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## A Strategy for Loyalty!

article by Graeme Codrington

*There is no doubt that most companies across every industry are battling to find the staff they need. And even if they recruit the right people, they're incapable of retaining them for any significant period of time.*

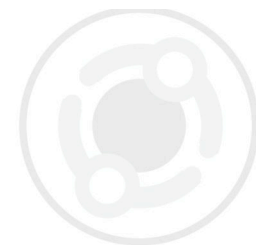


### Article at a glance

A recent study indicated that, in London, over 60% of companies surveyed were facing skills shortages. As if that wasn't bad enough, current estimates are that the average student today will have 19 jobs in their working life - or, to put it another way, they will move jobs every 3 years or so. They will also probably change their careers 3 to 5 times. What should you be doing about this...? Graeme offers some solutions.

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## Who Runs the Strategy?

In this environment, one of the most important components of any company's strategy must be the recruitment and retention of staff, especially of the people who will fill business critical roles. Companies can no longer think that their task is to get the perfect candidate into a job, and then retain them for a long time. That just isn't going to happen.

The key question, then, for business leaders is this: *Who is in charge of your recruitment and retention strategy?* The people strategy must be tightly aligned with the business strategy. It's critical to know how you are going to get the right people, and even more important to know what you are going to do to keep them long enough for your business to achieve your business plan. That means that recruitment and retention must be a Board level issue.

Yet, most companies have given this task to HR. This is short-sighted and dangerous, unless HR has direct Board representation and authority, is given pre-eminent focus and has primary input into business strategy.

This is not meant to be a slight on those HR professionals who passionately and professionally fulfill their mandates. Many brilliant HR professionals are constrained by the business structures that see them as an afterthought to strategy, rather than strategy's most critical input. And, if you think I am overstating my point, just ask yourself how many current CEOs came up the ranks through the HR route. In most countries, you can count them on one hand when looking at the top listed companies.

## On Top And Inside

In addition to considerations of the senior leadership's attitude towards people strategy, companies also need to ensure that that all leaders and managers throughout the organisation are constantly focused on people strategy issues, especially with relation to aligning recruitment and retention with business strategy.

Many HR practitioners and line managers get caught up in issues of IR (hiring, firing and not getting sued for it), the real strategic people issues relate to three key issues:

## Employer brand

Companies spend a lot of time, effort and money raising the profile and acceptance of their brands by the consumers in their marketplace. They focus on developing the market for what they sell. But very few companies allocate significant resources to develop their "employer brand". This is the perception of their company held by current and potential staff members. It directly impacts the company's ability to attract and retain talented staff.



Microsoft, for example, has for many years had a policy of targeting high school students with advertising that highlights how exciting, rewarding and “cool” it is to work at Microsoft. Many of their competitors, including Google, Fortune magazine’s current “Best Company To Work For”, only really start targeting potential candidates at graduate level. But then, they really trumpet the fresh approach to work evident at their impressive head office, the “Googleplex”, and are very happy to fuel media interest in some of their more innovative staffing policies.

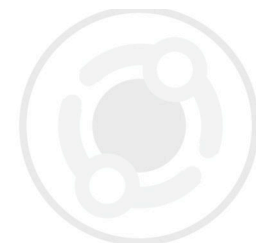
What must your company do to compete in the recruitment space amongst this cacophony of options available to job seekers? Your people strategy should be clear on the long term goal of developing and maintaining a powerful employer brand with broad reach.

## Talent Culture

Younger generations are becoming increasingly discerning as they job hunt, looking beyond salary, basic conditions of employment and the obvious perks. They are asking questions about culture and the “heart” of an organisation they want to work for. Creating the type of culture that will attract these talented people is a critical component in your people strategy.

