Talent Retention:
Six Technology-Enabled Best Practices
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Introduction

The importance of top-performer retention is a topic that consistently leads in HR and business surveys alike. Notably, more than 1,000 CEOs were asked, “How important are the following sources of competitive advantage in sustaining your growth over the long term?” The #1 response—chosen by 97 percent—was “access to, and retention of, key talent.”

Talent retention is critically important for all organizations for two main reasons:

1. Turnover is expensive.
2. Top performers drive business performance.

Although estimated financial impacts from turnover fluctuate depending on industry, position, and location, estimates range from 30 percent to 250 percent of annual salary. Turnover costs mount steeply, arising from the direct replacement costs of talent acquisition, the opportunity costs of vacant positions and time to productivity, and—more broadly—lost business performance. The impact of quality performers was crystallized in McKinsey’s seminal “War for Talent” study. It found that, in the opinion of senior managers, high performers outperform average performers by a wide margin. According to the study, high performers in operations roles are able to increase productivity by 40 percent, high performers in management roles increase profits by 49 percent, and, in sales positions, high performers are responsible for 67 percent greater revenue.

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Constrained economic conditions further highlight the need for organizations to keep their best people as companies strive to control costs and increase productivity. Talent management strategies address this dual agenda directly. For example, a Taleo Research\(^4\) global survey found 70 percent of respondents see an increased need to retain top performers by driving focus on performance management and career planning in a low-growth economy.\(^5\)

Because low talent retention produces a substantial drain on corporate resources, leaders need to know which practices work and what they should focus on to retain and motivate their workforce. For instance, a talent management strategy that allows employees to build a network, seek and find mentors, and help them grow and develop while feeling more connected and engaged is one means of retaining talent.

There are many approaches that have been explored as levers to increase retention, including compensation packages and rewards, benefits, telecommuting options, and work/life balance initiatives. Each may have a place in a company's portfolio of retention strategies.

Today, certain talent management practices that utilize self-service software as a service (SaaS) interfaces can be effective and extensible throughout organizations. Specifically, retention strategies can be carried out through talent management practices supported by a robust technology platform. These practices span the talent lifecycle from hiring, to managing employee performance and alignment with corporate goals, to providing career and promotion opportunities, to measuring program success.

\(^4\) Taleo was acquired by Oracle in June 2012.

This paper focuses on six key practices that organizations can implement with technology support to retain their top talent:

1. Recruit the right people in the first place.
2. Improve the line manager’s ability to manage.
3. Give employee’s constant feedback about clear, meaningful goals.
4. Empower employees to manage their own careers.
5. Proactively drive talent mobility.
6. Continuously measure and improve retention strategies.
Recruit the Right People in the First Place

Retaining top performers begins with hiring the right talent in the first place. Top performers will be strong contributors—employees who are valuable and organizations want to retain. Likewise, employees who are a good fit for the position and perform well will want to stay with the organization. During the talent acquisition process, organizations can identify potential top performers by analyzing the needed skills, experience, and fit, and matching those to the talent profiles of external candidates.

That method of effective recruiting requires a streamlined process. Automated skills-based matching and automated workflow enable recruiters and hiring managers to focus on evaluating a short list of quality candidates. Building talent pools of suitable candidates proactively provides prospective quality hires, as well as lowering sourcing costs.6

To drive quality into a selection and recruiting process, the company first defines which quality is for each position in the company. The selection process should be grounded on the foundation of a proper specification of the requirements of the job. The staffing department should work with hiring managers to set out the criteria that will bring about success at a job, including:

- Knowledge, skills, and abilities
- Attitude and motivation
- Cultural fit, both with the organization and with its customers

Figure 1. Automated skills-based matching allows recruiters to focus on a short list of quality candidates.

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The more specific the criterion, the better the company is able to calibrate the selection process and measure for a quality outcome.

Once set, these criteria for the ideal candidate for a position inform all aspects of the recruiting process for the position, from the writing of the job description to the criteria employed by an online prescreening function. The criteria of selection and of performance must be aligned, to ensure that the staffing process reliably selects the qualities and characteristics that promote high-quality performance on the job.

