

Retaining and Growing Talent: Strategies to Create Organizational “Stickiness”

by Frank Benest

Local governments are caught in a war for talent. As 80 million baby boomers (born 1946–1964) retire from their role in the U.S. economy, only 50 million Gen Xers (born 1964–1981) are available to replace them. Because most baby boomers have risen in their careers by the time they retire, the greatest talent replacement gaps are at key administrative, managerial, and professional levels. To make matters worse for local government, proportionately more baby boomers—part of the JFK era—joined the government sector than the private sector workforce.

The talent crisis is further exacerbated in the public sector because government agencies need more knowledge workers than the private sector. As indicated in a 2007 study by the Center for State and Local Government Excellence in Washington, D.C., 68 percent of all government employees are classified as knowledge workers compared with 32 percent in the private sector workforce.¹

Consequently, it is imperative that local governments “grow” their own leaders and other key professionals. To do so, local government agencies must retain and accelerate the development of emerging leaders at a time when talent can easily leave, given the shrinking labor pool.

PREMISES

My key premises include:

- Government is a knowledge industry dependent on talent.
- Government faces a talent crisis.

- Most next-generation talent tend to view themselves as “temps.”
- Turnover and employee disengagement are very costly.
- Providing competitive salaries and benefits is necessary but insufficient for retaining talent.

BECOMING EMPLOYER OF CHOICE

Providing competitive salaries and benefits is necessary but insufficient for attracting and retaining talented employees. Assuming that organizations provide good wages and benefits, they will either win or lose the war for talent based on organizational culture. In fact, a positive and engaging organizational culture must be viewed and marketed as part of the benefits packet.

To become “employers of choice,” public agencies must shape their cultures to respond to the values of employees, especially members of Generations X and Y. John Izzo, in his book *Values Shift*,² identified five key values of the next generation:

Meaning. All employees, especially younger ones, crave meaning in their work. Meaning is the most powerful motivator of behavior. In fact, author Daniel Pink proclaims that “meaning is the new money.”³ Therefore, the role of organizational leaders is to link the work of the organization to people’s sense of meaning. Given the inherent nature of public service, this is an area in which local government has a competitive edge over many private sector organizations.

Challenge. Younger employees must be constantly challenged and stretched through new or evolving assignments and roles. The key for leaders is to stretch people but not overwhelm them.

Learning. The opportunity to continuously learn is a big value for Gen X and Y. In my previous city organization, Palo Alto, California, we provided and funded an array of learning opportunities even in these tough

budgetary times. We called it the “Palo Alto Learning Commitment.” In a shrinking talent market, it was our “learning edge.”

Partners in the enterprise. Next-generation employees do not want to wait 20 years before they get a piece of the decision making. They want to be partners in the enterprise now.

Balance. Baby boomers have always been committed to career. Twenty-five years ago, when I was applying for my first chief executive job, I would have gone anywhere in California to become a city manager. Now executive recruiters report that they cannot pry loose talented up-and-coming

To win the war for talent, employers must tie benefits to the values of employees, especially the next generation.

managers and their families from their “home” metro areas. Gen X and Y managers are still committed to careers, but they also want time for family and personal pursuits.

The Hodes 2007 workplace study confirms the centrality of organizational culture to attract and retain employees.⁴ According to the study, employees are looking for positive organizational culture and benefit packets that include work-life balance and flexible scheduling.

THE NEW SOCIAL GLUE

The old social contract in the government sector was based on public agencies providing decent wages, good benefits, and especially security (in some cases, lifetime employment) to public employees. In exchange, public employees provided loyalty and commitment and stayed with their government organization. Because government is now in “perma-

nent fiscal stress,”⁵ and agencies must sometimes resort to layoffs to balance their budgets, the old social contract is dead.

The new social contract between public agencies, as well as private organizations, and their employees is based on learning and development. The new social contract is that employees will stay with the organization as long as employees are learning and growing. Learning and employee development thus help retain employees and create organizational “stickiness.” Learning provides the new social glue.

