

# Winning the talent war

How to hire and retain the very best staff

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# Why is there a talent shortage?

Earlier this year, **KPMG revealed** that demand for talent is at its highest level in the last 23 years. However, supply is at its lowest level since 2017.

## Pandemic and recovery

Hiring is now a priority for CEOs as they prepare for post-pandemic growth. According to our recent **Vistage Confidence Index**, 73% of CEOs plan to increase their total employee numbers in the next 12 months. But this could prove difficult. Many employees have stayed put during the pandemic to maintain job security, meaning businesses have struggled to fill advertised roles. In fact, 62% of CEOs are stating that hiring challenges mean they are unable to operate at full capacity.

Now the “job merry go round” has started up again, with employees holding the power. It may also be harder to retain staff, especially with the lure of a higher salary elsewhere.

## Brexit

Brexit has had a significant impact on staffing levels in niche areas. Data suggests that **1.3 million overseas workers** have left the UK since late 2019, and the effect on some industries is clear. Brexit has increased the **burden on HGV drivers** who remain. **September’s CO2 crisis** has impacted on food and drink production. The **social care sector** is facing a shortage of workers as a result of immigration rules.

As a result, the CBI **has called on the government** to update the UK’s shortage occupation list. They warn that a failure to update this list - a list of skilled occupations where resident workers are not great enough in number to fill vacancies - could put the UK’s COVID-19 recovery at risk.



**“This should be on every CEO’s radar. It’s not just about the external employment market, it’s also very much about retaining your best people.”**

**Jeff Grout**, CEO, JG Consulting





**62%** of CEOs face hiring challenges preventing them from operating at full capacity

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**35%** of CEOs state that the biggest reason for staff turnover is the promise of a higher salary elsewhere.

## Skills shortages

Businesses operating in the **hospitality, IT and computing** sectors are struggling to find the talent they need. IT, computing and wider digital skills have been in short supply for some time.

An **early 2021 McKinsey report** outlines two significant talent management issues that the UK faces. The first is an ever-increasing skills gap. The second is a rise in redundancies as a result of skills shortages amongst existing employees.

## What does this mean for leaders?

Leaders must make the changes needed to attract new talent and to retain existing employees.

Vistage data shows that 62% of CEOs face hiring challenges preventing them from operating at full capacity. 35% of CEOs state that the biggest reason for staff turnover is the promise of a higher salary elsewhere. Businesses may find that they must pay more to recruit the right staff, and potentially consider greater use of offshoring and other third party services.

Vistage members who say hiring is becoming more challenging are adopting new strategies to cope. Some are amending existing recruitment strategies. Others are upskilling their existing workforce. Some are boosting wages. Businesses are adopting a multipronged approach that focuses on both attraction and retention.

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# What is the best way to find and retain talent?

## Develop your employer brand

Employers need to show exactly what they offer employees. This means working to ensure that both the company and the role are seen as attractive and compelling.

A **strong employer brand** should show candidates what they can expect beyond the role. It should highlight what other value a candidate should expect from choosing you – which could include flexible working, long-term career development and more.

Employer brand is also known as your employee value proposition (EVP). Your EVP will need to be stronger than that of the competition to attract and retain talent. A good EVP will have **three qualities** – it should be distinctive, targeted and real.

Being “real” is vital. Many companies rely on referrals when hiring – and existing employees are the most trusted source of information about real working conditions. Sites such as Glassdoor and Job Advisor are also commonly used by those researching their next role – if your EVP is just spin, your chances of success are slim.



**“You need to ask yourself why candidates would want to work for you. You need to make your company and the role you’re recruiting for compelling and attractive.”**

Jeff Grout, CEO, JG Consulting





## Referrals

Word of mouth is a great way to reduce hiring costs. Tapping into your employees' personal and professional networks can help. Many businesses incentivise and reward employees with referral bonuses when a candidate they put forward is recruited. But these incentives still cost significantly less than formal recruitment processes.

It's also worth keeping in touch with former employees who may be interested in returning for the right role.

Referrals can lead to a homogeneous workforce, so should only make up part of your recruitment strategy.

## Recruiters vs DIY

While some businesses prefer to recruit directly, others favour the use of an agency. Each approach has its pros and cons.

### Recruitment agencies

#### Pros:

- Expert knowledge of your sector
- Pay only for candidates you hire
- Find the best candidates, faster
- A wealth of experience

#### Cons:

- More expensive than DIY recruitment
- Reliance on and trust in a third party
- Will they truly understand your business, your culture, your needs?

