Robust Retention:
The Development Imperative

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A tight labor market and changing demographics demand that companies rethink their approach to talent management and retention, which has traditionally focused largely on the approximately 15% of the workforce that has been identified as "high potential" (HIPO). With U.S. unemployment rates at a near-historic low of 4%, companies can no longer afford to focus on the few at the expense of the many. A constricted labor market means fewer choices for employers seeking to hire, and greater opportunities for workers.

When employees seek their fortunes elsewhere, companies are faced with a diminished range of potential replacements. Invariably, organizations end up investing time, effort, and resources to successfully identify new recruits. Apart from the quantifiable costs associated with recruiting, onboarding, and training, there are hidden costs: diminished productivity, loss of expertise and institutional knowledge, and a negative impact on employee morale.

And when thinking about talent, companies must also factor in that millennials are now the largest generation in the workforce, according to Pew Research. Numerous studies speak to the cohort's expectations and priorities around work, which include working for companies whose values align with theirs, offer flexibility around working conditions, and are seen as innovative.

Unlike previous generations, millennials don't expect to work for just one employer for large stretches of their careers, and indeed, they expect to have several careers over the course of their work years. They also largely eschew the hierarchical corporate structure that manifests itself in part by the organizational mindset that effectively devalues the majority. If development is not viewed as a natural right for all employees, the 85% who have not been identified as HIPOs are a flight risk.

The realities of today's employee pool and corresponding labor market coupled with the drastic change in workplace demographics demand a more inclusive approach than the traditional concentration on HIPOs. Here is how we suggest organizations approach this challenge:

RECOGNIZE THAT TRAINING HAS TO BE INCLUSIVE

Being inclusive is not a political maxim. It is a workplace necessity, which means casting the training net wide. This approach benefits both the organization, which ends up with better-trained employees, as well as individuals, who are then set on the path of

continuous improvement. Most boomers who traveled the corporate trail were exposed to training and development initiatives that were highly corporate-centric. The training needs were developed in accordance with the perceived needs of the enterprise rather than those of the individual. Today's environment is very different.

Previously the company called the shots, and those who made the cut were selected for specific developmental initiatives. Training and development courses were, for the most part, one-size-fits-all, with employees spending two or three days of learning in an environment that was most often separate and distinct from their place of work.

Behemoths like GE, IBM, and Xerox built large and impressive training campuses for grooming their talent. That era is largely behind us. Webinars, podcasts, and other online learning tools have made inclusivity a reality. Companies today can look to such online resources as Udemy, LinkedIn, Skillcare, and Coursera, which deliver expert instruction on a myriad of course offerings, relatively inexpensively or for free. By preselecting and approving the syllabus or courses the company has control of the learning medium, and the individual has access to developmental opportunities that otherwise would not have been available.

TRAINING REGIMENS HAVE TO BE LEARNER CENTRIC AND MORE INDIVIDUALIZED

Companies today have to focus more on the individual, and this should be done in three distinct categories: technology development, interpersonal skills training, and cultural (company, values, mission, and customer service ethos). The technical training encompasses any learning that will assist the employee with the administrative or operational aspects of work. The interpersonal skills training is all about helping the individual become more adept in such areas as managing people, dealing with difficult customers, and becoming a better team player. The third phase, the "cultural" training, represents an opportunity to speak to your workforce about such issues as company values, why they are important, and how the values are manifested in everyday actions.

In our experience, the last piece is hugely important to millennials, who want to see how their work feeds into this overarching mandate. But every employee should have access to each of the three categories of training.

IMPLICATIONS FOR THE MANAGERIAL BENCH

As we ponder the new world order of how best to retain talent and the corresponding required shift in our approach to training and development, we also recognize a number of serious challenges for the management bench. This is perhaps best illustrated by Carol Dweck in her 2007 book *Mindset: The New Psychology of Success.* The fundamental thesis of *Mindset* is that people who believe that abilities are fixed—in that one is born with a specific, finite allotment of potential that essentially cannot be significantly altered—are less likely to grow and prosper. Those with a "growth mindset," believing that abilities can be developed, are capable of significant achievement.

Dweck's research reveals how anyone in a position of influence and authority, whether parents, teachers, managers, or coaches, can advance this concept for outstanding achievement.

Managers hired over the past decades who scouted for high potentials essentially represented organizations with a "fixed mindset." It was a Darwinian environment that allowed only a small percentage of employees to rise to the top. Instead, organizations should establish a growth mindset, where skills are deemed to be learnable, and a premium is placed on learning. Then managers become "resources for learning," provided they are adept at giving feedback in a manner that promises growth.

Indeed, from our perspective the greatest challenge is to adjust the corporate psyche toward a more enlightened belief in human development. This means hiring and promoting men and women to managerial positions who fundamentally believe in capacity for growth and development.

AND LASTLY

Have fun with this new approach to training and development. Set up a training construct that makes sense for your size of organization and the needs of your workforce. Companies should establish a tracking mechanism to monitor and record training initiatives, and record the amount, intensity and flow of learning. The training program should not be a free-for-all, and you will want to be specific about the skills and learning that you require, in addition to those that may be optional. Douse with feedback and let employees know that you care and are actively encouraging their participation. This includes expressing explicit faith that they can achieve more and improve their opportunities. Talk about the future and their place in it.

Employees are more apt to remain with a company that quenches their thirst for learning, is actively engaging them in the cultural journey of the organization, and asks them to participate in and reinforce the corporate values through their actions and deeds.

It is a new world, and we need to fundamentally reconstruct our approach to learning and development. By being proactive in rethinking the approach to training and development companies will also be addressing issues of retention. The beneficial constituent will be your employee base and the corporation at large.