-

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Offering equity participation raises the compensation bar and lets employees share both the risks and the rewards.



member that you are not the only one chasing the top performers. There are better deals and counter offers to contend with that did not exist before. In addition, you need to be mindful of how long it will take you to find another qualified candidate. It used to take 60 to 90 days and a local search, but it can now take up to five months sorting through a national network. And there is no longer a "slate of candidates." For some jobs you are lucky if you find one.

Once the right candidates are hired, you face the increasing challenge of keeping them. As competitors breathe down your neck trying to find ways to poach your best talent, you begin the never-ending process of keeping them motivated, challenged and uninterested in walking across the street for a better deal. It's not just a paycheck that keeps employees committed. You need a solid platform for retention.

Retention Strategies

Treat your employees as clients. Just as you let your external clients know that you always have their best interests in mind, your internal clients, the employees, need to have the same comfort level. Employees are no longer motivated by the fear of losing their jobs. With a long list of other job opportunities beckoning from afar, they need to know that you're helping them expand

and grow as individuals. To avoid surprise exits, continually monitor their job satisfaction, discuss common objectives and set realistic agendas. Always play to employee strengths and work hard not to miscast them in the wrong roles.

Balance financial with emotional needs. The need for more competitive compensation packages will not go away any time soon. That is the one constant in the equation for employee retention. The far more complex issue is how to recognize and reward personal goals and objectives.

How do you identify what makes employees want to stay on your team? It's certainly not about numbers, budgets and deadlines. It can't be a continuing mantra of "What more can you do for the corporation?" It means shifting focus to the softer side of the corporate life. Take the time to listen to employee needs and provide a working structure that reduces stress both on and off the job.

Do single parents require flexibility? Are your employees dealing with elder caregiving for their parents? What personal interests do they have outside the workplace that require your support and encouragement? A "holistic" interest in your employees reduces stress — and it's an undeniable fact that when stress goes down, productivity and retention goes up.

Offer new challenges. We all need new challenges to inspire us and regenerate excitement about what we do. Show your employees how they can make a difference and gain personal, as well as professional, satisfaction. Provide the freedom for them to learn, excel and grow in their jobs. Empower your employees to find new ways to solve problems and meet challenges.

Build your bench strength. When there are fewer candidates, you need to get creative about filling in the ranks for the future. Don't overlook the importance of internal training, campus recruiting and searching for top candidates in diverse markets.

The financial services industry, in particular, has not had a stellar employee training reputation.

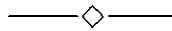
Tellers learn how to manage cash and balance their cash drawer at the end of the day, but little time is spent on management training and development at the upper levels. Without the proper tools for skill development, people stagnate in their jobs, and your organization overlooks leaders of the future.

By incorporating management training and development programs into your retention plan, you're better positioned to recruit second-string players who have the potential to hit the front line in a few years. These programs can be delivered internally or through outside training consultants. There may even be a role for the retirement age employee to stay on as coach and mentor for the next generation of star players.

Innovative Compensation

In this century of what *BusinessWeek* calls "the wild new work force," the issue of executive compensation presents expensive challenges. Our strong economy has been on the side of the employee, generating bigger and better perks, such as expensive cars, buyouts of options, signing bonuses to cover dollars left behind, or forgivable loans. We now live in a world where candidates expect all of these incentives plus a 15 to 20 percent salary increase to make a career move.

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Even though top candidates expect you to keep up with compensation trends, you can set some reasonable parameters without breaking the bank.

Set market value standards.

Each job has a set of criteria that can be valued in the marketplace. To determine how much you need to pay for a particular job, it's important to know what the current and changing market value is for people performing similar jobs. Once you know the market value, compare it to the perceived value of the job within your corporate structure and make appropriate adjustments.

Compete with new trends.

Up-front cash payouts can drive up the cost of recruiting significantly. Find creative ways to match the attractiveness of small company and start-up opportuni-

ties to control cash payments and emphasize back-end rewards.

The dot-com companies and private equity firms are getting executive attention because they offer a chance to earn huge rewards through stock options if the business succeeds. Offering equity participation raises the compensation bar and lets employees share both the risks and the rewards. In the case of merging organizations, retention bonus plans keep employees interested while management works through the corporate transition.

Whether you're distributing products and services via the cutting-edge Internet or through a more traditional person-to-person approach, your people are your best and most critical asset. When your advanced computer system isn't working, or when clients need personal financial advice to complement information they got off the Internet, it takes talented people to solve their problems. The quality of talent you have working for you will determine how much of a competitive advantage you have in the marketplace. As the talent pool gets smaller you need to get smarter: sharpen your recruitment and retention strategies and win the ongoing war for talent. †