

A Headhunter's Paradise The Talent Exodus Ahead (and What Organizations Can Do to Prevent It)

By Howard Morgan and Joelle Jay

Prior to the recession, a critical topic for most business leaders was attracting and retaining top talent. A premium was placed on hiring good people and a spirit of leadership development prevailed. Significant dollars were poured into fortifying Human Resource departments, many of which were transformed into Learning Organizations or Departments for Talent Development.

Today, talent management seems to have drifted off the radar. What changed?

Talent development was hijacked by a more pressing concern. The sudden economic collapse led to casualties in a number of areas and employees were seriously hit. Where they didn't lose their jobs, as a matter of survival, they hunkered down and stayed put. Perhaps since positions were filled and fewer people were willing to leave, leaders assumed that issues involving talent management had been solved. Or perhaps they assumed that the talent management issue had successfully been managed as a result of their efforts.

In either case, it's a dangerous assumption to make. In a crisis economy, employees' commitment or longevity is just as likely to be born from fear than from any kind of loyalty. Just because they aren't voicing concerns doesn't mean they aren't privately disgruntled. Just because they stay doesn't mean they're committed or engaged. They may just be hanging on until the market improves.

Employees who have been entrenched in their jobs are just now starting to look again at options. As the economy improves, the damage wrought by a period of layoffs and cutbacks is becoming apparent. Employees are starting to judge their organizations on how they handled the recession – particularly how they treated their employees. It may turn out that their fidelity to their organizations was really just a matter of fiscal survival. With a little more confidence in the economy, they may now be eager to find opportunities in which their talents are valued and where they feel they can make greater impact. Or, they might just be ready for a change. Whatever the motivator, the result will be a headhunters' paradise.

What can organizations do to prevent the exodus of their most talented employees? Here are a few recommendations.

1. Recommit to the Value of Employees

The first step to valuing talent is to reaffirm your commitment to employees.

In the last two to three years, organizations necessarily focused on the economics of survival. That meant cuts in employee development initiatives, like training and leadership development programs. Between ten and twenty percent of human resources positions were eliminated in many larger organizations. We have witnessed numerous

high-value employee development programs being put on indefinite hold. For example, in the interest of cost cutting, a large communication/media organization has abandoned many of the “people” initiatives that drove much of their success. While they might reinvest in their human capital once the economy rebounds, the real question is whether they can reignite the “spark” and commitment that they were seeing clearly demonstrated prior to dropping the HRD initiatives. Overall, organizations have become a lot more mechanical in how they have treated employees. That may have been necessary when all of the leadership attention had to be focused on getting through the hard times but now that the economy is trending in a positive direction, organizations must reaffirm that their employees are worth their investment.

To recommit to the value of employees, organizations must make talent a priority in spirit and in fact. This means recognizing the value that your employees bring to you – what they meant to you during the recession and what they mean to you now as you rebound. Put it on the agenda and discuss it. Be open and honest! What does talent development mean to us? What do we gain by valuing employees and what do we stand to lose if we don’t? What do our answers suggest about how talent management looks in our organization? Don’t wait for talent-related issues to reappear before dealing with them. Re-establish talent management as a focus.

When organizations are focused on developing talent, they communicate a powerful message: we value our employees. We want to develop them. We know they are critical to our success. We want them to contribute, to grow and to thrive. And we know that when they do, our organization will be strong and prosper.

2. Appreciate Your Most Valuable Employees

When putting employee development initiatives back in place, we should focus on top performers. As the economy improves and organizations go looking for new talent, the most valuable employees are the ones they will be looking to woo away from you first. Moreover, your top performers are essential to your culture. Good employees inspire loyalty among their peers and direct reports. It’s quite possible that when they leave, they will lead a lot of other people out with them. If they feel neglected, can your company and others who work there really afford for them to leave?

