

Engaging and Retaining Top Performers

Workforce Snapshots

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As recessionary pressures continue to ease and organizations seek an edge to fuel their recovery, talent and performance management are retaking center stage. And while these are critical areas of focus in the best of times, they are particularly important in the current environment, in which the ability to retain key talent, or attract new talent, can spell the difference between a slow turnaround and a rapid return to growth.

While continued high unemployment may lull some organizations into a false sense of security about employee retention, competition for top performers has not flagged. It's true the recession has lowered turnover risk across the board, but it hasn't stopped voluntary departures among those individuals who consistently deliver results and/or have "hot" skills — in other words, those workers with the most choices elsewhere. According to our normative database, 12% of top-performing employees are seriously considering leaving their organizations, and another 17% are uncertain about staying with their current employer. These percentages, which are consistent with trends from prior years, indicate that voluntary turnover within this business-critical workforce segment will likely return to pre-recession levels as the recovery strengthens.

This not only poses a strategic challenge — in terms of the potential loss of critical skills, possibly to competitors — but also a financial drain, with estimates of the cost of such turnover at 150% or more of individuals' base salaries.

Getting ahead of a potential wave of departures — and creating a climate that will keep top performers engaged and employed at their organizations — may be the single most important priority for HR and talent executives right now. When top performers are fully engaged in their work and aligned with organizational goals, they are not only instrumental in powering a business, but also in helping to define their company's long-term growth trajectory.

An effective retention strategy starts with a detailed understanding of this critical segment: what these employees care about, what it takes to engage them and what combination of practices and programs will help keep them at your company.

Driving Engagement: A Focus on Vision and Values

To begin building a knowledge base about top performers, we identified 19 organizations in our database for which we had both employee engagement survey data and performance rating information. Using performance ratings, we isolated the top performers and compared them to all other employee segments to identify what distinguishes this group from the rest of the pack and drives the group's engagement and performance.

Overall, we found that while top performers are similar to other employees in some fundamental ways, there are also some very telling differences in what they want from their work environment and their leaders. Managers need to be aware of these differences and adopt specific strategies to motivate and engage their top performers.

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In exploring the aspects of the work environment that help drive engagement, we found two elements that are common to all employees, regardless of performance or role. One is the opportunity to advance one's career. The other is the strength of the organization's leadership. A decade's worth of research with employees globally confirms these are, in fact, essential ingredients of engagement for employees, regardless of where or for whom they work.

But this is where the overlap between top performers and others ends. For top performers, high levels of engagement also depend on three critical elements, two of which are closely related (*Exhibit 1*). First, they are most engaged when they can embrace and be guided by an organization's vision, values and strategy. This suggests that companies cannot expect to retain their top performers without a clear and compelling mission statement, and a leadership team that leads by example — living and breathing the core values and strategy. Leaders must not only be able to articulate a clear vision, but also connect the vision on a personal level to all employees, while taking the next step to convince their star performers that this vision is a guiding principle for their work.

Second, top performers care about their organization's ethics. Besides their own personal advancement and growth, they want to feel part of a greater purpose, and this manifests itself in part in their need to work for a company that acts with integrity and has a sense of social responsibility to the community and the larger world.

Mixed Views on Workplace Performance

Broadly, top performers are more positive than other employees about the workplace. They are particularly upbeat about their company's performance management practices, which is hardly surprising since those practices naturally reinforce their own sense of capability and value. Their positive views also extend to career development opportunities and the extent to which there is open, two-way communication with management. And top performers are more likely than others to feel informed about important issues and able to give valuable input to management.

