APPLYING SCIENCE

To Recruit, Retain
& Focus Talent

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Introduction

1,124 CEOs were asked, *"How important are the following sources of competitive advantage in sustaining your growth over the long term?"* 97% said *"access to, and retention of, key talent."*[1]

	Not at all important	Not very important	Important	Critical
Access to, and retention of, key talent	1	3	25	72
Ability to adapt to change	1	4	30	65
Strength of your brand and reputation	1	4	31	63
High-quality customer service	1	4	28	66
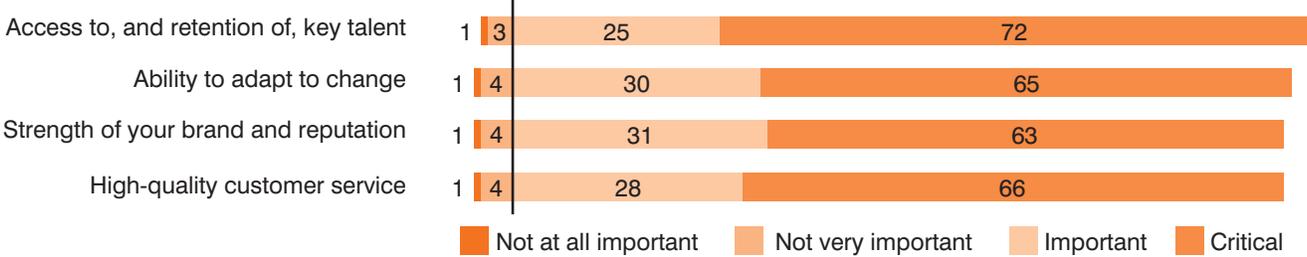
Notably, the next 3 most remarked items were, *"ability to adapt to change,"* *"strength of your brand and reputation,"* and *"high quality customer service."* Having top talent in key positions is the best guarantee of success toward addressing these important factors, or the goals important to your organization.

The undeniable logic behind talent retention:

1. Turnover is expensive in terms of dollars, time, and organizational impact;
2. Top performers drive business performance; therefore,
3. Turnover of top performers can endanger organizational growth.

Turnover at any level costs money; the precise cost of turnover depends on industry, position, and location, but estimates range from 30% to 250% of annual salary.[2] Turnover costs add up quickly, beginning with the obvious costs of promotion and your time, but also the opportunity costs of vacant positions, lost time, and lost business performance. Training and on-boarding add to the costs, and these are magnified where significant skills or professional training is required. 'Problem' employees can leave a costly wake of destruction in their path both among your staff and customers. Think, ENRON, and recognize there is no cap on the cost of turnover.

McKinsey's 1997 study, "War for Talent" validates assumptions about the impact of top performers on our organizations. It found that high performers in operations are able to *increase productivity 40*%, high performers in management *increase profits 49*%, and high performers in sales *drive 67% greater revenue.*[3]

High turnover drains resources, and Achieve the Summit™ directly addresses how organizations can excel in this environment by applying science to their people related challenges.

Good people are great for business
Mean of responses from 410 corporate officers

How much more does a high performer generate annually than an average performer?

40% Increased productivity in operations roles

49% Increased profit in general management roles

67% Increased revenue in sales roles

Source: McKinsey's War for Talent 2000 survey of 410 corporate officers at 35 large U.S. companies.

Organizations that use assessment instruments in hiring or recruiting most often use behavior or 'personality' assessments. The best of these instruments are validated and normalized, but are not based on science and were not designed for hiring selection. There is one instrument which is based on science and its creator was nominated for a Nobel Prize in 1973 based on its mathematical principles—the Hartman Value Profile, by Robert S. Hartman.[4] ATS uses a modern variant of this venerable instrument, Targeted Assessment ProfilesTM, to validate findings of more common instruments, and pinpoint precisely a candidate's Talent, Competencies, Attitudes, Values, Energy and Drive.

Robert S. Hartman was ahead of his time, in that his instrument looks at the whole person, with precise measurements for attitudes, beliefs, capacity, energy and drive. Recent advances in brain science confirm the critical role of these factors in making measurable and permanent impact on people's behaviors. Coaching and development is also moving toward a more scientific base.[5]

Three practices that organizations can implement using the Targeted Assessment Profiles™ as a core tool:

1. Recruit the right people for the right position the first time.

2. Direct and grow talent inside the organization.

3. Improve the line manager's ability to manage.

1 PricewaterhouseCoopers, 12th Annual Global CEO Survey, 2009.

2 "Employees Leaving? Here's Why and What You Can Do," The New York Times, October 24, 2008.

3 McKinsey & Company, "The War for Talent," 2000.

4 Robert S. Hartman Institute Europe, "A Biography Brief: The Robert S Hartman Story (1910-1973), How the evil of Hitler's Third Reich, led to Hartman's Theory of Good", 2012.