A learning environment is not only important for retaining employees; it is also critical for attracting talent. In fact, one local government in California markets itself in all its job announcements as a “learning organization.”

CREATING A LEARNING CULTURE

How does a local government agency create a learning culture as part of its efforts to attract and retain talent? Here are some key approaches:

Provide a strong rationale for continuous learning. Amid the escalating demands on local government, it is necessary to focus the attention of employees and the organization as well as some resources on learning. Consequently, top management must provide an evidence-based and strong strategic rationale for continuous learning.

Palo Alto in 2006, for example, conducted a “retirement-wave survey” of all employees. The survey data indicated that 50 percent of all management and professional employees were eligible to retire in three to five years, and 35 percent stated that they would in fact retire. To combat this massive brain drain, the city obviously had to promote employee learning and accelerate the development of the next generation of leaders.

In addition to leadership development, other strategic rationales for continuous learning may include

the need to encourage innovation, improve customer service, enhance productivity given constrained resources, or retain talent. It is helpful if continuous learning becomes an explicit part of an agency's long-term strategic plan.

Offer an array of learning and development opportunities. Because of the diverse needs of employees and their different stages of development, an agency is wise to provide an array of learning and development programs. This menu of development opportunities may include special assignments, interim positions, job rotations, certificate programs, and supervisory and management academies.⁶

Palo Alto has expanded development programs through two innovative approaches. First, in conjunction with the other local governments in Santa Clara and San Mateo counties, the city offers high-potential employees a three-month assignment in another agency and a different department through the Management Talent Exchange Program (MTEP). MTEP provides new skills, relationships, and growth experiences.

Second, borrowing a strategy from the corporate sector, Palo Alto assigns employees to "action learning teams" outside their fields of expertise. Multidisciplinary teams focus on key issues facing the city, conduct research, make recommendations, and then implement the recommendations after their approval by the executive team or city council, or both.

Focus on "doing." Historically, talent development has been viewed as classroom training. Classroom training is good for creating a theoretical or conceptual framework for new behavior, but it cannot in and of itself create the new behavior. Adults learn through actual experience and doing. Therefore, the contemporary view of talent development focuses on providing employees with a series of challenging and "stretching" job experiences coupled with helpful and candid coaching.⁷

Both the MTEP and action learning teams rely on experiential learning. While the city provides learning forums as a classroom educational element to the experience, the focus is on learning by doing. MTEP also provides a mentor at the exchange agency so the employee can be coached and supported during the three-month experience.

Provide coaching resources. When Palo Alto conducted its retirement-wave survey, almost half of the employees indicated that they felt that they were ready or almost ready to move up in the organization as long-time employees retired. However, when they were asked "Does your supervisor think you are ready to move up?" most employees responded, "I don't know."

Providing competitive salaries and benefits is necessary but insufficient for retaining the best new talent.

It was clear from the survey data that supervisors and employees were not engaged in "development conversations." Consequently, the city conducted a two-part training program for all supervisors on how to conduct development conversations with direct reports. The workshop helped employees identify their aspirations, overcome obstacles to their hopes and dreams, plan some action steps, and build a supportive dream team. The next step is to train all employees on how to engage their supervisors in these types of conversations.

The city is also one of many local governments across the state to participate in the Cal-ICMA Coaching Program. This coaching program offers telephone panels and webinars on leadership and career development topics, one-to-one coaching match-ups (senior-manager coaches are listed on

the Cal-ICMA Web site), e-coaching, intensive workshops, and other educational and networking opportunities. Through the city and county manager associations of Santa Clara and San Mateo counties, emerging leaders can also access an annual networking and "speed coaching" event.

Encourage employees to develop an annual learning plan. All management and professional employees in the city are required to submit an annual learning plan. At the end of the year, supervisors evaluate them on their accomplishments, including their learning goals. In fact, their performance bonuses are tied in part to achieving their development goals.

Allow for mistakes. If senior managers are going to encourage employees to take on new job assignments and engage in new learning experiences, mistakes will happen. Missteps will certainly occur if employees are assigned to action learning teams outside their fields of expertise; step up to lead project teams; or make presentations in front of governing boards, commissions, or community groups. There is no learning without mistakes. Learning cannot happen in a zero-risk environment.

