



DEVELOPING A RETENTION STRATEGY – A CASE STUDY

By Debbie Craig

The necessity for a retention strategy

The dynamic nature of global economic uncertainty is putting increasing pressure on companies to attract, develop and retain exceptional talent that can lead and implement adaptive strategies to survive and thrive in complexity and ambiguity. Industries are consolidating, customers are becoming more discerning and demanding, nimble global competitors are appearing and technological innovation continues to accelerate. In addition, many industries need to be proactive in responding to ageing workforces, traditional, slow to change cultures, incongruent leadership styles, generation gaps and critical skills shortages. Change brings opportunity, and high flying, ambitious talent have a plethora of options available to them at this time. At no time before has the ability to engage and retain key talent been more important.

Research has consistently demonstrated that **engagement** and **commitment** are both vital ingredients in effective **retention** strategies. A Watson Wyatt study found that a company with highly engaged employees achieves financial performance four times greater than companies with poor engagement. Highly engagement employees were also more likely to be top performers and healthier than the average (fewer days off for illness). Development Dimension International (DDI) found that turnover in low engagement teams averaged 14.5% compared with 4.8% in highly engaged teams.

A comprehensive Corporate Leadership Council (CLC) study shows that every 10% improvement in commitment can increase an employee's effort levels by 6%, which in turn can improve performance by 2%. Furthermore improving employee commitment also supports retention, reducing the probability of departure by as much as 87%. It was found that the day-to-day impact of the people and culture have the greatest influence on decisions about how hard to work and how long they intend to stay with the organisation. The top three drivers of commitment were found to be development opportunities, job-interests alignment and being respected. Remuneration is typically a hygiene factor and an equalizer i.e. once the money conversation is off the table through good benchmarked

Retention can be defined as an organisation's ability "to hold and keep in possession and to engage the services of high potential employees (HIPOs) and value contributors in mission critical and scarce skills positions".

Engagement is key to effective retention as it is "the state in which individuals are emotionally and intellectually committed to the organisation or group".

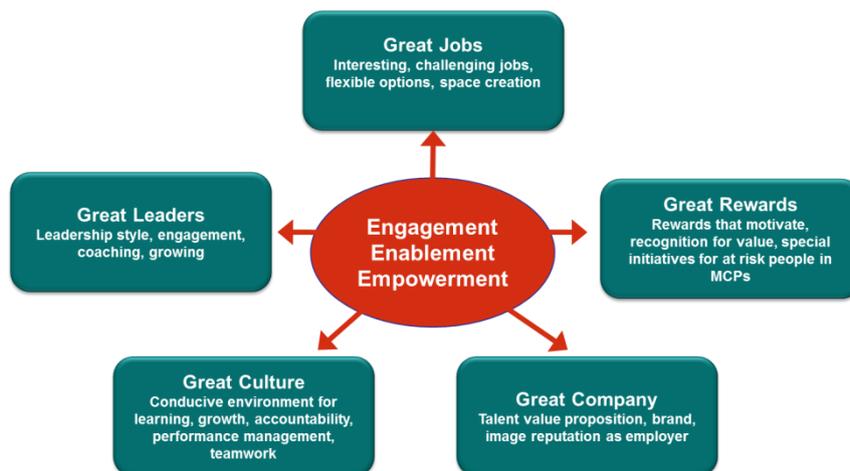
Commitment is another critical factor as it drives performance and retention. It has both an emotional component - the extent to which employees value, enjoy, and believe in their organisation, as well as a rational component - the extent to which employees believe it is in their best interests to stay with the organisation.

flexible packages: it ceases to be a motivator.

The case study

The request for assistance with a Retention Strategy came a few years after having implemented a Talent Management Processes in the client organisation. Whilst the identification and development of talent seemed to be going fairly well, there was a concern that the company was not proactively creating an environment that would counteract both the talent **pull factors** in the industry (increasing competition, attractive offers, etc) and the **push factors** (leadership style, bureaucracy, lack of career progression etc). In addition they recognised a significant risk losing skills in the future through their aging workforce retiring in large numbers and not being able to develop or replace critical skills fast enough. Recent surveys had also indicated a rise in voluntary turnover rates and internal dissatisfaction with leadership style, culture, values not being lived and lack of career development opportunities.

We were asked to develop a Retention strategy and implementation plan that would address these risks and issues. The **stated intent** was to create an environment that delivered on the Employee Value Proposition which included the client's own unique descriptions of the 5 Greats and the 3 E's (Engagement, Enablement, Empowerment) of Retention. An example of a typical Retention Framework is outlined below.



To achieve the intent, a project team was established with HR and line representatives, and a 4 phase project plan and charter was developed.