Organizations need the right tools and technology so their managers can make higher-quality hiring decisions and effectively recruit to retain.

- They need to be clear about competencies required for success, then base their hiring decisions from the success criteria or success templates they have developed based on their top performers.
- They need to be able to articulate what top performers do and how they do it and understand not just the skills but the behaviors that top performers use to be successful.

Recruiters and hiring managers can attract talented employees if they have a sound understanding of the skills needed and strategic goals of the department and the organization. When the hiring manager can share goals information with the candidate, it helps clarify and sell the position to potential employees. It is important that the hiring manager articulate clear expectations, skills needed, and how the role contributes to the overall success of the department and the organization.

The recruiting process connects to and should be tightly integrated with the overall organizational talent management strategy. Organizations realize key benefits when they can access unified data in a single talent system of record, getting all the information an organization needs to hire right and create the best fit that increases the likelihood of the new hire to stay.

![Figure 2. Driving quality in the selection and recruiting process involves defining specific job criteria and unifying data.](image)

The next step—onboarding—is the bridge from the promise of talent and output anticipated from a new employee to the attainment of actual productivity. Onboarding is the link from candidate to employee in the cyclical continuum of talent management; it is not merely a standalone activity.
The keys to successful onboarding are a complete and consistent process, a technology platform with a configurable workflow, and a seamless integration with an organization’s talent management system.

Onboarding solutions that are part of a talent management system enable companies to take advantage of data collected during the recruiting process and initiate the onboarding process prior to the employee start date. Integrated onboarding solutions provide the ability to track activities and push appropriate requests, reminders, and data, which greatly hastens the overall induction process and shortens ramp-up time.

First impressions matter and link to retention: 90 percent of employees make their decision to stay at a company within the first six months.7 Top performers, who are first identified through an efficient talent acquisition process and then effectively onboarded, are positioned to quickly contribute and stay with an organization.

Retention Recipe: Recruit Right

- Ensure an accurate match between role and candidate.
  - Automated skills-based matching
- Speed up the recruitment process to secure top candidates.
  - Automate workflow of recruitment process
- Proactively build talent pools of suitable candidates.
  - Build and mine talent pool database
- Ensure new hires are productive as soon as possible.
  - Coordinate all onboarding activities

Improve Line Management Capability

Once hired, the majority of the responsibility for talent retention shifts to the manager. It is the manager’s role to direct, guide, and evaluate the employee. To best equip managers for their job, the correlating talent management practices should be embedded in their everyday business management practices. Hence, managers need visibility into corporate goals and their alignment with tasks and projects along with both past and expected employee performance in order to effectively manage in a dynamic business environment.

To manage people well requires easy access to good information, facts, and data; it takes more than good people skills and intuition. A single system of record that can be used in the daily course of business provides the foundation. For example, the progress of projects that align to goals should be readily tracked along with the quality of the activities performed. To facilitate everyday talent management activities, talent tools should seamlessly integrate with ubiquitous business applications, such as Microsoft Outlook.

Accordingly, “usability for managers and employees” ranked as the #1 most important criteria for talent management solutions in a global survey. The overwhelming endorsement of usability as topmost in importance for a talent management solution—exceeding cost or even ROI—is a reaction to the perennial issue of low adoption for many existing systems. Quite simply, there won’t be any positive talent management results achieved through the use of a talent management process or strategy if the system that implements it is not adopted.

Talent management systems that have intuitive, easy-to-use interfaces draw on familiar Web 2.0 consumer-like functionality such as Amazon, Google, and eBay. These applications offer an unprecedented opportunity for acceptance and self-service among employees, line managers, and executives. Embedding optimized talent management processes throughout the talent lifecycle requires solutions that are—at their core—usable by all stakeholders.

Usability drives faster adoption and enables all other value propositions. Consumer-driven applications designed for the corporate world can drive faster adoption and require less end user training. Consequently, HR can spend less time supporting managers and employees during performance evaluations, producing reports, or conducting analysis for candidate search or workforce planning.

