

How To Retain Key Employees



While companies deploy various strategies to hold back their key employees, it is the opportunity to learn and grow in an unshackled environment that works best.

/Vimarsh Bajpai

The economic slowdown wrecked havoc in the job market globally. In most developed countries, employers laid off employees in hordes, creating an apocalypse of sorts. Developing countries including India faced similar upheaval, but not of the sorts seen in the Western nations. The virtual war for talent that used to be the order of the day till more than a year back, suddenly turned upside down as recession hit the developed world, creating a ripple effect in India.

As companies shed flab in terms of their human resources, the dynamics between the employer and the employee took a major shift. Yet, there was something that did not change. This was the necessity to identify outstanding talent and leadership within an organization and the need to retain key employees. A number of HR professionals whom DARE spoke to, talked of the challenges of identifying the key employees first, and then retaining them.

Who are key employees?

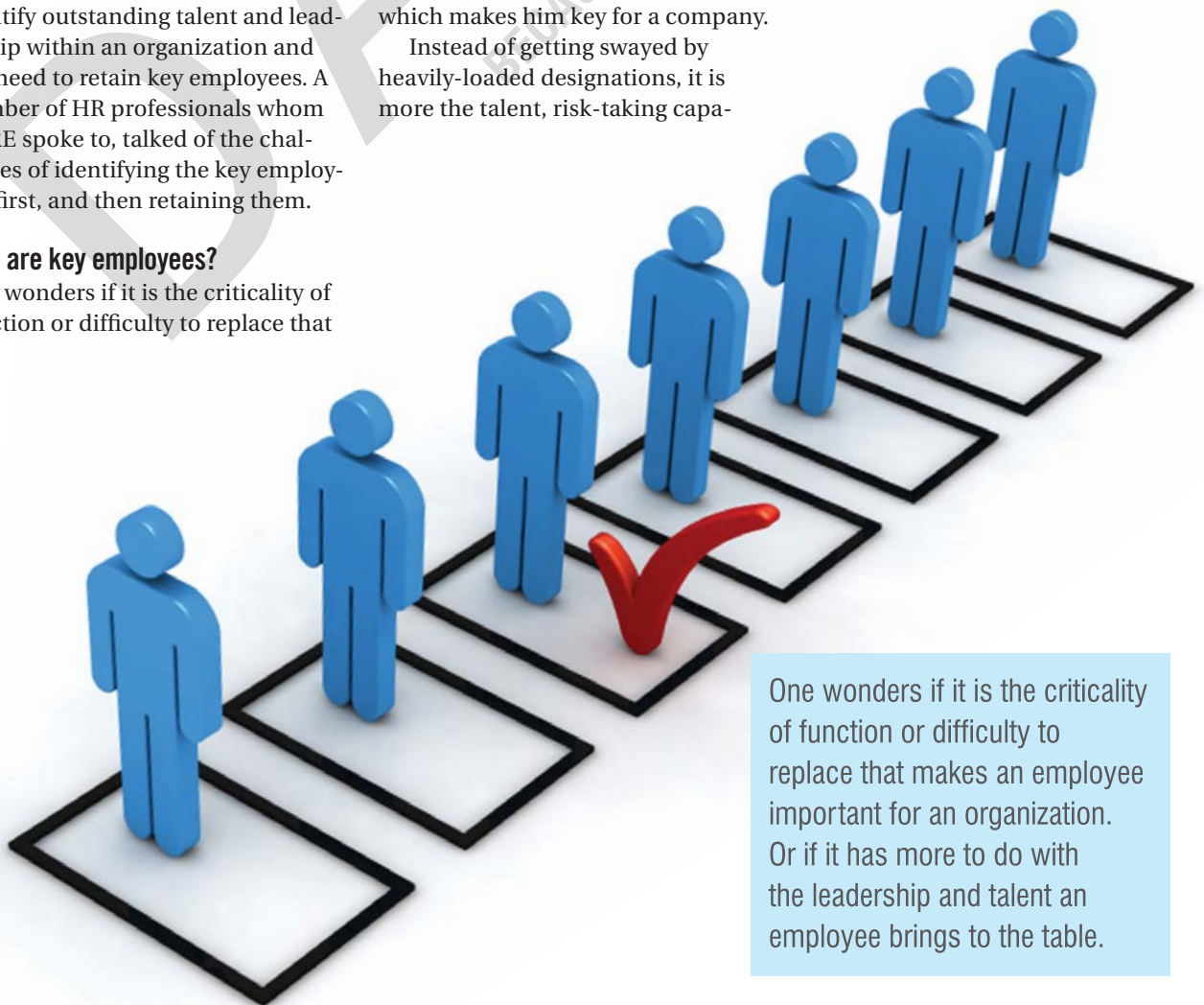
One wonders if it is the criticality of function or difficulty to replace that

