

# How to attract and keep top talent

A Guest Article by Stephen Harvard Davis  
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### **In a downturn, you need top talent**

There is a temptation during a financial downturn to not replace people who leave. The problem with this tactic is that it tends to leave gaps in operational capability.

Search companies are constantly targeting talented candidates. During a financial downturn they will be seeking talent to strengthen their client companies through the period.

So a financial downturn is the wrong time to treat talent loss as inevitable or as a cost saving. Doing so simply encourages a sloppy management attitude to recruiting and retaining top talent. It allows line managers to ignore the leadership required to retain the top talent, and in the end it's an attitude that can only help the competition.

### **Strategy needed**

To avoid the loss of top talent and survive a financial downturn in better shape than the competition, businesses need to formulate a strategy that identifies and attracts top people, encourages them to join the business and, once they have joined, persuades them to remain. First and foremost, they need to:

- define the value of top talent to the business
- identify the top talent.

### **Step one: Define the value of top talent**

Regular discussions with CEOs of multinational businesses about the value of top talent to their business often throw up the following conclusions.

1. A top talent company means having top talent in all areas of the business. A business can't survive with top talent only at the top or in specific parts of the business while having little top talent in all the other parts of the business.
2. Many organisations don't have a system for identifying their top talent and thus they fail to recognise where top talent would benefit the business. Other businesses may have top talent within the business, but, because they don't have a system for identifying it, they don't recognise it and thus tend to recruit expensive outsiders.

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3. A company filled with top talent will attract other top talent to it: bees around the proverbial honeypot. Organisations that have this tt-factor increase their bottom line.
4. Top talent is often attracted by the prospect of personal development as opposed to high salary. Ask yourself: What's in it for them? Why should they choose to work for you?
5. A company filled with top talent will grow faster, be seen as a lighthouse organisation, and produce more profits than its competition.

When describing how the above impacts upon a business, one can draw an analogy with a successful restaurant. A restaurant that fills all of its tables every night and has a diary full of forward bookings will have a capable, stable and motivated team of chefs in the kitchen. However, having a team of top talent creating the product, in this case food, is not enough.

To provide a great customer eating experience there must be a team of professional, front-of-house staff to meet, greet and serve the customers. Other aspects such as décor, entertainment value and ease of access may play a part, but the main success criteria are the people and the product they produce.

However, if that top talent leaves the restaurant this is often immediately noticeable by regular customers. Either the food or the service will suffer, and customers immediately stay away in droves.

The same is true for all products. If top talent leaves the company that produces it then the quality of the product, after-sales service or technical back-up suffers and customers will be lost. This scenario is avoidable through the use of top talent retention strategies.

### **Step two: Identify the top talent**

Too many organisations attract top talent to their most senior or important posts while attempting to recruit “the best we can get” for leadership or strategic positions and “getting someone to fill the post” for more junior staff.

This positions all the top talent in specific areas of the business while creating a number of in-built and preventable weaknesses further down – weaknesses that reduce the potential for profits and future growth. Companies must ensure the congruent line of best people for the right jobs. Anything else is a false economy.

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These weaknesses become evident when the business wishes to introduce change. The change programme tends to be slower to implement because the top talent tends to work in a future timeframe while the parts of the business not filled with top talent will often work in the present or a past time frame. The result is that during a change programme, valuable management time is spent on resolving these issues. And we have all experienced badly done change management.

Now imagine a business that has a clear definition of what its top talent is, has top talent working throughout the organisation, and has a philosophy of recruiting only top talent whenever possible. (Remember, these days it is not only the financial package that lands the best applicant.)

- Any business with this philosophy is likely to be future orientated.
- The company filled with top talent would tend to outperform the competition and increase the return to shareholders.
- Ideas for improvement to processes, systems and productivity will come from every part of the business, not just the top.
- The company will have an in-built talent pool for promotion.
- The company will earn the reputation of being an Employer of Choice.

