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# **Keep Your Best People Engaged and Committed**

Audio-Web conference

**Wednesday, November 12, 2008**

1:00 p.m. – 2:30 p.m. Eastern

12:00 Noon – 1:30 p.m. Central

11:00 a.m. – 12:30 p.m. Mountain

10:00 a.m. – 11:30 a.m. Pacific

Presented by:

**David Cohen**

# Keep Your Best People Engaged and Committed!

Presented by  
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## What We Will Cover

- The business costs of losing talent and how to measure them
- What you can do to ensure you hire right in the beginning
- The unspoken reason why people always leave organizations
- Who is responsible for retention and what they need to do differently
- What engagement really means and how to use it as the focus for the way you run your business

## What We Will Cover

- How you keep your best people even during a talent raid
- How to distinguish between your stars, keepers, dead wood and virus
- What Baby Boomers, Gen-Xers and Gen Y-ers need differently and what they all need in common

## The Talent Management As A Business Tool

- All talent management / HR activities have to be understood as business tools
- Unfortunately we repeatedly go through an identity crisis and keep changing our titles without really changing what we deliver for a company
- The HR mantra in the 1990's was: to get a 'seat at the table'
- Now we are there and what has happened?

## The Talent Management As A Business Tool

- To be a business partner we need to realize that every activity we propose must be perceived by the executive team and line managers delivering on at least one of the following:
  - Productivity
  - Customer Service / Satisfaction
  - Quality
  - Safety
  - Profitability

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5

## Has The 'War For Talent' Ended Because of the Current Economic Crisis?

- Now more than ever corporations are 'regrouping' and evaluating their business structure
- Good talent is always sought after
- The current economic crisis has actually accelerated the 'War For Talent'
- Leaders take the cost of talent acquisition and the cost of replacing employees one of two ways:
  - It is the cost of doing business
  - It is a crisis to be solved

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6

# What Is the Cost of Talent Acquisition?

Put another way:

What is the cost savings if we reduce turnover and have a more stable workforce?

## Calculating The Cost of Turnover

- Turnover is the need to replace an employee who left because they were fired, left for their own reasons or retired.

## Calculating The Cost of Turnover

- Calculating the costs have to take into consideration the impact on productivity, profitability, customer service, quality and safety.
- While there are many formulas to try to quantify the cost most often the following are considered:
  - Resourcing costs (building relationships with colleges, professional organizations, etc.)
  - Recruitment costs (advertising in electronic and print media, head hunters, travel costs to bring in candidates, etc)

## Calculating The Cost of Turnover

- The loss of productivity due to managers and recruiters having to take the time to review resumes, organize the interviews, and conduct the interviews
- Cost of severance (perhaps including legal fees, payment of outplacement services)

## Calculating The Cost of Turnover

- Without going into statistical details the general guideline for estimating the cost of replacing an employee or acquisition of new talent is as follows:

Level of the organization	Percentage of salary
Entry level non professional roles	1.0 – 1.5
Professional roles and supervisors	1.5 – 3.0
Managers, specialist individual	2.5 – 6.0
Senior Managers, professional specialists, Directors	5.5 – 8.0
Executives	7.5 – 10.0

## Other Factors That Impact the Cost of Replacing an Employee

- The method of interviewing
  - The accuracy of getting the information you need to know using different interview methods has a range of:
    - 19% accurate for traditional questions
    - 70% accurate for structured behavioral interviews
- Other factors that impact the cost of hiring are:
  - Usage of psychometric tests
  - Having candidates participate in an assessment center

## What You Can Do To Ensure You Hire Right In The Beginning

Hiring is still considered by most an art coupled with intuition, when it is more of a science

## What Is Needed To Hire Right The First Time?

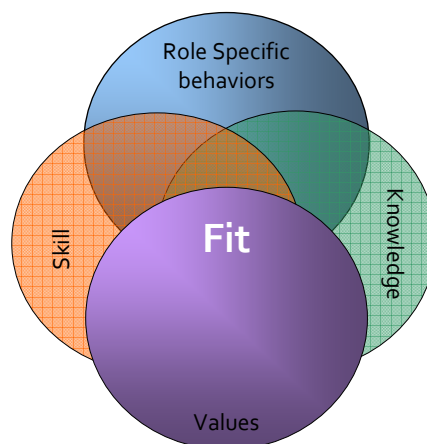
- Before the job posting you have to define 'fit'
- 'Fit' is not defined by the job description
- A part of 'Fit' is defined by understanding the skills and knowledge required to execute and fulfill the goals aligned with the strategic plan
- A second part of 'Fit' is having the attributes or behavioral competencies *necessary to start in the role*
- The third aspect of 'Fit' is individual alignment with the company values