5 Suzanne Skiffington and Perry Zeus, "Behavioral Coaching," 2003.

Recruit the Right People for the Right Position the First Time

Retaining top performers begins with hiring the right talent. A key first step in this process is revisiting the need for the position, and then benchmark the position by analyzing *and quantifying* skills, experience, fit to organizational values & culture, critical "soft" skills and attitudes, energy and drive, and comparing those to the precisely measured talent profiles of verified top performers.

The quality of the hiring selection and recruiting process begins with an effective benchmark for each position to be filled. Job descriptions, position advertisements, screening interviews, final interviews, lists of expectations and hiring selection should all be grounded on carefully selected and precisely analyzed factors.

The staffing department should work with hiring managers to set out the factors top performers bring to the organization, including:

- Knowledge, skills, and abilities
- Attitude, value judgments, management style, drive and motivation
- Cultural fit, both with the organization and with its customers

HR identified these factors decades ago—the challenge has always been *how to accurately measure these traits in the next candidate who walks through the door.* Achieve the Summit™ makes this possible by applying the science created by Robert S. Hartman to the problem. The process invites the responding candidate to take three or more brief assessments which filter for specific attributes identified in the benchmarking process. These factors measure "fit" to the position, values, culture and management style of the organization—which are the top two factors people look for in organizations according the McKinsey "War for Talent Report" (below, left side).

Organizations benefit when they can access key assessment data in a single talent system. The information is valuable to select the best candidate for hire, provide precise information about motivation, diagnose behavior issues, and lay a clear course to engage with organizational goals. An effective talent system is like having a schematic and trouble-shooting guide for a vital appliance.

The next step—on-boarding—is a critical bridge from the signing of the hiring documents to full productivity and a full mutual commitment between employee and organization. On-boarding is a step that is overlooked at some peril; it is not simply an item on a check list. The keys to successful on-boarding are a thorough and consistent process, technology that tracks progress, and a seamless integration with an organization's plans and goals.

What Motivates Talent?
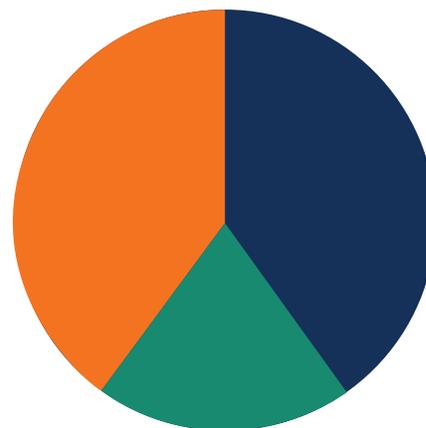
Great Company (Brand)
- Values and culture
- Well managed
- Company has exciting challenges
- Strong Performance
- Industry Leader
- Many talented people
- Good at development
- Inspiring mission
- Fun with colleagues
- Job security

Great Jobs (Products)
- Freedom and autonomy
- Job has exciting challenges
- Career advancement and growth
- Fit with boss I admire

Compensation and Lifestyle (Price)
- Differentiated compensation
- High total compensation
- Geographic location
- Respect for lifestyle
- Acceptable pace and stress

First impressions matter and link to retention: 90% of employees make their decision to stay at an organization within the first six months.[7] This is consistent with various studies over the years: Corning Glass concluded that "employees were 69 percent more likely to remain with the company after three years if they completed a full orientation program," "a study of the on-boarding process at Texas Instruments found that employees who went through an improved on-boarding program were fully productive two months faster than employees in a traditional program."[8] Top performers, identified early, and effectively on-boarded, will maintain and grow their high energy to perform and drive to achieve.

Superior talent will be tomorrow's prime source of competitive advantage.[3]

- Chambers & Foulon, "The War for Talent," McKinsey Quarterly, Number 3, 1998.

From Hire to Retire™

- Ensure clarity about the direction and future of the organization
- Ensure clarity about need for and expectations for the role
- Accurately measure the culture and pervading management style
- Scientifically based, benchmarking process
  - Organize and direct recruitment efforts
- Speed up recruitment with science based assessments
  - Automated pre-screening
- Build and maintain The Talent Life Cycle™
- Ensure new hires are productive as soon as possible
  - On-boarding process
- Use the tools from the recruiting process to manage career development
  - Coaching, Training & Development + Performance Management = Retention
- Ensure succession goals through effective management

PLAN

RECRUIT

ASSESS

INTERVIEW

ON-BOARDING

COACHING

PERFORMANCE

RETENTION

SUCCESSION

3 Graphic and Quotation: McKinsey & Company, "The War for Talent," 1998.

7 Aberdeen Group, "On-boarding New Employees: Maximizing Success," 2007

8 Talya N. Bauer, Ph.D., SHRM, "Fully On-Board," 2009

Improve Line Management Capability

Talent retention is a key responsibility of the manager. It is the manager's role to direct, guide, and evaluate the employee; therefore, the manager's day-to-day behavior is a potential key obstacle for retaining top talent (see McKinsey graphic below). According to Hartman, it will be relatively easy to coach or develop the management skills of someone with the capacities to be a manager in the first place. Those lacking management capacity will never enjoy their role and likely never embrace the skill building required. Armed with this information, we can more accurately choose manager candidates in the first place, and more precisely determine in whose development we should invest.