With the technology tools to capture and provide the visibility into talent information, managers—typically top performers themselves—will be empowered as they work. Their resulting satisfaction, along with that of their direct reports who will benefit from better management techniques, will contribute to higher employee engagement and increased retention.

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Retention Recipe: Manager Excellence

- Manage people based on facts and data.
  - Single system for all aspects of talent management
- Provide intuitive, useful talent management systems designed for the line manager.
  - Web 2.0/consumer internet usability
- Provide relevant data to support decision-making.
  - Context-based analytics
- Prompt everyday interaction with talent management tasks.
  - Integrate talent tools with business tools like Microsoft Outlook.

Constant Feedback on Clear Goals

All members of the workforce need to work on the right goals. When talented employees understand how what they do will contribute to the success of the team, department, and organization, their interest, commitment, engagement level, and retention increases.

Goals define the results that people aim to achieve; they are the touchstones for performance planning, appraisal, and rewards. Talent management includes performance management and goals alignment; goals are inextricably linked with best-practice performance management processes.9

Figure 3. Goals are linked with best-practice performance management processes.

Employees want a performance review process that provides frequent and fact-based feedback. A survey of U.S. employees found that 80 percent of respondents want to change something in their performance reviews. They want fairness and performance-based rewards.

Research also indicates that employees—especially members of Generations X and Y—want feedback and they want it often: weekly, monthly, and quarterly. Another study’s findings dispute the generational disparity. In the U.S., it found equal importance and high value placed by 78 million baby boomers and 70 million members of Generation Y on recognition and access to new challenges.

Managers who do not provide frequent feedback are often surprised when they receive an unexpected resignation notice from a valued employee. Receiving feedback and feeling valued as a contributor are critical for employee engagement and retention, throughout the multigenerational workforce.

A study probing the reasons for employee disloyalty on the pathway to leaving their job found the top four reasons to be:

1. “Don’t feel my employer values me”: 61 percent
2. “Employer does not pay enough”: 53 percent
3. “My efforts are not recognized or appreciated”: 46 percent
4. “Not enough career advancement opportunities”: 42 percent

Boosting satisfaction levels with the performance management process can boost employee satisfaction and engagement—related drivers for improving talent retention.

Performance management should be a process of ongoing employee evaluation and development in which employee performance, based on facts and actions, is regularly assessed by their manager and peers in a formalized review process. The review process should provide critical feedback on the employee’s work performance and attainment of assigned objectives, as well as mastery of core competencies and skills associated with the position.

When the performance management process is well designed, it encourages managers and employees to talk regularly about goals and development plans that can encompass social and unstructured learning opportunities. At best, the review process seeks to foster bidirectional communication.

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between employees and their managers about their performance. Meaningful discussions and clear communication are critical for employee engagement and retention.

Managers should convey what matters by explaining how the employee’s goals align with the department and organization’s goals using current data and feedback. The manager needs a clear line of sight to the alignment of goals with business objectives.

Just-in-time, on-demand information and easy-to-use tools support ongoing feedback, goals alignment, and coaching and development. When organizations provide those tools to their managers, the partnership between manager and employee is strengthened and improved. Employees feel valued when they can see the link between their work and the success of the department and the organization.

“Objectives are not fate; they are direction. They are not commands; they are commitments. They do not determine the future; they are means to mobilize the resources and energies of the business for the making of the future.”

—Peter F. Drucker

Some managers avoid important conversations with team members because they lack the data or performance and goal-setting information they need to share with employees. In a paper process, for example, valuable feedback from other colleagues often is lost in the e-mail or paper trail.

Inadequate, nonspecific, and lack of current information puts the manager at a disadvantage. Feedback on performance should be easily captured in a talent management system to ensure comprehensive and just performance reviews.

On-demand Web 2.0 performance management applications form the foundation to establish the common ground for conversations between managers and employees. It provides the structure needed to deliver data-driven conversations that are meaningful, ongoing, and current. Managers should be able to see progress against goals to discuss key milestones, roadblocks, and delays—and give specific feedback based upon employee progress to goals.

