



Talent management

With the days of the safe, pensionable job gone and people changing careers several times during their working life, the challenge is rising for smaller companies to hang on to talented employees. **Justine Doody** reports

NOBODY sells their soul to the company store any more. The tide has well and truly turned from the 'job for life' days to an expectation of working in, not just many different organisations throughout a career lifetime, but often many different disciplines. Unfortunately, from the employer's perspective, the decline in the job security concept has been matched by a decline in employee loyalty. People now feel free to flit from job to job, making the task of hanging on to the most talented people a real headache for employers.

Talent management is a priority for all organisations, but for Irish small to medium-sized enterprises (SMEs) there are specific challenges. The influx of multinationals like Google and Yahoo! means SMEs must compete for the best people with companies that have more resources to devote to attracting and retaining the best staff, along with well-defined policies on the best ways to keep their people on side. Ireland's increasing skills shortage means SMEs are often hit particularly hard. "Skills shortages affect companies of all sizes," says Myles McKeown, director with recruitment firm The DP Group. "But SMEs are particularly vulnerable — it is hard for SMEs, driven by the bottom line, to compete effectively on salary and financial incentives to attract or retain key people. Senior positions with SMEs have different sets of challenges to those in the large corporates. While on the one hand there is more autonomy and more stretch in the role, there can also be constraints of budget and resources. Many SMEs cannot offer the career progression track that multinationals can, which can be a deterrent to some candidates."

So what can SMEs do to make sure their best staff don't take their talents elsewhere? An attractive rewards package is always one way of grabbing the employee's attention. But in the current competitive job market, throwing money at the problem is not enough. Since a high achiever can negotiate a good salary package wherever they go, financial incentives are no longer their only priority. "It's rare that

a candidate will move to a better role for a lesser salary, but it does happen," says McKeown. People now tend to ascribe a certain value to things beyond the traditional corner office, promotion opportunity and salary and perks package. According to Denis McCarthy, chief executive of the MBA Association of Ireland, job satisfaction ranks highest, even above financial remuneration.

Job satisfaction is hard to quantify but there are some measures that can be taken to promote it. Experts agree that talented staff need to feel challenged. Underusing their talents will most likely make them move on. "A combination of challenge, ownership of projects, autonomy — if these aren't in balance in a key role, a talented manager or executive will start looking around," says McKeown. "And the degree of engagement between the executive and the organisation can affect the likelihood of them staying or moving — meaningful involvement in key decisions and in the strategic direction of the company can be big incentives to stay." The SME is well placed to deliver on this as a smaller work environment means more freedom for employees to influence strategic direction. McCarthy points out that it's important to ensure that "the responsibility of the job is matched by the authority to act and implement, and that the challenges of the role are properly resourced and supported within the organisation".

Financial incentives can mean more than just their purchasing power. For some staff, they can be a measure

of how much their work is worth — the more they're paid, the more they feel valued. There are other ways of making employees feel valued, though. Dr Tony Dundon, lecturer in human resource (HR) management at National University of Ireland, Galway, says that recognition is a key factor in retaining talent: "Recognition for work done, not just in terms of benefits but praise as well." McCarthy agrees. "Recognition and respect are key — company cultures that praise in private and public have greater success in retaining individuals." An atmosphere of support can increase employee loyalty as well as encourage a strong team dynamic.

Continuous challenge

High achievers like to develop. Continuous learning is important for its own sake because it makes the talented employee feel challenged. And since realistically, most employees feel they won't spend the rest of their lives with any one company, good training will help them feel able for the challenges of the future. "Continuous training and ongoing professional development are no longer seen as a 'nice to have' but rather as a 'must have' in order to retain talent," says HR consultant Denise Gavin. And many businesses have got the message. Larger companies are increasingly focusing on employee training. Google, which topped *Fortune* Magazine's list of the best companies to work for in America in 2007, has its European headquarters in Dublin. HR manager for Google Ireland Rachel Mooney says that in terms of retaining staff, "training is extremely important". Google's European learning and development centre is based in Dublin and, according to Mooney, it has an extensive training programme for all employees covering topics from leadership training to time management.

The SME doesn't have the option of setting up centres and courses on that kind of scale. But one thing it can do is provide employees with on-the-job training in the form of mentoring and the opportunity to work closely with management and members of other departments. A study by Deloitte found that 67pc of people learn best by working together with a colleague on a task, just 22pc learn best by doing their own research and only 2pc find it easiest to learn using a manual or textbook. While overstretched SMEs may find it hard to spare staff for training courses or formal learning, it may be more possible to encourage staff to share their experience and learn through working with others.

The Small Firms Association (SFA) has long recognised the difficulty SMEs come up against when it comes to training and developing staff. In response, it set up the SFA National Centre of Excellence. Courses are tailor-

made for the SME and issues such as lack of time and resources are considered in the delivery of the training, which takes place nationwide. For further information see www.centreofexcellence.ie.

Training staff effectively is not enough in isolation, however. Talented employees need to feel there's a path to career development, so creating opportunities for in-house advancement can stop the best people from moving on as they upskill. For SMEs this is hard as there are only limited opportunities for moving up within the company. However, on the plus side, when opportunities do arise a smaller workforce makes it easier to identify which staff are worth fast-tracking.

Hanging on to the best people is a tough proposition and in today's job market, the odds are in favour of a certain amount of movement. The costs associated with labour turnover are high so, to avoid shelling out for new staff, it's important to consider talent management policies in advance, rather than implementing initiatives on an ad-hoc basis.

Ten ways to keep the best talent in the SME

- **Better communication.** Instead of the segmented approach in bigger companies, in an SME, staff from one department can work closely with staff from other areas to get the job done. So, salespeople can sit down with those in marketing, development and management to collaborate on one project — often leading to more job satisfaction
- **Flexibility.** A smaller work environment can mean it's easier to facilitate special working arrangements
- **Transparency.** In a smaller workplace, it's easier to see a project through from beginning to end. Seeing how their work fits into the bigger picture helps give talented employees a sense of purpose
- **Access.** In a larger business, staff usually only have contact with their own line manager. In the SME, it's easier to voice your ideas to more senior management
- **Solidarity.** Working closely with all departments can give an employee a better sense of belonging than in a bigger

company

- **Training.** Talented employees like to develop. In the SME, they can more easily gain access to the kind of informal training that comes from being able to observe managers and members of other departments at work
- **Advancement.** With the proximity that comes from working closely with management, staff can have their acumen spotted early on and are well placed to take advantage of opportunities that come up within the business
- **Efficiency.** In general, talented employees hate waste. In an SME, the kind of unnecessary meetings and presenteeism that characterise bigger companies can be cut down to a minimum
- **Innovation.** Unlike the larger enterprise, where work processes are often set in stone, the SME can be open to changing practices in response to employee input
- **Appreciation.** Less people to watch means that individual effort is more likely to be spotted and recognised. An employee who feels valued is less likely to move on.



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