### DIY recruitment

#### Pros:

- Low-cost
- Ideal if you have a large network to work with

#### Cons:

- Time-consuming
- Requires in-house recruitment ability
- May be challenging if looking to fill niche roles

# How can you successfully hire the best applicants?

## Interviewing

Many businesses base their hiring decisions on one or two interviews. But are they getting these interviews right?

As well as being clear on exactly what you are looking for, it's also vital that those conducting the interviews are sufficiently prepared. A quick glance at the CV is not enough – interviewers should do their homework on each candidate.

Anyone carrying out interviews or making recruitment decisions needs proper training in this area. Many interviewers have never been trained to interview a candidate properly.

A good interview should avoid hypothetical questions, which give no useful evidence. Instead, it should focus on a candidate's past experience: "tell me about a time when you had to deal with a difficult customer", rather than "how would you deal with a difficult customer?"

**"It's about trying to narrow the focus of the interview - going deeper rather than moving on after just one or two questions as many interviewers do."**

Jeff Grout, CEO, JG Consulting

### Avoid these questions:

The following questions will not allow interviewers to gather any useful evidence:

- What are your strengths and weaknesses?
- How would your boss describe you?
- Where do you want to be in five years' time?

### Ask these questions:

The priority for an interviewer is to gain as much useful information as possible. This involves funnelling down to probe a candidate in detail. For example:

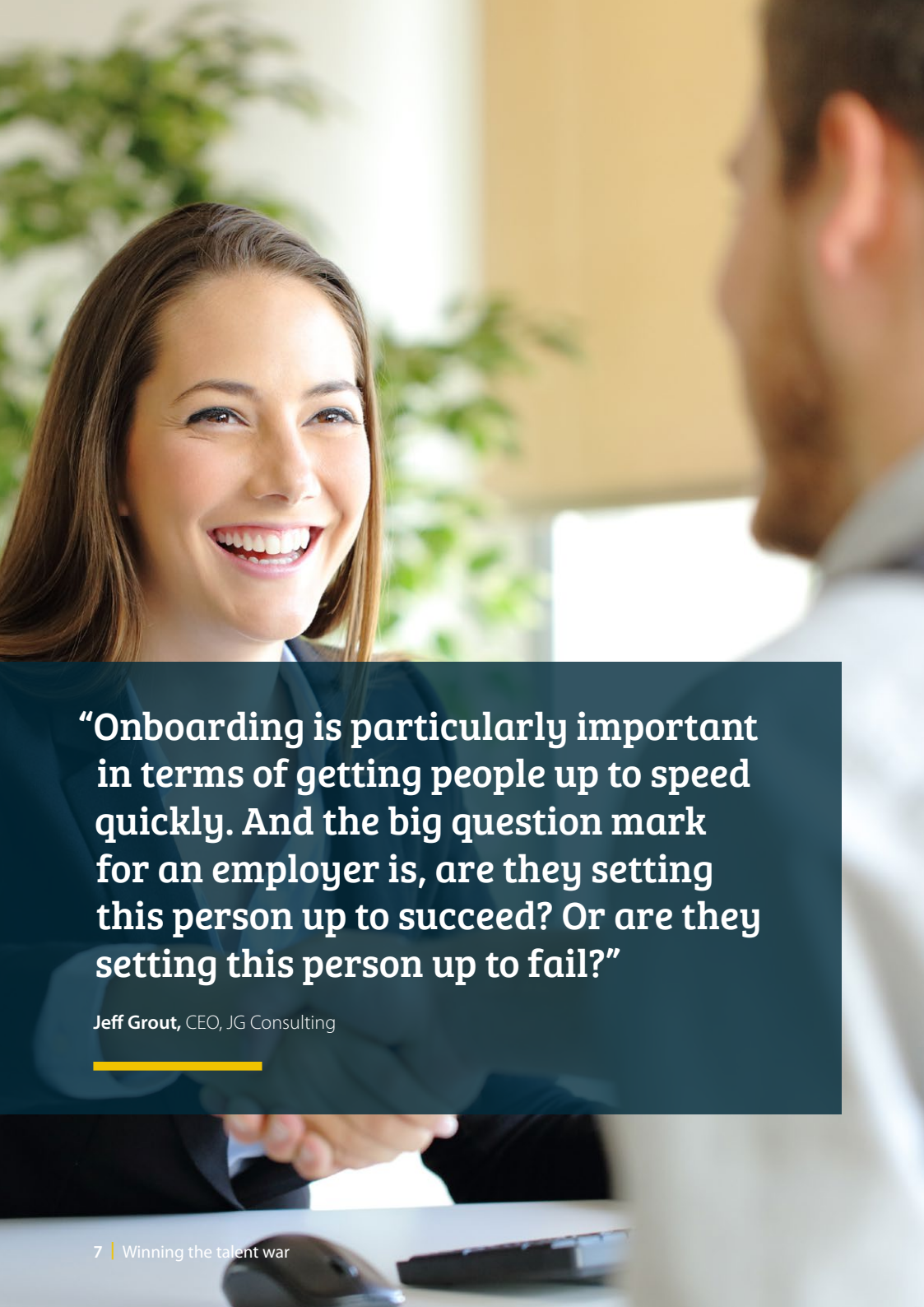
- What did you find difficult in your last job?
- Can you give me a specific example?
- What did you do?
- How did the person respond?
- What did you learn?
- How did you feel about that?
- What would you do differently next time?