To institutionalize the concept of learning through mistakes, Palo Alto's employees follow the public safety practice of debriefing almost any experience. Staff often write up the findings and recommendations from the debriefings and share them with all those involved. In fact, the city's leadership development team has recently initiated a series of forums at which a department shares a real-life case study and then key talent from across the organization critiques the experience and identifies lessons learned. The forums also help people in the organization put these lessons learned into practice with other current projects.

If employees commit to learning and excellence, top management must allow for mistakes and provide a professional safety net.

Reconceptualize the role of managers. Especially in these difficult times of constrained resources, managers see their primary roles as pushing out the work from their work units and overseeing staff. Typical managers do not perceive promoting learning and developing talent as key functions. To help reconceptualize the primary roles of managers, top management must not only provide a strategic rationale and program resources for continuous learning; we must also recognize and reward managers if they are going to expend their time and focus on these roles.

In Palo Alto, department directors and all other managers are evaluated on talent development and receive performance bonuses based in part on this key function. Moreover, as managers begin to focus on talent development and see how their people stretch and grow with support, they begin to appreciate the intrinsic value of these efforts.

PROMOTING LIFE-WORK BALANCE

In addition to learning, life-work balance is a key value. In the past, organizations have viewed employee life-work balance as a nice but discretionary effort, often related to the needs of women with young children. Today, balance initiatives must be viewed as a core business strategy if organizations are to retain most of their employees for long periods.

Life-work balance issues are important to Gen X and Y employees wanting an outside life as well as a career, parents of teenagers as well as young children, employees caring for elderly parents or an older spouse, and baby boomers who are eligible to retire but may be willing to work longer with some additional flexibility.

What are some practical ways to offer life-work balance? Here are some suggestions:

- Survey employees regarding their needs and interests in balancing work with family, leisure, and other personal pursuits, and form a citywide team to analyze the survey results and recommend pro-

grammatic responses.

- Develop and implement a policy promoting alternative work schedules compatible with the varied demands of local government.
- Encourage some telework for employees whose job assignments can accommodate it.
- Offer IT support so employees can set up home offices, including a computer from which they can do some of their work.
- Help organize support groups that meet at lunchtime for employees who care for frail parents or are grieving the loss of family members. The agency's employee assistance program, a church group, or a non-profit group may be able to provide facilitation or other resources.
- Work with child care and elder care

Learning cannot happen in a zero-risk environment.

providers in your communities to provide information and other resources; consider ways to include child care and elder care resources as part of the benefits package.

Even small efforts can often make a big difference. In Palo Alto, for example, a city council protocol was developed that requires a councilmember to notify the city manager by noon before an evening council meeting if the councilmember is going to pull a consent calendar item for separate discussion. If there is no notification, the manager sends home the employee who has responsibility for the agenda item. Given the long commutes in Silicon Valley, this practice is much appreciated by employees who would normally have to attend a council meeting after working all day.

FIVE STRATEGIES FOR WINNING THE WAR FOR TALENT

To win the war for talent and create organizational stickiness, consider five overarching strategies:

I. Engage the governing board and employees in the talent issue. To gain the support of the governing board and the organization, the manager must raise the talent issue, provide workforce demographic statistics on the retirement wave, and generally provide a strategic rationale for focusing on employee retention and development. In Palo Alto, we conducted the retirement-wave employee survey and then convened a leadership development team consisting of managers from all departments.

After sharing the employee survey data with all employees in large meetings, the team created an action plan to respond to the survey results. This leadership development action plan and update reports on the accomplishments have been shared at regular intervals during the past two years with senior managers.

To gain support for the talent agenda and resources for program initiatives, it is critical to engage the governing board because leadership development and employee retention are not typical worries in the minds of elected officials. For the past two years in Palo Alto, the city manager and the Leadership Development Team have held an annual study session with the council.

The first session focused on our next-generation challenge and provided results from our workforce analysis and employee survey. The second updated the council on our actions to become an employer of choice and attract, retain, and grow talented employees.