Employees want to be very 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 efforts and improving productivity. In essence, this talent management best practice further enables top talent to be accomplished top performers.

Retention Recipe: Clear Goals, Frequent Feedback

- Clear line of sight from employee goals to unit/company goals.
  - Cascading goals management
- Gather feedback from a broad, relevant audience.
  - Establish networks of reviewers
- Capture feedback on a regular basis.
  - Easy logging of feedback from e-mail correspondence like Microsoft Outlook
- Facilitate regular reviews of progress.
  - Intuitive goals monitoring systems

Empower Employee Career Management

Many employees, even top performers, do not contemplate career planning until they are dissatisfied with their current job situation. That dissatisfaction can lead directly to voluntary turnover if the employee has had no access to information about ongoing career paths within the organization.

The top reason respondents in one study said they left their job was to seek new challenges or opportunities that were lacking with their previous employer. In many cases, the employee’s wants and desires are a black box to the employer.

Studies of the drivers for employee engagement and retention include the importance of challenging and meaningful work with growing career opportunities. A study focused on members of Generation Y found that career-focused elements such as developing new skills, challenge, and good career prospects were their dominant attractions when joining their current organization. In another study, one factor topped the list of satisfaction drivers for respondents: “more opportunities to do what I do best.”

14 Right Management survey, April 2008.
Clearly, work must be challenging and meaningful to engage the minds and hearts of talent to produce results, deliver creativity, and foster innovation. Challenging work is a key stay factor. Employees want opportunities and career growth within the organization.17

A unified talent management solution can provide employees with a self-directed career development solution based on the same platform with performance data and information on internal opportunities. On-demand software that provides supportive tools on a Web browser empowers employees to take responsibility for their own career planning and development. Employees can create focused and dynamic career plans that engage and motivate. Easy-to-use tools can dynamically push job opportunities to employees who can pursue careers inside an organization rather than outside.

Figure 5. Employees can take responsibility for their own career development with self-service career planning tools.

Tapping into a comprehensive talent management solution, employees can identify their competency gaps and create action steps to close those gaps. Employees may even see the career path that a colleague followed to get them to a desired position.

Organizations can use technology to determine and identify the specific skills and preferences of their talented employees—such as interest areas and willingness to travel or relocate—and then attempt to meet those preferences. They can offer an application to actively connect employees through social networking to other employees with like interests or to learn new skills.

Research found that organizations have an easier time attracting and retaining talented employees if they offer technology that candidates understand and use. A U.S. survey found that four in five employees use

workers said access to technology is important to their capacity to be creative (78 percent) and productive (80 percent) at work.

- 80 percent said that such technology gives their employer an edge in the marketplace.
- 39 percent surveyed said they would consider changing jobs if it meant having access to more up-to-date technology.\(^{18}\)

Web-based networking is just one use of technology that is increasing in value among job seekers and employees.\(^{19}\) Social networking tools such as LinkedIn, Facebook, and MySpace are in frequent use by employees of all ages outside the workplace. A similarly powerful social networking application can also be the basis for an enterprisewide mentoring program.

Using social networking tools accessed through a talent management application allows employees to publish their skills and career goals, find their own internal job interests, locate others with similar interests, and find interesting career paths. When a social networking application is provided inside the organization, employees can connect, network, and collaborate with other colleagues and—as networked members of the corporate team—will be inclined to stay with the company.

Retention Recipe: Career Planning

- Enable employees to define and analyze career preferences.
  - Self-service career planning tools
- Base career paths on actual career histories.
  - Analyze role change data for career paths
- Empower employees to find and engage mentors.
  - Intelligent internal networking capabilities

Proactively Drive Talent Mobility

The counterpart to empowering employees through career management tools is for the organization to embrace employee mobility through lateral redeployment as well as internal promotions. A growing number of organizations recognize and are now also focused on succession planning as a way to provide career progression and reduce employee turnover.