## Why Are The Second and Third Parts of Fit Important?

- People are:
  - Hired for their knowledge and education
  - Promoted for their innovation and results, and
  - Fired for their interpersonal behaviors

David Cohen

## What Is Fit?



## Defining Capable and Competent

- You are capable within an organization when you have the skills and knowledge to do a job (Technically proficient)
- You are competent when you are both capable and consistently perform the desired behaviors at every opportunity

## Defining Capable and Competent

- You have integrity when you live the values of the organization every day in every situation
- You demonstrate high performance when you do all the above, at every opportunity, without exception

## Why The Execution of Most Behavioural Interviews Fail

- Because:
  - Past behavior is not the best predictor of future behavior
  - People 'score' the answer based on the wrong information
- The question then is:
  - How do you measure behavior?

## Suggestions To Hire Right the First Time

- Define the corporate values in behavioral statements
- Ensure everyone has a common interpretation of the values and what they mean in their job
- Define the behaviors required for success and differentiate between those behaviors needed to start in the role and the others that are developed after one is in the role for some time

## Suggestions To Hire Right the First Time

- Identify only the skills and knowledge required for the first day on the job (not the entire job description)
- Identify with those who are currently in the role the key elements of success that are not captured in the job description or on the behavioral competency profile

## Suggestions To Hire Right the First Time

- Limit the behavioral interviewing to the corporate values and no more than three behavioral competencies specific to the role
- When selling the job to the candidate always provide a 'realistic job preview' – what are the difficulties of working in the company – what are the opportunities?

## Why Is the Realistic Job Preview Essential?

- Once people know that the salary is competitive with similar jobs in other firms, money is not the issue. People do not leave a company for money and they don't join unless it is over a 20% differential
- What ultimately attracts people is whether or not they can get along with the people they work with and for. Will they act in the real world the way they stated at the interview?

## What Other Factors Influence A Decision to Join a Company?

- Will they provide me with the development I want?
- Will they provide me with the support needed to do the jobs (current technology)?
- Will travel not exceed my expectations and tolerance for travel?
- Do they have succession planning and is it working? Do they offer career planning support?

# What Is The Unspoken Reason Why People Always Leave Organizations

It is not money!

## People Leave For A Number of Reasons

- The most salient is their manager or the manager's manager. They are not acting in accord with the promise made at the interview
- Simply, most people leave managers not organizations
- Other considerations are lack of development opportunity, (my manager keeps withdrawing me from development activities because of the business needs)

# What Is the Solution To the Problem

Who is responsible for retention and what they need to do differently

## This Is Not An HR Issue

- All the 'engagement' activities and the 'programs' for fun will not retain a person who is not happy at work
- They are not happy because you promised them a rose garden and gave them only the thorns
- Management has to be held accountable and responsible, no excuses and no blame accepted, for the retention of staff
- Managers have to have a meaningful consequence attached to the KPI of retention

## The Consequences Positive and Negative

- Since behavior is a function of consequences, without a meaningful consequence in place the need for a behavior change is not recognized
- The consequence is that initially 100% of bonus is linked to retention but based on meeting the business commitments
- The consequence is that if retention remains an issue in that manager's area the manager has to realize they will be let go

## The Consequences Positive and Negative

- Too often the manager causing the retention issue is the manager's manager. They are too senior or politically connected in the organization and the CEO has neither the courage nor the insight to fire them
- Would they allow a broken machine to continue to run without replacing it once they realize it can no longer be fixed?
- What is the cost for having the rate of turnover?  
How much can be saved by reducing that by 25%?

## What Engagement Really Means And How To Use It As The Focus For The Way You Run Your Business

You can not 'buy' engagement, being an employer of choice or having high scores on the 'engagement survey.' These do not always equate to having engaged employees.