### Identifying top talent: a two-stage process

For stage one, we have developed a definition and grading system for top talent. The system classifies employees in terms of their work abilities and qualifications.

**Grade A:** These are people who possess innate abilities and aptitudes that qualify them to be among the top 15% of available candidates, and who perform a job above normal expectations. In addition, they are prepared to work for the remuneration offered.

**Grade B:** These people are potential but unproved top talent. They are individuals who make up the next 15% of the candidates available: people who will perform the job above expectation, and who may have the ability to become grade A talent within 18 months with appropriate training and development.

**Grade C:** These people make up the next 45% of the candidates available. They will perform the job perfectly satisfactorily to the standard expected of an experienced job holder.

**Grade D:** These individuals represent the bottom 25% of all candidates available and should be avoided at all costs.

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Stage two of the process is to grade the talent in terms of their potential for promotion:

1. Could be promotable two levels above present position.
2. Is promotable to one level above present position
3. Could be promotable within 18 months with appropriate training, mentoring and supervision.
4. Is not promotable but will perform a satisfactory and productive level of work to agreed standards.
5. Is not promotable and is a high maintenance employee.

Imagine what a company could achieve if 55% or more of its employees were grade A1 or B2 while the remainder were grades C3 and C4.

The value of grade A and grade B top talent is that they end up being the most cost-effective employees. This is because their productivity, performance and contribution to the wealth of the business is greater than that delivered by the other grades.

We assume that you want to avoid recruiting grade D5 employees. (Yet, surprisingly, some businesses seem to employ these regularly simply to “fill the post” – ignoring the costs in management time that they know such an employee will eat up in the future.)

### Step three: Engage with the top talent

Top talent will always be on the look-out for better opportunities to enhance their career. It's what top talent does – it is a seeker of opportunity and personal development, coupled with an innate drive to conquer and learn. It is therefore important to understand what motivates each individual of the top talent team.

Research indicates that increasing knowledge and experience is a high priority. Top talent in this category could be regarded as “Knowledge Nomads”. While this often is the case for young top talent, it should not be assumed to be only the preserve of youth.

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Why is top talent is attracted to and motivated to stay with a business?

- The work is interesting and challenging, and there are development opportunities.
- There is a boss or mentor who is admired and there are opportunities to engage with senior management and respected mentors.
- High performers are recruited and looked after.
- There is a long-term commitment to top talent.
- The company has good reputation and is a strong performer.
- The company will look good on the CV.
- The company's culture and values are liked.
- There is trust in senior management.
- Top talent is recognised and rewarded for its individual and team contribution.

### **Step four: Provide continual feedback**

Top talent is always eager to know how they are doing compared with expectations. Top talent are natural risk takers, in a good way. They are typically not afraid of going out of their comfort zone. An annual performance review is not enough to adequately communicate with the top talent.

There should be a minimum of two formal performance reviews a year. The first is to establish goals and to ensure that the corporate business plan is met. The second, halfway through the year, is to monitor progress.

In addition to the two performance reviews, regular monthly meetings with the boss on a 1-2-1 basis, together with a record of the discussion, will ensure that regular two-way communication is continually taking place.

### **Step five: Train and reward managers for retaining top talent**

Making retention a performance measure is one way to focus the manager's mind on the subject. To retain top talent, line managers need to be trained to be aware of the needs of their top talent.

As well as performance reviews, training, a respected mentor and 1-2-1 meetings, the manager needs to be aware of the softer skills needed by the top talent. For instance, the further up an organisation one climbs, the greater the

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need to understand topics such as office politics, negotiation skills and conflict management. Line managers need to be told how to talk about and access such skills for their top talent.

### **Step six: Never assume that the talent has left until the door closes**

Why top talent leaves a business:

- There is a change in company leadership so that it no longer provides the reasons to stay.
- There is conflict with immediate superiors.
- Close friends (other top talent) leave.
- There are no further learning opportunities.
- Another company will look better on the CV.

Fact: Talent leaves their manager, not their job!