Already, we’re seeing high-performing employees emerge from their cautionary mood to start looking around at their options. Tyler, a young high-performer in a technology company, is just one example. For the past two years, Tyler has focused on doing his job, doing it well, and making sure he could keep it. He did and he did it so well that he became the number-one salesperson. Recently as the economy picked up and headhunters came knocking, Tyler took the best offer and joined a new organization. No matter that his old company tried to match the new offer; Tyler had already psychologically left, proving yet another point that organizations must learn. Once an employee has made a decision to leave, it’s almost impossible to convince them to stay. You can keep them for now, but they have made the decision that it is okay to leave—making them a lot easier for headhunters to entice. The time to value your employees is today, *before* they start

looking or are approached with new opportunities. By neglecting to value Tyler, his former organization lost one of its stars.

And Tyler's not alone. Younger people, as a trend, are among the most likely to leave. This may not have been apparent in the most recent years, since this generation was as worried about their stability as everyone else. But fundamentally, stability is not the main concern of younger employees.. They want advancement. They want opportunities. They want to work where they find growth and excitement. We've seen example after example. In one company, a fast-tracked leader in a management role, Heather, was being groomed for yet another promotion when a faster-growing company offered her flexible hours, a better salary and more explicit mentoring. In another, one of the youngest and most talented executives walked away from her 7-figure salary to join a fast-growing company where she could have more latitude and influence. When you start worrying about who might leave you, look for high-performing employees- and especially the younger ones.

When assessing your organization's success in appreciating high-value employees, you should ask yourself a number of key questions:

First, who are your most valuable performers and what roles are they in? Does their current role give them the opportunity to fully utilize their talent? Do they report to a manager whose approach will contribute to their staying? When it comes to their roles and their managers, it's important to be sure the right compatibility "fit" is in place to ensure that you are actively "appreciating" your star performers.

Second, have you told those key performers exactly how valuable they are? Have you told them lately that you value them and their contribution? Are they aware that they have been signaled out for attention? Many companies make the mistake of keeping the names of high potential employees a secret – even to those employees themselves. Even though the organization may wish to keep them, as far as they know they are being treated just like everyone else. Why wouldn't they be attracted to another organization that promised to appreciate their talents? Know your most valuable performers and make sure *they* know it, too.

Third, are you demonstrating your commitment to high-value employees through your actions? If you want to keep them, make sure that you do. Reinstate development programs and enroll employees who will benefit from them the most. Do an assessment. Do your employees have the tools they need to be successful? Tools are one of the major determinants for job satisfaction. Make sure your employees feel supported in doing their jobs well.

Fourth, can you see evidence that your employees are committed to you? Do they have a better relationship with their clients than they do with you? That's the emergency signal, because not only can it cost you dearly when they leave you, they will take their clients with them when they go.

3. Reflect and Rebuild Trust

To prevent the loss of talent as the market improves, organizational leaders must visibly demonstrate that they care about their talent again. They must reflect on the decisions that were made in the crisis and ask themselves challenging questions.

Look back on the decisions that your organization has made in the last several years. Ask yourself: have we eroded trust amongst our employees? Have we devalued employees by undercutting their development? Have we made other decisions that have made employees lose their faith in us?

In too many cases, employees would answer “yes” to the preceding questions. They are unhappy with their organizations. They feel devalued; they feel discouraged and they’ve lost the motivation and commitment they once had. Eric, a high-rising banking executive, lost his trust in his organization when the recession made his standing in the company painfully clear – at least to him. When times were good, Eric felt involved in the leadership and decision-making process of his company. He was asked for his opinion. He felt his contribution. As soon as the economy crashed, the doors of the boardroom slammed shut and Eric was left standing outside. A small number of leaders made top-down decisions from then on. While one could argue that their actions were required to weather the economic storm, the message to Eric was clear: he wasn’t that important after all.