\(^{19}\) Open Text, “Graduates Don’t Just Want to Use Social Networking in the Work Place They Expect It,” 2009.
Companies can often fill open positions through internal redeployment, which can reduce costs and ramp-up time while increasing retention and employee satisfaction. One study determined that internal transfers and promotions average 38.8 percent of all the full-time positions a company fills.\textsuperscript{20}

In addition, internal hires have a dramatically lower time to productivity. Another study found a 50 percent faster time to productivity on average among eight categories of workers.\textsuperscript{21} The use of internal talent pools is also a means of reducing sourcing and advertising spend while it helps the bottom line with improved productivity and retention.

Internal mobility programs linked with succession planning enables an organization to build bench strength. Without an effective succession plan, the wrong employee may be promoted possibly because of a friendship rather than based on competency and skills. Other employees perceive this as unfair hiring and promotion practices; it becomes a significant demotivator for the workforce.

![Image]

Figure 6. To retain talent, companies increase workplace flexibility and redeploy workers.

Notably, one study found more than half of companies (53 percent) still use a manual approach for succession planning.\textsuperscript{22} This makes deploying succession planning more broadly and deeply within an organization challenging and impractical to implement and scale. In addition to building extensive bench strength for the organization, succession planning and promotion opportunities create another impetus for talent to stay. A talent management technology platform can automate the talent search and match needed for succession plans.

If the organization has some level of performance management automation, past employee performance may be researched as part of the selection process. However, most systems go no further and do not consider the career aspirations and interests of the internal candidate. This is a real missing link, especially with the onset of recruiting the millennials, who seek a career experience that meshes with their soft goals such as work/life balance and intrinsic importance.

Employees expect to be rewarded based on hard work and contributions, yet if all the data on their performance was neither collected nor available to make important selection decisions based on objective criteria and standards, they may be overlooked.

What is the risk if an organization lacks a strong internal mobility program? Top talent has choices and will often disengage or leave an organization if they do not see a career path for themselves, or if other employees are promoted without the skills and competencies to do the job. Turnover is costly to an organization and has a negative impact on productivity. Productivity ramp up and time to contribution is considerably faster for redeployed internal employees.

When the corporate internal mobility process is optimized, corporations can shift resources within the company to where they are most suited without the costs and delays of a conventional, external recruiting process. More importantly, internal mobility initiatives result in cost avoidance for corporations by increasing retention.

Figure 7. Online promotion of open roles helps to optimize internal corporate mobility.
Retention Recipe: Talent Mobility

- Clear visibility into internal job opportunities.
- Online promotion of open roles
- Approach internal candidates with relevant opportunities.
  - Matching of employees to open roles based on talent profile
- Extend succession planning to broader set of roles.
  - Automated search and easy-to-use succession planning systems
- Maximize fill rate from succession plans.
  - Integrate succession planning and recruiting systems

Continuously Measure and Improve

Automated reporting and analysis have long been fundamental practices for other core operational departments in organizations where analytic systems are considered essential tools. The financial world, for instance, would neither be credible nor able to act without business intelligence. The saying, “You can’t improve what you don’t measure,” has indeed become hackneyed because of its veracity.

“Excellent firms don’t believe in excellence—only in constant improvement and constant change.”
—Tom Peters

Retention levels are a popular metric; 82 percent of global survey respondents reported measuring retention levels in their organization. As a standalone macrolagging indicator, it is useful to see how retention levels trend over time.

However, companies need the ability to track information from all labor pools (professional and hourly) with combined data on talent management practices including talent acquisition activities, performance and succession management, internal moves, compensation levels, alignment of the workforce to corporate goals, turnover, and more. Often, with multiple learning management, applicant tracking, performance, or human resource systems, organizations are greatly challenged to create metric rollups that make sense.

Talent systems with analytic dashboards for recruiters and managers can capture data and present actionable information for improvement. With that information access, companies can measure, analyze, and optimize their staffing and deployment strategies.

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Workforce analytic solutions should provide insights into the complete talent picture while empowering people to take action. Reporting tells what happened. Analytics tells what is happening. Integrated systems mean decision-makers are no longer forced to review week-old reports—the data is available 24/7.

Figure 8. This example of reporting measures the percentage of high performers not on succession plans.

