



As the economy rebounds, how will you keep your key players?



By Michelle Janke

If you've been reading anything about managing employees in a downturn, you've heard the same message over and over again for the past 3-4 years: an economic recession is a chance to upgrade your talent, identify and coach underperformers, and align your performance management systems with what really matters to your company.

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But now the economy, by all early indications, is ready for a rebound. Jobless claims are down, consumer spending has had its first uptick in four years, and GDP is expected to grow at a healthy rate. According to a Wall Street Journal survey of leading economists, US GDP is expected to grow at a rate of 3.5% in 2011, an increase of 0.7% over 2010. In addition, Unemployment is forecast to fall from 9.4% in December 2010 to 8.6% by the end of 2011. This is all good news for employees and employers alike.

So now, hopefully, you have the right talent in the right places, you've made the necessary course corrections to your long-term strategy and you're feeling good about the financial position of your company. By all measures, you're ready to take off with the economy. But how will you hold on to that talent? As the economy improves, so will their options to go elsewhere. How will you make sure your key people want to stay? What is it about your company that makes it different from any other?

Motivating employees to stay

Research over the last decade has made it clear that there are a few factors that make employees stick with companies through thick and thin. In our culture and organizational change work with companies of all sizes, we consistently hear three common reasons why key employees remain loyal to their organizations:

1. Feeling a sense of personal motivation and growth as a result of the challenge brought about by the work itself. There is a direct connection between talent retention and employees believing they are learning and growing professionally. Further, when people feel they are doing important and interesting things on the job, they are likely to be more engaged and, ultimately, more effective at what they do.

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2. Genuine appreciation expressed by leadership for the particular contributions made by employees.

A 2009 McKinsey Quarterly study found that nonfinancial incentives, such as praise from one's immediate manager, attention from senior leaders, and opportunities to lead important projects or task forces, were more effective at motivating employees than any single financial incentive, including increases in pay and cash bonuses.¹ This study underscores what management gurus have known for decades – a little recognition goes a long way.

3. Alignment of personal values with those of the organization. When employees feel that what they believe in and what their company believes in are congruent, then they are more likely to experience greater job satisfaction. In addition, they are much more resilient when during times of organizational stress or tension. In other words, they are less likely to go knocking on another employer's door or be successfully wooed by a recruiter as a result of a few bad days on the job.

So what does this mean for your company? Make sure your top talent feels appreciated. Are you doing enough to involve them in big decisions? Do you give them opportunities to shine, through special projects or seek their advice on important issues? Do you thank them for going above and beyond their job description? All of these things, while seemingly simple, can have a huge impact on the sense of fulfillment and motivation that your top players feel as part of their job. As a leader, it is important to make high morale a high priority.

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Culture is key

There are other reasons that employees choose to stay with their employer, even when better and more lucrative offers come along. One of those reasons is culture. As a colleague of mine once described it, culture is the "glue" that keeps a team or organization together when the going gets tough. Beyond the paycheck, culture is one of a company's most effective tools in retaining and motivating key talent.

As a CEO or company manager, you can cultivate a strong, high-energy culture in your organization. Here are a few ways to get started:

1. Define and cultivate your organization's values: What do you believe in above all else as an organization? I'm not talking about the values you

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promote on your website. If your company had vocal cords and could talk, what would it say it believed in most? This belief system starts at the top. Ask your leadership team this simple question: What do we stand for? Once you have the answer to this question, then ask the next critical question: As a leadership team, do we consistently model these beliefs day in and day out? Southwest Airlines is one organization worth studying. Every employee understands what Southwest's values "look like, sound like and feel like". If you've ever been on a Southwest Airlines flight, you know that fun is a value that each employee actually lives. As a result Southwest has separated itself from every other airline by virtue of the values-led experiences they create for millions of passengers each year.

2. Choose the culture you need: What kind of culture you need for your company? Notice the emphasis on need. In our experience, culture is a strategic lever. For example, the bolder your culture, the bolder your strategy. Think Apple. Apple has a culture of innovation. As a result it has introduced some of the most disruptive technology the world has ever known. Apple's culture made this possible—the way Apple employees think, the way they work, the way in which they all share a desire to change the way the world uses technology. We would argue that Apple purposely cultivated—it chose—a culture of innovation. The fact is there is no company on the planet that can replicate your company's culture. So make sure it is a priority.

3. Establish traditions or rituals: What are the ways that you celebrate success as a company? One of the indicators of a healthy company is the presence of traditions or rituals. Never underestimate the power of monthly potlucks, casual Fridays or the culture-building value of the annual Holiday party. All work and no play undermines the glue that holds the culture together and keeps it strong and resilient. We all have read the examples of internet

companies offering ping pong tables and free beer on Friday. But what about Google's "April Fools" jokes (changing the company's name to Topeka on April 1, 2010), the ability to search in Klingon language, or the "Easter Eggs" that are hidden when one searches, for example, the phrase "answer to life the universe and everything". These are all examples of a culture of practical jokes and fun. What are the traditions or rituals that reinforce the culture you want to create?

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So why is this so hard?

Given the steps outlined above, one would think that every manager would be doing this already. The truth is, most managers still believe that money is the only motivator that counts for employees. Pay them more, and they'll work harder, be more productive, and stay. But how many of us have been at companies that seemed to drain the life out of us? Despite the best pay package around, in the long run everyone wants to be inspired by the work they do for a living and they want to know that the work they do is important and that it makes a difference.

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As a leader, it's important to pay attention to the big picture. Specifically, be willing to consider that the revenue or profits you're after are a byproduct of highly motivated employees who have a deep sense of loyalty to you and your company. Your genuine appreciation for and the loyalty you demonstrate to your people will go far in ensuring that your key talent remains on your payroll rather than someone else's. As the saying goes, your most valuable asset truly is your people. Invest wisely.

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