The diagnostics

The diagnostics phase was an important element to establish the specific retention issues for different employee segments. This would allow us to customise initiatives and offerings per segment for greatest impact avoiding expensive initiatives based on assumptions. The objectives of the diagnostics phase were as follows:

- to test for evidence that best practice **retention attributes** would actually contribute to engaging and retaining people e.g. effective leaders, being empowered to make decisions, career development options
- to test perceptions of how well **current retention initiatives** were being implemented e.g. staff development, performance management, study bursary scheme, incentive scheme
- To gain inputs on preferences for **future retention initiatives** e.g. flexible hours, share scheme, mobility strategy, leadership brand development
- To identify if there were **significantly different needs per segment** and identify priority needs

The diagnostics included company data analysis, a perception survey, focus interviews, focus groups, an employee engagement survey and best practice research.

The **data analysis** included a review of voluntary turnover statistics and engagement related surveys over the previous 2 years. The statistics revealed that the company was struggling to retain the younger generation, build long-term careers, remain attractive in a competitive skills environment, retain EE candidates and women and was losing primarily critical managerial and technical skills.

A **perception survey** was conducted early in the process with the project team and General Managers to establish initial data around the Employee Value Proposition (EVP) on which to start building the content of the more in-depth methods.

The **focus interviews** were conducted with General Managers, ex-pats and ex-employees who had left the company more than 6 months earlier to reduce the influence of needing to maintain relationships.

The **focus groups** were held across 11 groups in 3 different regions with the following segments: Value contributors, Mission Critical Positions, High potentials, Generation Y, Women and Bargaining unit.

A group wide **engagement survey** was sent out to all employees in company with a 67% response rate using The Denison Model of High-Performance which compared responses to Mission, Consistency, Involvement and Adaptability.

Best practice research was also undertaken to find relevant surveys or case studies impacting engagement and retention, to understand appropriate benchmarks and explore innovative ideas to build and maintain a good Employee Value Proposition.

The findings

A high level summary of diagnostics found overall that they were ***a company ruled by the mind, but lacking in heart!*** Whilst there were positive results w.r.t. vision and strategic direction, plans, consistency and learning opportunities; there was significant frustration with the visibility and unapproachable style of leadership (and lack of decisiveness) and a perception that the culture had shifted to more fear, control and disempowerment. Teamwork, collaboration and customer focus was suffering as was effective engagement and career development.

The detailed findings were presented to the Steercom, HR Management Team and the Exco with varying degrees of shock, denial, curiosity and acknowledgement. However, once the engagement survey results were revealed, together with a firm message of accountability from the Group CEO, the commitment to invest in doing what was necessary was made.

The diagnostics also revealed 3 clear differentiated segments (next generation leaders, high potentials, and experts). For strategic reasons, an additional 4 segments were identified for the next few years to ensure sufficient focus. These were global talent, generation Y, strategic transformation and ex-pats/re-pats.

The primary and secondary universal needs are outlined below, as well as the differentiated needs per segment.

	Segment	Differentiated needs	Universal needs
1	Executive Talent GM + Global talent	<ul style="list-style-type: none"> Global exposure Empowerment to lead Honest, constructive conversations 	CORE NEEDS <ul style="list-style-type: none"> inspirational leadership Clarity on vision, my contribution and feedback on progress Empowerment to make decisions- less reliance on policies Evidence of values and culture Teamwork and collaboration Professional development Coaching and mentoring Fair career progression and planning Diversity accepted and encouraged
2	Next generation leaders Level 2 and 3 successors	<ul style="list-style-type: none"> Clear career path Accelerated development Be consulted - have a voice 	
3	High Potentials Successors excl level 2&3 successors	<ul style="list-style-type: none"> Clear career path Accelerated development Consequence management 	
4	Experts Technical experts/ MCP's	<ul style="list-style-type: none"> Recognition for making a contribution Resources and support to deliver Continual professional development 	
5	Emerging talent Gen Y >30 years	<ul style="list-style-type: none"> Sense of belonging to a group Flexible work arrangements Openness to change and innovation 	SECONDARY <ul style="list-style-type: none"> Effective and fair reward and recognition Strengthening professional networks Appropriate remuneration Work life balance and workplace flexibility Meaning and purpose in work Effective and fair management Openness to change and innovation
6	Expats and Repats External to SA & returning to SA	<ul style="list-style-type: none"> Consulted and involved in strategic decisions Consideration of regional differences Market related pay 	
7	Strategic Transformation Senior PDI, all PWD and all women	<ul style="list-style-type: none"> Genuine cultural and gender diversity Flexible work arrangements 	

From the diagnostic results, the project team recommended that the focus for year one, was to “fix” current initiatives to address universal needs which will impact all segments (70% of the effort). In addition, individuals within critical segments (next gen leaders, high potentials, experts and global talent) were to be identified and managed by segment owners to ensure prioritised access to improved retention initiatives. Segments with more strategic importance to the business (Gen Y, strategic transformation) would be addressed at a later stage. Lastly there were a few quick wins identified for specific segments (high potentials, ex-pats/re-pats). It was decided that other new and creative options (i.e. flexible hours, Gen Y forums and social media options, CSI initiatives, recognition schemes, etc) to take retention to the next level and become a real example of an employer of choice (30% of the effort), would be introduced once the prioritised initiatives were embedded.