Like other aspects of talent management—in which system usage must be a familiar business tool to foster adoption—data capture should occur easily and seamlessly. Users should be able to conduct transactions such as capturing candidate information, posting jobs to Facebook, tracking new job postings on career sites through RSS feeds, and capturing employee performance feedback through common office applications and desktop tools such as Microsoft Outlook, Microsoft Internet Explorer, and Web services without having to log onto separate systems. This functionality drives benefits from system analytics rather than the disadvantage users experience by avoiding or losing critical data.

For the talent management metrics needed by a department, business unit, or enterprise, business users should be able to configure the metrics they need quickly and easily. They should be able to define analytics and plug them into analytic dashboards without deep expertise in reporting writing or business objects. Standard metrics widgets and key performance indicators (KPIs) should be mixed and matched to create dashboard views of relevant talent management information.

Robust workforce analytic applications can continuously pull from various data sources and display it to individual users on a personalized interface or dashboard. Dashboards can focus on business performance and allow drill-down analysis of 12-month rolling trends.

The effectiveness of key retention practices may be evaluated with data and metrics such as:

- Quality of hire
- Hire by source
- Bench strength in key staffing positions
- Voluntary and involuntary turnover
• Internal mobility
• Promotional levels (leadership development)
• Retention of high performers
• Percent of employees attaining performance goals aligned to business strategy

Although top-tier information gets the attention of the viewer, dimensional analysis really does the heavy lifting. A user should be able to drill down, for example, on internal mobility by location. Drill down enables a granular inspection into the underlying data.

Talent processes are only as good as visibility into the metrics. As retention strategies are put into action, organizations must have access to the pertinent data readily available.

Retention Recipe: Metrics and Analytics
• Capture metrics across all aspects of retention strategy.
  • Unified reporting and data warehouse
• Explore issues to understand underlying causes.
  • Analytics and drill down on talent data
• Adapt strategies to improve retention performance.
  • Flexibility to reconfigure talent management systems quickly and easily

Conclusion: Technology-Based Best Practices Drive Retention

From Fortune 100 global enterprises to small and medium businesses, leading companies invest in talent management to select and retain the best person for each job because they know that business success is powered by the total talent quality of their workforce. From recruiting to performance, talent management applications can support specific retention strategies aimed at first identifying top candidates and then nurturing and valuing top performers during their employment tenure.

In fact, companies that take an integrated approach to rewards and talent management are 33 percent less likely to have trouble retaining critical-skill employees and 18 percent less likely to have difficulty keeping top-performing employees. They are also 18 percent more likely to be financially high-performing organizations.24

Organizations can provide the systems and solutions that give managers the tools and applications they need that allows them to give their employees clear objectives, meaningful work assignments and performance reviews, and aligned goals.

Employees welcome internal career development and opportunities and access to corporate social networking. They appreciate fair, fact-based processes and highly regard organizations that provide self-service technology tools for their use.

Advanced technology offers integrated systems that close the loop between performance data and the recruiting process, enable recruiters to better recognize a best-fit performer, and facilitate hiring more of the same type using success templates built from success profiles of top performers. Employees with a skill who work in positions they enjoy are more productive, more engaged, and will remain with the organization.

An integrated talent management process using internet Web 2.0 technologies gives organizations the ability to capture, analyze, and report on talent information. Business-centric talent management applications built on a unified talent management platform shift the focus from HR ownership and compliance to talent management ownership by the business user. Talented employees need the visibility to clearly understand how their work connects to and serves both the short- and long-term goals of the business.

This approach empowers talent by providing tools that can be used across the entire employment lifecycle—from a compelling and engaging candidate portal that provides candidates with up-to-the-minute information on their status in the hiring process—to onboarding solutions that get that same new hire productive quickly—to innovative career planning capabilities to enable them to see dynamic career paths and have new internal employment opportunities pushed to them on a regular basis.

Managers benefit from a single, holistic view of talent management information and processes, the way they need to see it—one-screen, one-click talent management information—with easy-to-use collaboration and communication tools. Empowering talent through technology can put effective retention strategies into real practice.