Eric’s company never did regain his trust-even when the market improved. He took his talent and trust and moved it somewhere else. Organizations like the one Eric left need to rebuild that trust of their employees from the ground up. Now that the economy is stabilizing we need to ask how we can put new systems into place to rebuild both trust and talent. An important point to remember as you make this effort is to be transparent in your approach. Acknowledge that you had to make hard decisions. Admit that it may have affected their trust. You don’t have to apologize for decisions made to keep a company out of crisis; people know tough times call for tough measures. You *do* need to express how important your employees’ trust is to you and commit to gaining it back.

If you fear you can’t be transparent with your employees, you should probably ask yourself, why not? If your answer is, we can’t trust them, then you may be looking at the need for a major cultural shift. It’s a shift that will have to be made if you want your employees to say with pride that they work for your company. To be committed, employees need to be respected and involved.

4. Understand What Employees Value Now

As you look at how you can appreciate your employees more and regain their trust, there’s another important area to consider. You must also determine what they value.

Employees’ motivation is changing, in part as a result of the recession. It’s not merely the economy that has shifted in the last few years. So has our understanding of ourselves. Having been jolted by a frightening experience, such as an economy where ones well-being is threatened, people often reevaluate what’s important to them. For many, it

becomes clear that life isn't all about work. After all, work is transitory – a means to an end. As such, people are placing a higher priority on family, health and quality of life. Organizations that fail to realize this trend operate under the false assumption that what really matters to employees is employment. A better approach is to recognize that people need more than a paycheck to be happy and that commitment to an organization goes beyond having a job. Employees want jobs now that enhance their lives. The job content is increasingly important – and employees are willing to innovate to have greater job satisfaction. One example that we've seen lately of an employer that has recognized this employee shift and acted upon it - is in the pharmaceutical industry. Mindy was a 23-year-old pharmaceutical rep when she first started working after college. Bright and industrious, she was happy to work long hours often spent travelling from home only returning to a big office filled with her peers for meetings. She worked happily and profitably there for many years until she left to start her family of five.

Now, at 40, Mindy wanted to return to the job market. At first she did so with trepidation, believing that she would have to choose another non-sales role since she had no interest in considerable travel and meetings that would prevent her from being at home when her children returned from school. To her surprise, her company had completely reengineered its sales role for Mindy and for every trained and talented employee like her. The company was systematically inviting back high performing ex-employees, sharing with them the news that they could update their skills with a developmental program consisting entirely of home study and teleseminars, join a virtual team of peers and managers for weekly conference calls and work entirely from home. The salary was good but the lifestyle was even better. Mindy jumped at the chance and her company couldn't have been happier to have her back.

Companies that understand what employees' value – and are creative in providing it -are magnets for talent. If you want to be one of them, think hard about what you'll need to do to bring high-value employees back into the fold.

5. Look Forward – Not Back

The mistake made in many organizations is to look backwards to a time of prosperity in the hope that it will return. “When things get back to normal,” leaders tell themselves, “everything will be alright.” But things aren't going to go back to “normal.” They're moving forward into a new reality – a new “normal.”

Recently we worked with an organization that took this approach. They were willing to make changes in the short term to compensate for the changes in the market but the underlying assumptions about their business direction remained static. We'll do what we need to do now, they told themselves. We'll figure out how to weather the economic storm until our old model makes sense once again.

For most companies, that's unlikely to happen. The recovery will take longer and the context will continue to change. Business models will have to change accordingly.

If you look back at all, look back to determine what you've learned from the downturn that your organization has survived. What did we learn from this experience? How do we apply it now? Now (and the time *is* now) you have the opportunity to strategically assess your organization's historic operations/business direction and involve key individuals in a discovery process to determine the changes necessary to build a stronger company for tomorrow. This is a chance to redefine how your organization operates in the marketplace – how it values and retains its human capital to differentiate itself from the competition.

The Real Measure of an Organization

As the economic crisis abates, it will become apparent which organizations have the ability to thrive and grow and which are going to be left behind. Perhaps the real measure of an organization is not what its leaders do during a crisis. It's what they do to prepare so as to come out of the crisis stronger than before. The organizations that succeed in the future are those whose leaders see their employees as talent worth developing – and keeping.

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