makes an employee important for an organization. Or if it has more to do with the leadership and talent an employee brings to the table. In case of the startup, the core team that gives the first push to the organization could be considered key. "Every company has three types of players: A-players, B-players and C-players. Key employees are A-players who have significantly contributed to the top line and the bottom line of the company over a period of time. The top 10 percent talent of the company at different levels is the key employee," says Ronesh Puri, Managing Director, Executive Access. He believes that it is not the seniority or the designation that matters; instead it is the role that an employee plays which makes him key for a company.

Instead of getting swayed by heavily-loaded designations, it is more the talent, risk-taking capa-

bility and leadership qualities that go a long way in determining who becomes the key employee and who does not. Agrees Tariq Akbar, CEO, Legalease. "Key employees are those who are capable of showing leadership qualities, all the way down to the individual foot soldiers, have the ability to work independently, and to take on responsibility. And it is not the prerogative of the senior management," he adds.

For some companies, it is the networking and contacts that one has in the industry that could earn him a significant place in the company. However, that too has to be complemented by the core understanding of business processes.



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You can have Albert Einstein in your organization, but he will not give results if he does not have his heart on the job. Employees do not like to be shackled. They want to learn and be empowered.

— **Ronesh Puri**
Managing Director, Executive Access



The company should give as much information and insights into itself at the time of hiring. At the top management level, one should not discover something inappropriate at a later stage.

— **Ganesh N Prabhu**
Professor, IIM-Bangalore

“The value of networking depends on what job is at hand,” says Puri. Those days are over when moving in the right circles was a very important thing, he says. “For certain jobs, networking does become critical. But now you have brilliant people who are much in demand and they don’t socialize,” he adds.

“If one performs well and delivers good results, he/she is a key employee,” says Ganesh N. Prabhu, professor of corporate strategy and policy at IIM Bangalore. “At every level, there are key employees who are making an impact on how the firm is viewed in the outside world,” he adds. Prabhu believes that those employees who have customer interface are most certainly important because they are in a way, the face of the company.

No matter how significant an employee is, no one is indispensable. Attrition is a reality today, no matter which industry we talk of. Some experts believe that to some extent it is good because new employees bring in fresh ideas to the table and are able to contribute significantly to the growth of the organization. “A while back, companies moved away from the bucket approach and started differentiating based on their assessment of “high potential” and “critical resources,”” says Gita Dang, Founder Director, Talent Advisory Services. “Companies now have planned attrition. They are very concerned about those in Category A (employees) but not about Category B. Category C is dealt with on a case-by-case basis,” she adds.

How to retain key employees?

No company wants to lose their bright employees to their competitors. Even during the slowdown, companies tried to hold on to their key performers because it became important to stay afloat. Things are now changing for better, and it is only a matter of time before the

war for talent will begin again. It becomes pertinent to work on some retention strategies that can help you hold back your key employees. Here are some points to focus on:

Create diverse opportunities

To know what works best in holding back employees, we try to tackle the question from a different angle. Why do people from senior management level? Is it money, power, growth, or risk appetite? “Some of them get bored doing what they are doing,” say Puri. “Everyone wants to grow. Somehow if they find that growth is not happening, they leave,” he adds. Indeed boredom could cause the best of the talent to seep out. No one wants to hang around with companies that do not give their key employees enough opportunities to work on diverse projects. Senior management people need newer challenges to work on and are more likely to quit if they do not get a conducive environment.

“Have enough businesses for them to handle. If you have hired people who are capable of running a part of the business almost independently and you do not give them that opportunity, then they would leave,” says Prabhu. This explains to some extent as to why startups find it difficult to retain employees. A new firm would not have many diverse activities and could make a senior employee feel stranded after a while. But that does not mean startups can’t hold back talent. “In a startup (as opposed to a large corporate house) each individual plays a disproportionately critical role. Keeping this perspective in view, it’s critical to recognize those unhappy employees who adversely affect and impact the others and often times let them go,” says Dang. “It’s equally important to hand-hold and motivate those who have a positive impact on colleagues,” she adds.