To grab the attention of governing board members, I asked the council during the study session why they should care about talent development. After a dialogue in this open and televised session, councilmembers concluded that they could not achieve their policy agenda without staff talent. Councilmembers may have great dreams and ideas, but these ideas are worthless without organizational talent to execute them. As a result of these sessions, the governing board has been extremely supportive of our talent initiatives.

2. Retool the benefits package to reflect the values of the next generation.

Providing competitive compensation is of course necessary in a tight labor market; however, that just keeps you in the talent game, it does not win the game. Therefore, local governments need to modify their compensation and benefit programs so they resonate better with next-generation employees.

Given that next-gen employees are more footloose than baby boomers, benefit portability is important. Certainly top management should work to ensure that their public agency has a pension program that is portable among public agencies within the state. Organizations also need to provide learning programs, professional development opportunities, and life-work balance initiatives and specifically define them as key elements in the benefits plan.

3. Fix up organizational cultures.

If people feel unstimulated, uninvolved in key decisions, pigeonholed in narrowly defined jobs, or overwhelmed with work, the culture must be fixed before it is marketed as part of an organization's "employee value proposition."

Again, to gain support from department directors and the council in Palo Alto, I asked both groups to identify key issues that inhibit our ability to attract, retain, and grow talent. Both the council and the executive team acknowledged the need to reduce non-value-added process and counteract a hypercritical environment as part of our talent strategy.

4. Market culture as a benefit. To succeed in the war for talent, senior managers must engage in initiatives to enhance organizational culture and specifically market positive culture as a benefit.

5. Re-recruit employees on a continuous basis. Employee turnover and disengagement are costly, especially in lost productivity. Based on its survey research, the Gallup organization estimates that 72 percent of all employees

Resources

These publications are available for more information:

Benest, Frank. *Commit To Learn—Transforming Government from the Inside Out*. Phoenix: Alliance for Innovation, 2000. www.transformgov.org/.

Local Governments Preparing the Next Generation—Successful Case Studies. California: Cal-ICMA, 2006. www.cal-icma.org.

Talent development programs:

Cal-ICMA Coaching Program. www.cal-icma.org/coaching.

Management Talent Exchange Program. www.cityofpaloalto.org/mtepp.

in public and private organizations in the U.S. are "not engaged" or are "actively disengaged," costing employers in absenteeism, workers' compensation claims, and lost productivity.⁸

Therefore, just as new talent is wooed as part of the recruitment process, existing employees must be reengaged as part of an ongoing process. Re-recruitment involves engaging employees in conversations and dialogues about the vision and goals of the organization; conducting "stay interviews" with employees regarding their individual hopes, dreams, and values and possible ways to fulfill their aspirations; offering people concrete opportunities to stretch and grow; and generally engaging them as part of an agency's evolving "story." Re-recruitment helps retain talented employees even though they could go elsewhere.

Amid all our political, financial, demographic, and technology challenges, we in local government must refocus on retaining and growing talent if we are to survive and prosper. **PM**

¹Stuart Greenfield, *Public Sector Employment: The Current Situation* (Center for State and Local Government Excellence, 2007).

²John B. Izzo and Pam Withers, *Values Shift: The New Work Ethic and What It Means for Business* (Fairwinds Press, 2002).

³Daniel H. Pink, *A Whole New*

Mind—Why Right-Brainers Will Rule the Future (Riverbank Books, 2006).

⁴*Playing for Keeps/Recruiting for Retention: The Hodes 2007 Workplace Study* (Bernard Hodes Group, 2007).

⁵David Osbourne and Peter Hutchinson, *The Price of Government—Getting the Results We Need in an Age of Permanent Fiscal Crisis* (Basic Books, 2004).

⁶Frank Benest, "Best Practices in Preparing the Next Generation," *Public Management*, June, 2004.

⁷"The War for Talent," McKinsey & Company, 2001.

⁸Marcus Buckingham and Curt Coffman, *First, Break All the Rules: What the World's Great Managers Do* (Simon and Schuster, 1999).

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