## Who This Year Is The Number One Employer of Choice?

- Google. But are they an employer you would choose to work with if you knew that they were breaking their own rules of governance in order to do business outside the United States?
- Why do people choose to work and stay at a company?
- It is about their individual feeling of contribution to something bigger than one's self
- It is about knowing you make a difference

## Without An Employee Having A Line of Sight They Are Not Engaged



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33

## Why Employee Alignment Means Engagement

- Alignment by definition mean you:
  - Fit into the company scheme of things
  - Believe that you make a difference and your contribution is meaningful
  - Believe you are in a role that is more a career than a job
  - Feel a connection to the company
  - Strongly identify with the company values and find the vision is something worthwhile working towards

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34

## Putting Alignment In Practice

- Action: All decisions made at all levels are consistent with the values, especially in difficult times
  - Positive consequence: Employees trust that management's management is 'predictable' in a positive way
  - Negative consequence: If management makes decisions which do not align with the values then employees turn cynical and trust is diminished

## Putting Alignment In Practice

- Action: Managers make decisions that are for the good of the firm or aligned with the values and vision
  - Positive consequence: Employees trust that management's management decision making capability is good
  - Negative consequence: If management makes decisions which do not align with the values and vision employees either do the same or are fearful that decisions made will not be in their own best interest

## Putting Alignment In Practice

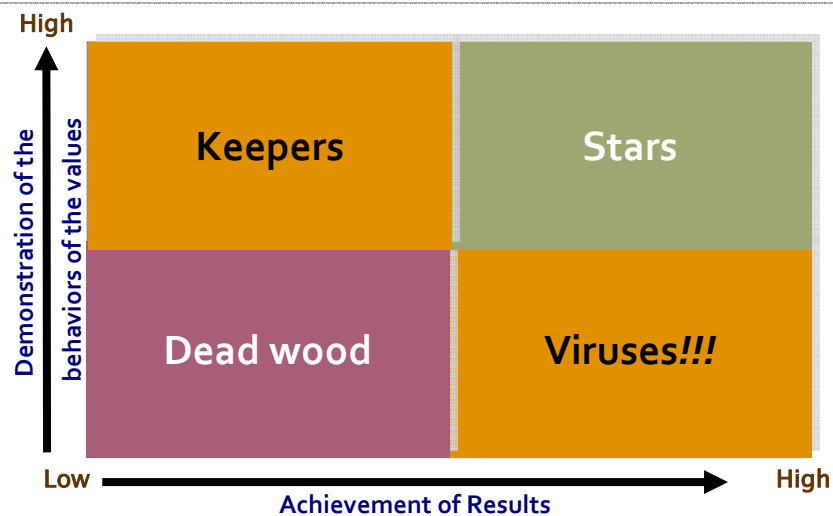
- Action: Managers holds people accountable and responsible for living the values and taking actions that move towards the vision
  - Positive consequence: Employees trust that management's way of rewarding and recognizing is meaningful and performance feedback is trusted
  - Negative consequence: If management does not hold everyone at all levels to the values because they do not provide honest and meaningful performance feedback then management defaults to the desire to be liked but they will not be respected

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37

## Putting Values, Results and Behaviors Into Perspective



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# How Can You Keep Your Best People Even During A Talent Raid

## Retention of Talent

- People who believe:
  - The company believes in them
  - They are aligned with their direct supervisor and the supervisor is supportive and respected
  - In the vision is something they want to participate in accomplishing
  - There is intrinsic value in the work they do and in the work of the company
  - They receive meaningful appreciation (a simple thank you will do)

# What Baby Boomers, Gen-xers And Gen Y-ers Need Differently And What They All Need In Common

There Are Differences But Not What You Might Expect

## Let Us Examine The 'Generational' Differences

- Popular belief is that
  - There are significant generational differences
  - Gen Y and Millennium employees
    - Will have numerous careers and will stay in a company a very short period of time
    - Are not loyal to anyone except themselves
    - Don't believe 'face time' is important
    - Want their birthday as a day off
    - Their parents will defend them if you give them a bad performance review

## What Is Reality

- Yes, they do have differences but the differences are not in the values they hold
- The differences are in how they act on their values
- Boomers life experience was to hear from parents and grandparents that loyalty was a good thing and a bad boss made you a better employee
- When Gen 'Y' experienced adulterants they experienced parents being 'down sized'

## But What Is Reality

- Do you have 'Gen Y' and Millennial's working in your firm and have they been there for more than three years?
- Popular press perpetuates a belief in generational differences and they focus on value differences which don't exist