Strategies and plans for each segment were outlined in a separate Segmentation Strategy Document including the business rationale for each segment, key needs and suggested initiatives and segment champions.

Segmentation is the process of defining and subdividing a large group into clearly identifiable segments having similar needs, wants or demand characteristics in order to design a retention offering to address the retention drivers per segment.

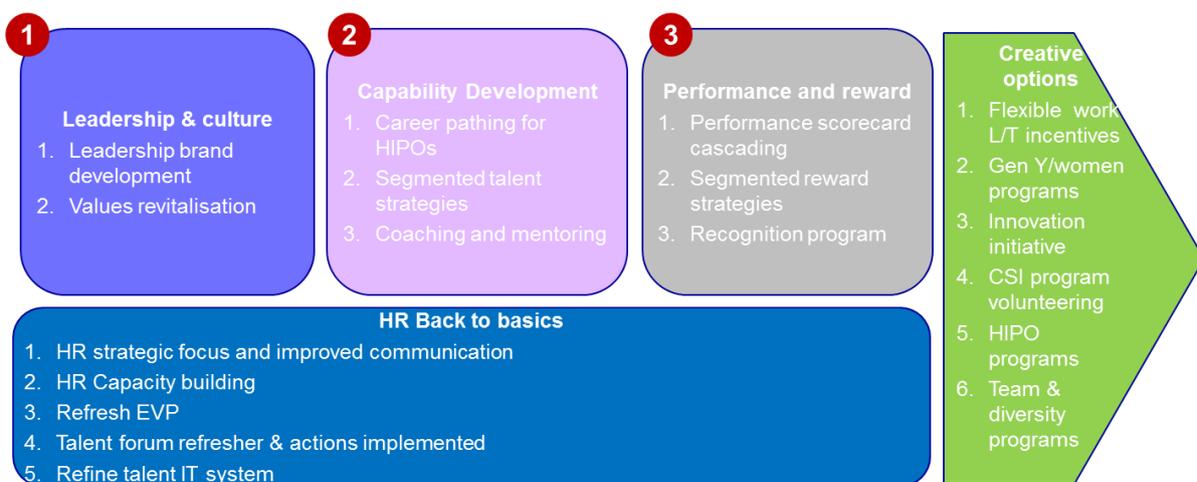
Criteria for segmentation from the Corporate Leadership Council are as follows:

1. Is the segment measureable, accessible and substantial?
2. Do the segment's preferences vary enough to warrant investment in a segmented EVP?
3. Do the segment's ways of consuming information vary enough to warrant a different competitive approach?
4. Is the segment important to the organisational strategy and can the organisation support the need of this group?

The initiatives

Out of the 25 current and 25 future possible initiatives identified across the 5Gs and 3Es, there were of course too many things that needed to get done. The project team agreed that the key to success was prioritising and packaging the initiatives into bite sized chunks that line managers can understand (in their language) and digest (in their time). We thus reviewed the findings and identified the top 25 initiatives required to achieve the retention objectives over the next 3 years. These were documented in a 3 year retention roadmap.

The 1 year plan was prioritised into an HR back to basics campaign AND 3 key categories that required the greatest focus. These are visually depicted below. The future options were included in the roadmap to be investigated further and planned for in future years.



The **3 key categories** were as follows:

- Leadership & culture – this included a values revitalisation program and the introduction of a leadership brand for the company
- Capability development - this included the implementation of the talent segmentation strategy, the prioritising of career paths for High Potentials and a coaching and mentoring program for key talent segments
- Performance and reward – this included performance planning & cascading through a Balanced Scorecard (BSC) approach and a recognition program linked to performance and values

The **HR Back to Basics Program** included reviewing the HR Strategic Plan and focus, building the HR team (teambuilding and key business partner skills), building an integrated communication strategy and plan, refreshing the EVP based on findings, reinforcing the implementation of the talent strategy to ensure forum actions were implemented and ensuring that the Talent Management IT System was effectively tested and implemented.

Lastly, a number of **quick wins** were identified for the HR team to demonstrate forward momentum on the project. These included immediate retention challenges with ex-pat talent due to increased competitive activity in Africa, refresher sessions for the current year performance management roll-out, refresher sessions on talent management, an induction and on-boarding upgrade and finalisation of mobility plans and reward policies with the holding company.