Seven Obstacles

Top 7 obstacles to good talent management, % of respondents
(n=98 business and human-resources leaders at 46 organizations)

#	Obstacle	%
1	Senior managers don't spend enough high-quality time on talent management	59
2	Organization is 'siloed' and does not encourage constructive collaboration, sharing of resources	48
3	Line managers are not sufficiently committed to development of people's capabilities and careers	45
4	Line managers are unwilling to differentiate their people as top, average and under-performers	40
5	CEOs, senior leaders are not sufficiently involved in shaping talent-management strategy	39
6	Senior leaders do not align talent-management strategy with business strategy	37
7	Line managers do not address under-performance effectively, even when chronic	37

Source: Interviews; McKinsey analysis

Effective Management requires easy access to a talent system containing accurate and useful information, facts, and data. With the technology to capture and provide actionable talent information, managers will become more successful and satisfied in their work. The bonus for better management techniques is higher employee engagement and increased retention at all levels—including managers and supervisors.

Employees want a performance review process that provides frequent and fact-based feedback. Research also indicates that Generations X and Y employees want feedback and they want it often. Another study finds no generational disparity, and placed equal importance and high value by all generations on recognition and access to new challenges.[9] Managers who do

not provide feedback are often surprised when a valued employee resigns out of the blue. We can safely conclude that feeling valued by the culture is critical for engagement and retention at all levels and all generations.

A study probing the reasons why employees leave their jobs found the top four reasons to be[10]:

1. "Don't feel my employer values me": 61%

2. "Employer does not pay enough": 53%

3. "My efforts are not recognized or appreciated": 46%

4. "Not enough career advancement opportunities": 42%

Boosting satisfaction levels with the performance management process can boost employee satisfaction and engagement. Performance management includes employee evaluation and development, based on facts and documented actions, and regularly assessed by their manager and peers in a formalized review process. The review process should provide feedback on the employee's work performance and attainment of written expectations, and mastery of core competencies and skills associated with the position. A well designed performance management process encourages two-way communication between managers and employees on goals and development plans. Employee engagement and retention is then critically dependent on the manager's capacity for clear communication.

Managers should convey the importance of their written expectations by explaining how the employee's goals align with the department and organization's goals using current data and feedback. The Talent Life Cycle™ can support ongoing feedback, goals alignment, and coaching and development—in addition to storing assessment data and information. This application of tools and technology can strengthen the partnership between manager and employee. Employees feel valued when they can see the link between their work and the success of the department and the organization. In a paper process, for example, valuable information is often lost, cannot be retrieved on a timely basis, or is not tracked at all.

Employees generally and top performers in particular, want to be clear about their work and how it contributes to the organization's goals and objectives. Data that helps managers and employees understand how what they do contributes to the overall goals of the organization, drives retention by maintaining dynamic records of their achievements and growth over time. This is a talent management *best practice*.

I prefer a management style based on openness and cooperation at every level; one that does not necessarily obey or respect hierarchy at all times. I believe in leadership that can stay flexible.

- Sandor Csanyi, Chairman and CEO, OTP Bank Plc., Hungary[11]

3 Seven Obstacles Graphic: McKinsey & Company, "The War for Talent," 1998.

9 Center for Work-Life Policy, "Bookend Generations: Leveraging Talent and Finding Common Ground," 2009.

10 CareerBuilder.co.uk, "Harris Interactive Survey," June 2008.

11 PricewaterhouseCoopers, 16th Annual Global CEO Survey, 2013

Strategic Talent Management

The same instruments that help select the best talent for hire can be used to map out a direction for talent going forward.

A young person who applies for a position in the organization may have competencies and talent for a completely different position—lacking only technical skill and self-knowledge to choose the right path. With the benefit of ATS assessment technology, a training regimen can be customized to develop this talent, as opposed to offering identical training for all employees in a particular group, or at a certain level. The application of technology to training allows for "mass customization."

