



Recognition Best Practices

Retaining Top Performers in the Recovering Economy

Summary

“Top performer flight will pose a risk to future growth.”

With the economy gradually but definitely improving – and taking into consideration the changes that the recession, social networking and Web 2.0 have all brought to employee engagement – focusing on retention of top employees will become increasingly important for HR managers in the months ahead.

More specifically, retaining the top performers will become a tougher challenge as we gradually move toward a candidates’ market. As the economy and job market shift, HR and organization leadership must evaluate and possibly transform the way they recognize top performers if they hope to retain them.

If you think the recovering economy isn’t going to affect your workforce, and particularly your top performers, you might need to think again. You may not be accurately assessing the situation in your own organization.

The 2010 State of Global People Management, the annual global talent survey from Softscape, predicted that one of the five top challenges for HR in 2010 will be that “top performer flight will pose a risk to future growth.”¹

Research last summer by the Adecco Group found that 54 percent of employed adult Americans were likely to look for new jobs once the economy improved.² The professional services company Towers Watson reported in late 2009 that its data showed 29 percent of top-performing employees are either “seriously considering” leaving their companies or “uncertain” about staying where they are.

1 Softscape, 2010 State of Global People Management: HR’s Guide to Economic Recovery, http://www.softscape.com/pdf/us/whitepapers/Softscape_eb_Stateof-PeopleManagement10.pdf

2 Adecco, June 2009, Hoping for Stabilization ... Better Plan for Resignations, <http://adeccousa.com/articles/Hoping-for-StabilizationBetter-Plan-for-Resignations.html?id=112&url=/pressroom/pressreleases/pages/forms/allitems.aspx&templateurl=/AboutUs/pressroom/Pages/Press-release.aspx>

The report further said this poses not only a strategic challenge in terms of losing critical skills – possibly to competitors – but it also poses “a financial drain, with estimates of the cost of such turnover at 150 percent or more of individuals’ base salaries.”³

And if you think you know how your employees feel as the recession recedes, you may want to think again. A survey last August from the online job-listing company Monster.com and the Human Capital Institute found that while 8 in 10 employers feel that their workers are “just happy to have a job”, only 53 percent of employees feel the same way.⁴

These kinds of numbers validate exactly what we’re hearing from our customers, who are top employers throughout North America,” says Razor Suleman, founder and CEO of Achievers, the leader in results-driven rewards and recognition solutions. “They are starting to sense that they are at risk of losing top performers as the economy improves.”

In this paper, Achievers offers from its experience and research why it’s important to understand how top performers are different in terms of motivation and recognition, and it recommends specific recognition practices you can put into practice now to retain those top performers. Organizations that want to retain their top performers in the improving economy need to:

- Understand what motivates top performers.
- Create an environment in which top performers are truly engaged.
- Consider a Web-based recognition platform rather than the less-effective “rewards” program.

“Companies need to face the fact that they are at risk of losing their top performers, especially if they only weathered the storm and didn’t continue to live their values and recognize top performers in a meaningful and motivational way,” Suleman says. “For many companies, this is a wake-up call.”

3 Towers Watson, Engaging and Retaining Top Performers, December 2009, <http://www.towerswatson.com/assets/pdf/738/Engaging%20and%20Retaining%20Top%20Performers.pdf>

4 Monster.com and The Human Capital Institute, August 2009, The Great Recession from the Employer Perspective,” http://images.monster.com/a/i/intelligence/SharedFiles/TheGreatRecessionFromEmployerPerspective_2009.pdf

The Situation

The majority of economic indicators and business trends say a recovery is under way. It may be slow and uneven, but it's a recovery, nonetheless. As a result, companies must brace themselves for the impending (and historical) upswing in employee turnover that accompanies a recovery. More specifically, it will be critical for organizations to focus on retaining top performers – the 20 percent of their workforce that traditionally creates 80 percent or more of their revenue and growth.