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Exhibit 01. Drivers of Engagement Among Top Performers

Strategy and Direction	<ul style="list-style-type: none"> • Support the direction of my company • Personally support the company's vision
Values	<ul style="list-style-type: none"> • Values of this company guide me on a day-to-day basis • Regarding the company's values: The values are clear
Corporate Ethics	<ul style="list-style-type: none"> • Regarding the company's commitment to corporate responsibility, our programs make me feel positive about working here • The company operates with integrity in dealing with clients
Career Development	<ul style="list-style-type: none"> • Am confident I can achieve immediate personal career objectives • Have opportunity for personal development and growth
Leadership	<ul style="list-style-type: none"> • Company as a whole is well managed • Management style encourages employees to give their best

There are, however, two interrelated areas where top performers are *more critical* of their company than other employees (*Exhibit 2*). One has to do with their company’s competitive-ness in the marketplace. Specifically, top performers are less likely than other employees to believe their company is innovative, efficient and ready to anticipate market demands. The second involves a sense of enablement, which ties to confidence in the availability of internal resources. Put simply, top performers are less likely than others to believe they have sufficient resources to be effective in their jobs. They don’t feel their organization enables them sufficiently by helping remove day-to-day obstacles that prevent them from achieving their full potential on the job.

Viewed in tandem, these findings suggest that part of what makes top performers successful is the very quality that also drives their negative views: namely, a strong sense of urgency and competitive spirit that comes through not only in their own work style, but also in their impatience and frustration with a range of organizational attributes affecting the workplace.

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“At Risk” Talent

To dig a little deeper into the frustrations of the high-performing group, we isolated a subgroup of top-performing employees who expressed an intention to leave their organization. We then compared this at-risk group with the rest of the top performers to assess the greatest “pain points” for those most likely to move to another employer.

Exhibit 02. How Top Performers Compare With Other Employees

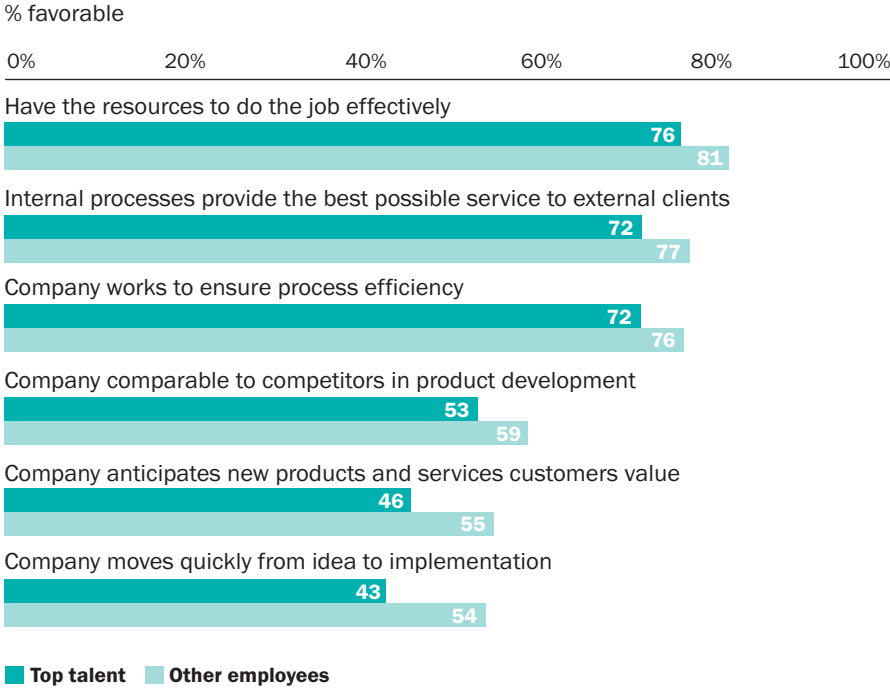
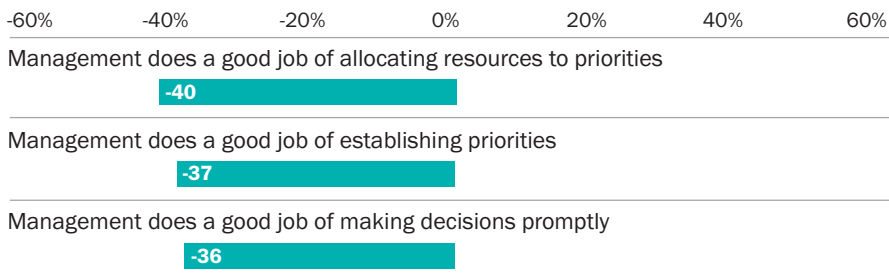