Sub-teams were formed for each of the key categories and integrated project plans developed. These plans and change management activities were consolidated and co-ordinated into a master plan and approved by the HR Mancom, Steercom and Exco.

Measures were also developed which are being tracked and are linked to the scorecards of each of the sub-team owners, members and line managers to ensure full accountability.

Results

In the 6 months since the implementation plans were finalised, there have been a number of significant achievements.

- The organisation's strategic review process was happening at a time when the implementation plans were being presented and approved. The senior manager's buy-in was demonstrated with the inclusion of the **key retention initiatives being prioritised** and documented in the **strategy scorecard** for measurement.
- After a long battle, the weighting of the senior manager's talent component of their **scorecard measures** were increased from 5 to 15% of their scorecards.
- The revised **performance management** process and system was implemented with training, toolkits and the strategic **scorecard measures cascaded and aligned** at all levels.
- Another big win was the integration of the **Customer and Employee value propositions (CVP and EVP) with the Values** system providing the glue to hold it all together.
- The **EVP** was officially launched both internally to employees and externally in the employment market.
- The **Leadership Brand** was developed and leaders participated in the first **360 degree evaluation** to create a baseline on which to design further leadership development options.
- The **Values Revitalisation** Programme was launched linked to a broader company **recognition programme**, where people could be recognised for their role in living and role modelling the values.
- The **annual talent forum process** was more effective with the additional refresher sessions and the motivation of the scorecard measures.
- There was also more focus and priority on **career mobility** to aid capacity building and succession bench strength depth.
- The **talent system** was also enhanced to ensure greater data integrity, a more positive user-experience and useful reporting.

We look forward to the engagement surveys and retention statistics which are sure will show a marked improvement in the how people experience life at the company.

Lessons Learnt

The achievements and lessons learnt throughout the project were many. One of the success factors was the **project management** approach including clear plans and roles, regular project and steercom meetings where risks were raised and change plans developed. The project team ensured they had the buy in of the full Human Capital team and worked together in an integrated and collaborative way around a common EVP. They also gained traction and credibility through ensuring the quick wins were implemented and communicated. Alignment to business priorities and measures was also a big plus, as was ensuring an effective governance structure was set up, and stakeholders contacted on a regular basis. The HR team agreed that the project assisted to crystallise what needed to be done by Human Capital.

Part of the journey ensured that **capacity was built** with all the project team members to ensure they had enough information on talent, engagement and retention to give input and make good recommendations. We also built capacity at lower levels in HR through an HR and talent capacity

building program. To ensure there was good understanding and **mobilisation** around the project, there were presentations, newsletters, intranet info and hand-outs such as calendars and gifts.

In hindsight, there could have been **more engagement** with the CEO upfront and continuously by the project manager and the project sponsor to ensure the project, the risks and the benefits were always top of mind. In the early stages of the project there could have been greater **role clarity** within the core team to ensure everyone knew what they needed to do to get the project moving. In particular, the roles needed to be clear regarding the **change management and communication activities** expected within each of their divisions.

Although there was a full stakeholder plan, the next level communication sessions were not implemented soon enough to ensure greater involvement of line and gain buy-in. The message is to communicate early and often, and not wait until you are ready with all the solutions. It takes time for people to change. A more representative **Steercom** would have been more impactful with a good blend of key decision makers and those interested in people projects. **Unplanned disruptions** led to delays in the project such as the Group Wide Engagement Survey and a few urgent operational issues that meant meetings or workshops had to be postponed. In future, contingency plans and more realistic timelines would be helpful.

In conclusion...

Engagement and retention strategies and plans need to be established with large scale involvement and communication to ensure understanding and buy-in to the importance and value of it. The various philosophies and plans need to be integrated across business functions (both Human Capital and line) and activities and standards of behaviour clearly defined at all levels. Engagement and retention messages need to be built into the fabric and culture of the organisation, with everyone making it their purpose to build a great place to work.

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Debbie has over 18 years' experience in the field of strategy, leadership development, change management, talent management, high performance teams and organisational development. She has worked and consulted at leading local and global organisations in the private and public sector throughout Southern Africa and internationally in the UK, Australia, South East Asia, South America, Mexico, China, Canada, Europe and the USA. Debbie is a skilled strategist, design architect, team builder, a powerful facilitator, change agent and executive coach. Her passion is transformation and empowerment which she facilitates through individual coaching and empowerment workshops, team-development workshops, corporate training and consulting assignments and organisation wide strategic change interventions. Debbie is the founder and Managing Director of Catalyst Consulting which she has grown into a successful consulting company with her business partner, John Gatherer. She is also the founder of World Alive, a personal empowerment and transformation company.

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