But it would be dangerous for HR managers and leadership to think that the only reason any employee would jump ship is because of greater opportunities as the economy shifts to a candidates' market. In fact, as the accounting and consulting firm Deloitte recently reported, another, stronger force drives turnover in a recovery:

The driving force is instead decreased job satisfaction, the worsening of how employees perceive that their employer treats them. When job satisfaction decreases, employees begin to consider leaving their jobs and start evaluating their alternative employment opportunities. If they think it is likely they will find a job that will bring them more tangible and intangible benefits than their current one, they will begin to have a turnover intention. Once an employee reaches this point, it is likely they will leave their organization, as turnover intentions are strongly positively correlated with voluntary turnover.⁵

When it comes to retaining top performers, it is even more important to understand what motivates them and, by inference, what will keep them on board. Management experts in general know that top performers are a unique group and that they share at least these traits: They want to be appreciated, adequately compensated, and recognized and rewarded for their efforts.

5 Gilbert Renel, Nov. 30, 2009, Preventing Employee Turnover During the Upcoming Economic Recovery, Deloitte S.A., [www.deloitte.com](http://www.deloitte.com/view/en_LU/lu/services/consulting/hcas/press-release/a055deb5c7545210VgnVC-M100000ba42f00aRCRD.htm), http://www.deloitte.com/view/en_LU/lu/services/consulting/hcas/press-release/a055deb5c7545210VgnVC-M100000ba42f00aRCRD.htm

The recognition component in this equation will be increasingly crucial as the economy continues to improve. A recent survey by Robert Half International, the world's largest specialized staffing firm, found that 17% of top performers who jumped ship did so because of a lack of recognition.⁶

But how do you address that? How are top performers different with regard to motivation and recognition?

"One thing that's different about top performers is that their personal values are very much aligned with what the company needs to create value," says Achievers' CEO, Suleman. "What drives them is something intrinsic, something internal. It's in their DNA. They're going to be wildly successful no matter what they do. They are more motivated from a desire to succeed, not necessarily to achieve rewards and recognition."

These are what author and educator Jim Collins refers to as Level 5 Leaders – the leaders who he says take a company "from good to great." These leaders are "a paradoxical blend of personal humility and professional will. They are more like Lincoln and Socrates than Patton or Caesar," Collins writes in his book *Good to Great*.

Top performers are not self-promoters, Collins and others have found. They don't give themselves the recognition they deserve ... and yet they are the ones who need it the most, but only if it is in a form that truly matters to them.

As a result, organizations are always at risk of losing top performers for reasons that are far more subjective and personal than for employees who are doing the job for a paycheck or a specified, targeted reward.

The argument goes like this: Top performers are always going to get a job that pays them a salary they are comfortable with and allows them to live the lifestyle they desire. After that, they're driven by recognition. And the recognition component goes a long way toward helping motivate and simply recognize the impact that a top performer has on the organization as a whole.

⁶ Danley Yip, 2010, Employee Retention Ideas – Ideas for Retaining Top Performers, www.BCJobs.ca, <http://www.bcjobs.ca/re/hr-resources/human-resource-advice/recruitment-and-retention/employee-retention-ideas--ideas-for-retaining-top-performers>

All of that raises two overarching questions:

- How do you create a system that allows the drive of top performers to grow and create tremendous value and results for the organization, bearing in mind that these are individuals who are humble, who don't need to be in the spotlight, but who also need to be recognized?
- How do you make sure you give recognition where recognition is due, in meaningful ways that matter to top performers, when top performers are the ones who are making it all happen but will never say, "Hey, it's because of me"?

The Solution

HR managers overlook Collins' Level 5 Leaders for the simple reason that Level 5 Leaders don't often give themselves recognition for driving tremendous results. HR leaders misinterpret that lack of self-promotion and think top performers don't need recognition.

In reality, that simply means top performers aren't self-promoters. So, organizations must institutionalize a method of recognizing top performers.

- Recognition is validation for top performers. It's the organization telling the person, "Hey, your drive to get us from A to Z, well, you nailed it."
- Recognition is feedback for top performers. High-performance people are very good at soliciting feedback, taking it in, and improving on it, thus benefiting the organization. Recognition is a form of feedback that says, "You did a great job, and here's why."
- Recognition gives top performers a sense of purpose and validation. Optimal recognition validates life decisions for top performers.