When a top talent employee hands in their resignation, an immediate interview should be arranged to discover the reasons for the departure. Don't consider this as the exit interview. It isn't. It's a meeting specifically designed to identify the actions that could be implemented to retain the top talent – if you wanted to, of course! The meeting should focus on:

- the future ambitions of the top talent
- training and promotion (if available)
- possible movement within the business to other departments or projects.

### **The cost myth**

To conclude, let's consider the most common reason for not recruiting top talent: "It's expensive and we can't afford it."

Research over the past ten years indicates that the exact opposite is true. Companies that recruit top talent don't always pay more to attract and retain the top talent.

There are many reasons why top talent is attracted to a company and pay is often lower down the list than we might expect. First, top talent tends to be hungry for knowledge – that's often what makes them top talent in the first

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place. So if your business can offer learning and development opportunities then it will attract and retain top talent.

If you can offer top candidates:

- a culture of training and development
- coaching and mentoring opportunities with people they respect
- the prospects of promotion and development
- the chance to work with other top talent
- the opportunity to be part of a growing and successful company

then they will want to join, even if this means compromising substantially on salary.

Second, top talent will be attracted to a business that's recognised as being (or will be) a market leader. Often such top talent will delay rewards such as pay. These people are often looking for opportunities to grow and develop their skills and experience.

Companies that are serious about attracting and retaining top talent will pay a competitive salary and ensure that it remains competitive. However, it's the non-pay actions taken that really attract top talent.

In the end, the company that wants to be a market leader needs to ask itself: "In order to remain competitive, can we afford **not** to attract and retain top talent and have top talent strategically placed throughout the business?"

### Case Study: A mismanaged graduate development programme

A well-known financial services company decided to introduce a graduate development programme. The object was to attract top talent directly from university in order to "grow their own" future directors and managers.

HR and the training department developed a programme for five graduates to be trained, developed and nurtured over a period of four years. The programme was to be repeated each year for five years, thus producing a potential 25 top talent graduates available to lead the business in the future.

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During this time the graduates would experience the work of the main departments and spend some time with the sales force. They would receive training in financial products, as well as in soft skills such as conflict resolution, political awareness and corporate governance, and help with regulatory exams. There were even plans for the graduates to shadow directors and attend senior executive planning meetings.

### Promising start

Universities were contacted and applications from internal candidates encouraged. After interviews and a two-day assessment centre, five “top talent graduates” were selected and offered a place with a package of benefits that included a company car.

Everything went well to begin with. The graduates seemed to fit in well with the culture, departmental managers found their work excellent, and even the staff – some of whom had at first seen them as a threat – agreed that they worked well.

After the first six months it was time for the graduates to move on to other parts of the organisation. Three senior managers approached the MD to request that they retain the graduates for another few months in order to complete “essential projects”. Despite objections from the HR director and the training manager, the MD agreed.

### Loss of control

Very soon the graduates were failing to attend training courses and other events owing to work commitments, while departmental managers increasingly viewed the graduates as permanent and essential parts of their teams. HR began to lose control of the programme.

Then two of the graduates were moved to the sales force as part of their development. The graduates viewed the freedom of sales as exciting. Further stimulation was provided by a couple of the prettier sales administrators. When it was time for them to return to head office the graduates argued that a longer stay in sales would be beneficial, and support from the sales director won the day.

In reality, the company had lost sight of its long-term objectives and was now failing to develop its top talent graduates.

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### Disintegration

The graduates stopped learning. Those in the sales force broke up with their girlfriends and suddenly found themselves stuck in a situation that was no longer delivering what had been promised. HR was demoralised at having had its programme hijacked and had lost enthusiasm for it. The programme began to fall apart.

After ten months, one graduate moved to the USA, another left to join a competitor's graduate programme, a third resigned, threatening to sue for breach of contract, and the final two left for jobs in other sectors.

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If you would like more information on any of the points covered in this Guest Article, please contact **TCii** on **020 7099 2621**.