Exhibit 03. Key Concerns Among Top Performers “At Risk” for Leaving
Net percentage point difference between at-risk and not-at-risk top talent



Two pain points, not surprisingly, were career development and leadership — the same two areas cited earlier as common drivers of engagement for all employees. However, at-risk top performers were also significantly more critical of their manager’s inability to make decisions quickly, establish priorities and effectively allocate resources to these priorities (*Exhibit 3*). In other words, these employees were especially frustrated with how work was organized and prioritized within their work teams.

These findings tie back to the earlier point about insufficient internal resources and underscore the importance of the manager’s role in giving top performers what they need to do their own jobs well. Without proper organizational support — typically the responsibility of one’s manager — these employees feel hampered in their own ability to contribute, adding to their overall sense of frustration. What’s more, if they don’t see their own managers supporting the initiatives that underlie the company’s stated vision and strategy, they’ll naturally begin to question their company’s competitiveness. And they may also begin to question their own role, or that of their work group, in promoting a competitive spirit within their organization.

A Path Forward

Understanding the unique views of your top-performing employees is a crucial first step in determining the right practices and programs to ensure they remain engaged, committed to your organization and able to deliver a sustainable level of performance.

Drawing from our analysis, following are a set of actions critical to both engaging and retaining top performers.

- Have a clearly articulated and compelling vision and set of values, and emphasize these values to ensure that top performers are both personally inspired and feel connected to a common purpose.
- Ensure that senior leaders share an understanding of the organization’s vision and values, and consistently model these values in their words and actions. Work with the senior leadership team to test commonalities and differences in perceptions about the business and key priorities, and take steps necessary to close gaps and align the team with a unified purpose. Make leadership alignment an integral part of the organization’s leadership assessment and development strategy.
- Seek the opinions of top performers on how to improve company competitiveness, and involve them in designing the programs or solutions required to address the issues they identify.

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Retention Concerns Loom Large

Two recent surveys shed additional light on growing concerns about talent, particularly the retention of high performers. In a survey completed in August 2009 — *Managing Talent in Tough Times* — 58% of respondents defined “talent” as including high performers at all levels of the organization. Only senior and next-generation leadership ranked higher. This marks an important shift in how business views talent, and signals a more comprehensive and balanced approach to identifying those with potential. What’s more, fully 85% of respondents agreed there was turnover risk for high performers, with 47% deeming the risk “moderate” and another 38% considering the turnover risk “high.”

And in a survey completed in October, which examined how compensation practices were changing in anticipation of economic recovery, 44% of respondents indicated that they planned to enhance their talent management programs to address turnover risk, with just under half (49%) indicating that they planned to provide salary increases as part of their retention efforts.

To obtain copies of these surveys, **visit www.towerswatson.com** or contact your local consultant.

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- Provide the necessary support and resources to equip and enable top performers to feel they can do their jobs to the best of their abilities. Give them the tools and equipment — from up-to-date technology, to needed support staff, to simplified procedures — they need to shine.
- Improve manager capability across the organization by giving managers the training and resources required to effectively prioritize, organize and distribute work in ways that align with stated strategic priorities. Perhaps most critically, ensure that managers understand their role in enabling their top performers. And do what’s required to remove those managers who cannot meet that need or develop important people management skills.
- Emphasize career progression and personal growth. Ensure that top performers have a clear idea of where they are headed next, and how these opportunities will challenge and improve their skills and abilities.

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