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“You don’t need to dangle a carrot in front of [top performers],” Suleman says. “That’s not what really gets them excited in the morning. They want to win. So if you look at Maslow’s hierarchy, particularly the top performers are even more recognition-driven than the rest of the population. These are people who want to be recognized for creating success.”

From that point, organizations must act with what Suleman calls a “certain one-two punch:”

- Provide top performers clear goals (realizing that those goals are often set by the individual, stemming from their own drive and motivation). Recognize the accomplishments when they happen.
- Goal setting is a key component that is often lost in the recognition process for top performers. But even if a company allows top performers to set their own goals – and they will – the company must validate those goals. That validation can and should lead to recognition.

Specific, Meaningful and Timely

Where the rubber hits the road is ensuring that recognition is:

1. Specific

The recognition is absolutely linked to specific motivating events (e.g., sales targets, living company values, etc.), is clearly defined, and is part of a total recognition system of the organization.

2. Meaningful

The recognition is of personal importance to the recipient and recognizes the person individually, even to the extent that it allows the recipient to select how to translate the recognition into a reward.

3. Timely

The recognition is presented, or combined reciprocally with rewards, when the goal is achieved or a reason for the recognition occurs. Recognition at a Town Hall meeting six months after a goal was accomplished isn’t very motivating and is unlikely to ensure that the behavior is repeated.

Robert J. O’Neill Jr., executive director of ICMA, the professional organization for chief appointed managers, administrators, and assistants of cities, counties and states, says recognition for top performers must be “personally meaningful”.

“Sometimes it is praise from a mentor, recognition by colleagues and peers, visible recognition (from an outside entity or board), or perhaps an award from a professional organization,” O’Neill says. “There is someone or some group that matters to a high performer, so ... find out what form of recognition will truly have an impact.”⁷

Specific, meaningful and timely recognition, on a regular, steady basis, eventually turns the act of recognition into an agent of change within the organization.

To enhance the value of recognition, organizations need a program that, first, aligns with their recognition culture and, second, provides a system of reciprocating recognition with rewards without diluting the power and effect of the recognition. The trend in this is to Web-based online point recognition programs, which ensure that recognition is positive and immediate and that any rewards are of value to the recipient. This is especially crucial for top performers.

“Cash doesn’t do that, because it ends up buying groceries or something expendable, and there’s no brand affiliation with the employer at all,” Suleman says. “A specific thing, chosen by the employee, from points he or she has generated over time, that’s something they relate back to the company later.”

Even if the reward is relatively small, they are in points that the recipient can “bank” and use later. A key point here is that everything ties back to the values of the company, which for top performers, reflect their own values.

7 Jim Collins, *Good to Great*, 2001, HarperCollins Publishers, New York, NY. Robert J. O’Neill Jr., April 29, 2009, *Retaining Top Performers*, www.governing.com, <http://www.governing.com/column/retaining-top-performers>

“It’s all about having unwavering values that your organization lives every day...”

Finally, a points-based online system is easy to administer regardless of an organization’s size, and it allows any employee to receive recognition – and collect points – across business units and through different kinds of recognition programs within the company (e.g., referrals, quarterly sales goals, implementing innovative ideas, recognizing peers, etc.)

“It’s all about having unwavering values that your organization lives every day and providing feedback through recognition that is positive, immediate and certain, which is absolutely essential for your top performers if you’re going to keep them as the economy continues to improve,” Suleman says.

Conclusion

Retaining top performers will become a tougher challenge as the economy gradually shifts toward a candidates market. HR and organization leadership must evaluate and possibly even transform the way they recognize top performers if they hope to retain them.

Best practices for the recognition of top performers require you to get the right message out and to keep top performers on the right track. But it first requires HR to acknowledge that top performers need recognition, probably more than anyone else in the organization.

Ultimately, it’s important to understand how top performers are different with regard to recognition and to offer a specific recognition method that you can put into practice now to retain those top performers.

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