Without going into detail, research consistently shows that the following issues are most important in developing the type of environment that will attract, retain and energise talent:

- *Work-life integration* - beyond mere balance, companies must be involved in the lives of their employees. IBM, for example, spends \$ 50 million a year on helping staff manage their finances better and helping them create budgets. Many companies provide counselors and psychologists to assist staff with personal issues.
- *Flexible working hours, no time clocks* - measure people’s outputs and contributions, not their inputs and hours spent in the office.
- *More challenge, less drudgery* - talented staff want to continually develop themselves. This is because they know that “the system” will not provide for them, and that their most important asset is their CV, which they must keep “warm” - i.e. to be constantly ensuring that they are employable. They don’t like routine, mind numbing work. For example, Pfizer has recently started outsourcing of the drudge work associated with most jobs (like formatting slides for a presentation or getting a report into Board pack format). By freeing them up, they hope to get more from their talented staff.
- *Mentoring and development* - more than just training for job specific skills, today’s young people are looking to learn the instincts of the most successful people in their industry. They have more access to more information than any people have ever had in the history of the world, both on the Internet and through their studies - so they don’t need more training courses. What they want is to learn this stuff that the geniuses in their industry appear to know - the unconscious competencies of people with years of experience. Most of this can only be caught, not taught.



- **Significance** - most talented staff want to work in an environment in which they know their contribution makes a difference. They also want the company they work for to significantly contribute to society and be socially responsible.

There are many other factors that you can consider, and a plethora of ideas and programmes for you to try and implement. The key for those involved at a strategic level is not to get lost in the detail, but to hold the vision of an enabling, empowering and energising corporate culture. This starts right at the very top, and cannot be delegated to HR or any other department.

## Loyalty

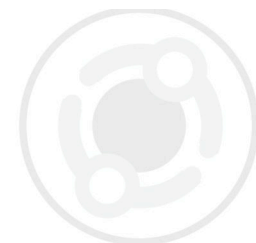
How to keep talented young employees for more than 3 years seems to be a major concern for most companies. As they search desperately for answers, however, most companies seem to be looking for a short term solution to the problem of loyalty. Companies are looking for quick fixes, three simple steps, seven habits, tweaks... anything that will work within the current budgeting cycle. But isn't the point of loyalty that it is long term? A short term solution to this issue is completely counter productive, as it will surely produce only short term results.

In fact, it isn't possible to strategise for loyalty. Loyalty, by its very nature, is an outcome - a byproduct - rather than a goal in itself. I am convinced that the old type of loyalty, of 30 or 40 years of long service in one place, is fundamentally dead. You could possibly get 20 years of service from a talented person - only if you're prepared to accept that this will happen five years at a time.

An important people strategy, therefore, would be to create an alumni network for all the staff who might leave. Keep in touch with them, help them to keep in touch with you, and when they're ready to move from where they are now, maybe they will be open to moving back to you. You need to move beyond thinking that anyone who leaves you is betraying you, and is a traitor. Maybe they just want a change, and you can't provide enough change for them right now. In this regard, I would highly recommend that one of the questions you ask new recruits on their very first day with you is, "When do you plan to leave?". Assuming you can convince them to give an honest answer to this honest question, you can get an idea of their immediate future plans, and work towards a mutually agreeable relationship where each of you gets what you are looking for from the relationship.

## You Have No Choice

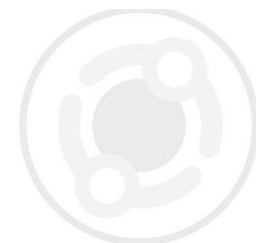
However you choose to approach the issue of people strategy, the one thing that is clear is that this is the starting point for any good business strategy. Most companies do their business strategy first, and then simply hope that they will fill the positions they are creating. In the past, you could be fairly certain that, with some reasonable work, you could do so. That is now not true. One of the basic business fundamentals at play, for at



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least the next decade, is that you will be constrained by your ability to attract and retain critical staff. You cannot ignore this fact. You cannot carry on doing business as if this fundamental input has not changed dramatically in the past few years. Your only reasonable chance of sustained business success is to prioritise people strategy and put it at the heart of your company's strategy, and on your most senior leader's permanent agenda.

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