Long ago, HR conceived the idea of corporate talent databases. However, lacking the tools to accurately measure and track changes in talent over time, the vision and organizational ROI is rarely realized. Imagine a situation when an organization is presented with a growth opportunity, and requires talent to staff a new location but lacks the time or resources to recruit and develop that talent. With The Talent Life Cycle™, you have software that not only shows the basics—training history, progression of job titles—but also relevant and vital factors for success: Accurate scores for Personal Accountability, Objective Listening, Interpersonal Skills, Empathy Toward Others, Customer Focus, Self-Management, Self-Starting Ability, Teamwork ....and up to 80 additional factors.

Having top performing talent in key positions throughout an organization is not sufficient to assure success. Alignment is critical. Applying the full benefits of The Talent Life Cycle™, you can compare the management style, values, beliefs and energy level of key talent up and down the organization. That is a good start. Still required is a process to engage managers and leaders throughout the organization to assure a single, concise and clear picture of where the organization is today, where it has come from and the summit it seeks to achieve. A Strategic Business Review encourages participants to share their picture of the past, present and future of the organization—recognize where the pictures they carry in their heads are different or inconsistent—resolve those differences—and move on to establish common goals and plans for a unified future.

Out of the alignment process comes the language to promote key organizational messages about the organization's future, core values & beliefs, important initiatives—and also the means by which to promote these messages. Namely, a unified group of managers, leaders, and informal leaders who communicate the message officially, unofficially and through their daily actions.

Scientific and precise benchmarking for each position is the first step in the talent life cycle.

Organizations now have access to technology to recruit, make-quality hiring decisions, retain and effectively manage top performing talent.

One final ingredient is required to close the loop on hiring and retaining talent, managing, tracking and measuring their growth over time, and aligning leadership and management. The glue that brings it altogether is 'execution.' In their excellent book, *Execution—The Discipline of Getting Things Done*, Larry Bossidy and Ram Charan make a solid case for what needs to be in place in order to 'execute' in your organization.[12] Many of them are items cited in this paper, which is no surprise, as we adopted this book as our guiding light at a critical stage in our own company's development.

Among the essential qualities of leadership: ***Know Yourself, Know Your People and Your Business, Expand People's Capabilities Through Coaching, Set Clear Goals and Priorities, Follow Through,*** and ***Reward the Doers***. The key item that caught our attention: ***The Job No Leader Should Delegate—Having the Right People in the Right Place.***

The bottom line is to get it done, or, 'execution.' Execution-oriented organizations change quickly, they are flexible, and as a result they are more successful than other organizations. They understand they must *do the job* better than any of their competitors. If an organization has everything break their way, and all the resources they need, but cannot execute with excellence, they will fall behind over time.

Top performers understand executing with excellence. As a leader, you have to be passionately engaged in your organization and committed to the practical realities of doing and rewarding excellent work. This is why the leader must *really* know themselves and know their people.

To Achieve the Summit, every leader must put execution at the top of their list of attitudes, behaviors and capabilities to promote.

- Leaders must enthusiastically create and maintain an execution environment and attitude.
- Leaders must endorse, by example, the importance of 'execution.'
- This is true for any leader, in any industry, in any size organization.

12 Larry Bossidy and Ram Charan, "Execution – The Discipline of Getting Things Done," 2002

Conclusion: Science-Based Best Practices for Talent Retention

All successful organizations, no matter their size or industry, invest in talent management to select and retain the best person for each job. Organizations that confidently execute scientifically precise processes are the resilient leaders of most industries. Currently available technology can close the gap between desired performance and accurate hiring selection and retention, enabling hiring managers and recruiters to recognize the best person when they *walk through the door*.

Accurate hiring selection is essential to retain top performers. Employees who fit into the values and culture of the organization are more engaged, and remain with the organization long-term. They require less *management*; indeed, they become the leaders and *go to* people for both internal staff and your customers.

Organizations that take a strategic approach towards talent management are 33% less likely to lose critical-skill employees, 18% less likely to lose top-performers, and 18% more likely to be financially high-performing.[13] They are also 4.5 times more likely to have a high level of employee engagement.[14] As these high performing organizations realize the compounding benefits of *strategic* talent management year after year, they are in a position to gain, or at least maintain, market share.

An integrated talent management process gives organizations the ability to capture, analyze, and report on talent information. This approach empowers managers and employees alike by providing tools that can be used across the entire talent life cycle:

> **From recruiting and hiring, to on-boarding that makes the new hire productive, to innovative succession planning and organizational alignment that allows them to see a clear and consistent future.**

Empowering managers and top talent through science and technology may allow us to someday displace "recruitment and retention" as a typical CEOs number one concern.

And, finally, the key attitude shared by all successful organizations: *A bias for execution*.

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13 Watson Wyatt/World at Work, "2008/2009 Global Strategic Rewards Report."

14 Watson Wyatt/World at Work, "2010 Global Strategic Rewards Report."

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