Offer scope for learning

While it is believed that learning and training are only meant for employees at the junior and middle level, it is not so. Those at the senior level within an organization also look for opportunities to learn in the areas they operate in, and beyond. Thus it becomes imperative for any company to provide the environment that promotes learning. For example, a senior member of the marketing team might be interested in knowing about finance or HR, which he believes would contribute significantly to developing his holistic understanding of business functions. Instead of dissuading such employees, a company should facilitate such learning opportunities.

“Employees want that there should be some learning for them. They want to ensure that they get new exposure,” says Puri. “The organization should invest in developing them. Both small and large companies can do this. In fact, small companies can do this even more,” he adds.

Intrapreneurship and empowerment

Management consultant Gifford Pinchot coined the word ‘intrapre-

neur’ back in 1978. He later dealt at length on the subject in his bestselling book, ‘Intrapreneuring: Why You Don’t Have to Leave the Corporation to Become an Entrepreneur’. Pinchot elaborated on the importance of freedom to think and act within a corporation. He also showed how companies could stay on the leading edge by fostering intrapreneurship at all levels of corporate hierarchy.

No organization can prosper if its employees feel shackled. Empowering them by giving them the freedom to experiment and take calculated risks can help retain talent. This could also develop a culture of innovation, where every employee can pitch innovative ideas for products or services or business processes. “Most CEOs leave if they feel shackled or not empowered. Empowerment is very important at the senior management level,” says Puri. Many at the senior level look for fresh challenges, and if an organization fails to offer challenging opportunities, there is a high chance of talent seeping out to either join another firm or start on their own.

“There should be a culture of intrapreneurship in an organization,” says Prabhu. “Every person of the company should be willing



Those persons who directly affect our bottom line and top line operations such as manufacturing, sales, etc are key employees. Our salaries are low compared to the market, but our attrition is also very low.

— B.R. Mohan
Head-HR, Everest Industries



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CEO, Legalease Solutions



It is very important to have a succession plan in place within an organization. Giving ample learning opportunities goes a long way in retaining employees.

— Nandita Gurjar
Sr. VP and Group Head-HR
Infosys Technologies

to promote it and not hinder it. If a company has been running for 20 years with a top-down approach, and suddenly you want to change, it won't happen," he adds. "The way companies treat their employees goes a long way in retaining. A company needs to show a greater degree of loyalty to its employees," adds Akbar. "Give enough scope to employees to voice their concerns," says Prabhu.

Values and ethics

This is an absolute must. Not only does it affect the work environment within the organization, but it also contributes significantly to how a company is perceived in the outside world. This has to percolate from top. "You need values and ethics of the highest order," says Puri. "You can be the most successful company, but talent will not want to join you if your values are questionable," he adds.

Create second-rung leadership

Much of the problem with sudden exits of key people can be resolved by having a second-run lineup of leadership. It involves mentoring, training and giving the right environment and opportunity for middle and junior level employees to grow. Scuttling them could prove costly. "It is the most critical aspect but a number of companies ignore it," says Puri. Somehow the middle and the junior level are taken for granted, he adds. "Your middle level is as important as your senior management level. Great companies will give a lot of importance to it. Companies can ignore this at their own risk," he adds.



Prabhu feels that a lot of focus should be put on hiring the right people. To ensure that employees fit well into the organization, it is necessary to screen them properly at all fronts before taking them on board. Then identify the most promising ones and nurture them for leadership roles. "The process starts right from the time you start recruiting; a critical mistake entrepreneurs make is to recruit employees in a hurry. Whoever comes along, they hire and then they regret their decision," he adds.

Further, says Prabhu, "Some of the best CEOs are those who bring in a lot of people who are better than them on the next level. It is more an exception than the rule," he adds. If you are able to get people who are potentially better than you, then succession will happen naturally, he adds. Creating the spread of promising employees at the next level would help solve the problem of indispensability. The moment a key person moves on, there will not be a vacuum, as you would have a competent person ready to take over. 