## What Are the Similarities

- First, lets be clear, **all generations have the same values**
- The most common stated by both are:
  - Family integrity, achievement, love, competence, happiness, respect, wisdom, balance and responsibility
- So why do people at work think the values of different generations are so different?
- Because the behaviors that go along with those values may be very different

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## What Are the Similarities

- The reality is that everyone wants respect - they just don't define it the same way
- Older people primarily talked about respect in terms of "give my opinions the weight I believe they deserve" and "do what I tell you to do." Because when I started my job I did what I was told to do

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46

## What Are the Similarities

- Younger respondents characterized respect more as "listen to me" and "pay attention to what I have to say"
- The issue is they have often been rewarded by teachers and parents for simply doing what they were supposed to do

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47

## What Are the Similarities

- "Trust matters." The different generations have similar levels of trust in their organization and in upper management - they don't trust them much
- People of all generations and at all levels trust the people they work with directly (bosses, peers and direct reports) more than they trust their organizations
- People want leaders who re-earn their trust every day

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48

## What Are the Similarities

- People of all generations want their leaders to be credible, to be trusted, to listen well, to be farsighted and to be encouraging
- People don't want to hear the negative all the time

## What Are the Similarities

- Organizational politics are a problem for both young and old
- Everyone who isn't winning at the political game dislikes it
- People from all generations are concerned about the effects of organizational politics on their careers, on being recognized for the work they are doing and for getting access to the resources they need to do their job

## What Are the Similarities

- Even if they don't like it, employees know that political skills are a critical component in being able to move up and be effective at higher levels of management

## What Are the Similarities

- It is false to assume people dislike change
- The stereotype is that older people dislike anything about their workplace being changed and that younger people love change. They both dislike a certain type of change
- People from all generations are uncomfortable with efforts of senior managers to change the corporate culture

## What Are the Similarities

- Management has to focus on maintaining the culture while changing the business strategy
- Culture will always trump strategy
- Put another way, to paraphrase Adelaide Stevenson:
  - Light a candle don't curse the darkness

## What Are the Similarities

- Loyalty is earned
- It's often said that young people are no longer loyal to their organizations but you have young people who have been with you for over three years!
- Job hopping is not a generational difference
- Corporate leadership lost the credibility in the late 1980's when they started 'downsizing' to expect loyalty today from anyone
- But, the newer generation of employees don't see 'face time' as a necessity of being loyal

## What Are the Similarities

- The perception that older people are more loyal is, in fact, associated with context, not age
- Yes, people who are closer to retirement are more likely to want to stay and people higher in an organization work more hours than do people lower in the organization
- The difference therefore is in their actions: The newer employee is more likely to want to be happily unemployed than miserably employed

## What Are the Similarities

- People of all generations wish for the same from their organization
- They want:
  - Opportunities to advance within their organization
  - Learning and development
  - Respect and recognition
  - Better quality of life
  - Not better compensation. Compensation is not an issue as long as it is competitive with similar jobs in other firms

## What Are the Similarities

- Everyone wants to be employable
- People of all generations want to make sure they have the training necessary to do their current job well
- They are also interested in what they need to be learning to get to the next work they desire
- The newer employees do not necessarily see a role in managing others

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57

## What Are the Similarities

- Almost everyone wants some form of coaching
- Newer employees are said to constantly be asking for feedback and can't get enough of it
- We've believe that older people don't want any feedback at all
- Reality check, everyone wants to know how he or she is doing and wants to learn how to do better
- Feedback can come in many forms and people of all generations would love to receive positive feedback

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58

## What Are the Similarities

- Difference is when the new generation of employees receive feedback or performance reviews which are not positive, their parents get involved!

## Conclusion On Generational Differences

- We are more similar than different
- We have to understand and have appreciation for the life experiences that have taught us how to respond (behave) to actions that we believe are not aligned with our values
- Understanding the other person from their perspective is critical to having people work together successfully

# Questions?

Push \*1 on your telephone key pad  
to comment or ask your question

OR

e-mail your comment/question by clicking on  
the “question icon” in the lower right corner of  
your screen. Type your question or comment  
in the window that appears, and then click  
“send.”

Submitted questions will be answered  
verbally as time allows.

## Thank You

- Your questions, please



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