Questions such as these have far more value than hypothetical questions.

A successful interview process is not just about the interview itself. Other methods of testing, such as psychometric testing, can prove far more reliable than an interview alone.

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**“Onboarding is particularly important in terms of getting people up to speed quickly. And the big question mark for an employer is, are they setting this person up to succeed? Or are they setting this person up to fail?”**

Jeff Grout, CEO, JG Consulting

## Onboarding

This process should begin as soon as the candidate has accepted the role and signed the contract.

A line of communication should be created as soon as the role is accepted. This may include:

- Sending materials that they might be working on
- Including them in business calls
- Organising social events with colleagues
- Having breakfast or lunch with their boss
- Sending a full calendar for the first week (hour by hour on day one, morning and afternoon for days two to five)

It is important that the working environment is fully ready for the candidate's first day. In addition to having a chair, desk and computer, they should have a working telephone number and business cards waiting for them if needed.

Assign each new hire a buddy - usually for the first 100 days. This buddy can help to integrate them into the team, as well as being a go-to for questions, or somebody to join them for lunch.

Finally, ensure that feedback is given and check-ins are conducted regularly. This is particularly important at a time when many employees are still working - at least in part - remotely.

While a full, formal induction is common with graduate hires, it is often overlooked for senior executives - but is just as important.

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## How can you hold onto your best staff?

Hiring great staff is one thing. Retaining them is another. To keep your best people, you'll need to demonstrate that you truly care about their wellbeing, their progression and their opinions.

### Wellbeing

Your wellbeing strategy should be a genuine commitment, rather than just lip service. There are **many strategy templates available** for organisations to use. However, your own strategy will depend on how your business is set up, and your employees' needs.

### Training and career development

Providing the right training and a path for career progression is vital for employee retention.

Generation Z and Millennials need a sense of purpose and to feel like they're moving forward. Some businesses use pay and promotions to meet this need. However, this may not be sufficient.

Millennials are keen for a fast-track career path, rather than the **slow-moving escalator** that they feel many larger companies offer. For all generational groups, **regular milestones** can help to fuel a sense of progress. Such milestones could include additional training, reverse mentoring, or access to key customers and stakeholders.

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**“This access makes the individual feel valued and engaged, and such milestones support the youngest talent even if there is no immediate scope for career advancement.”**

Henry Rose Lee, inter-generational diversity expert

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**“The reality is in any organisation there are often two or three people who are absolutely mission critical. Therefore, what are you going to do as an employer to keep hold of them?”**

Jeff Grout, CEO, JG Consulting

## How to create actionable career development plans

Your people are your biggest asset. Creating individual plans for career development will help your employees to fulfil their potential, which can lead to greater levels of engagement and commitment. What's more, talent development can increase work performance, as well as increasing internal knowledge. This potentially reduces the need for external hiring.

Individual career plans should include:

- Both short term and long term career goals, agreed by the individual and their line manager or HR.
- Details of the experience, skills and knowledge required to meet these goals.
- A timeline that maps out the individual's next steps, to help them to achieve these goals.

## Recognition and incentives

Are you doing enough to retain your best people?

In every organisation, there will be certain members of staff who are absolutely vital and who cannot afford to be lost. Managers must identify who these people are - and do what they can to keep them.

Great team members will only stay if they feel truly valued. This could be regular praise and recognition, it could be incentivising people for great performance. Whichever means of recognition you choose for your star performers, it should not be a one-off. Ensure they feel truly valued regularly to increase the likelihood that they will stay.

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## Check-ins/retention interviews

Introducing a focus on wellbeing, training & development, recognition and incentives is one thing. Implementing your ideas is another. While appraisals may seem like a good time to bring such things up, they simply aren't frequent enough.

One solution is regular, one-to-one meetings to give you insight into your employees' experience. Known as stay interviews, they help to establish where you can improve in order to better your retention rates.

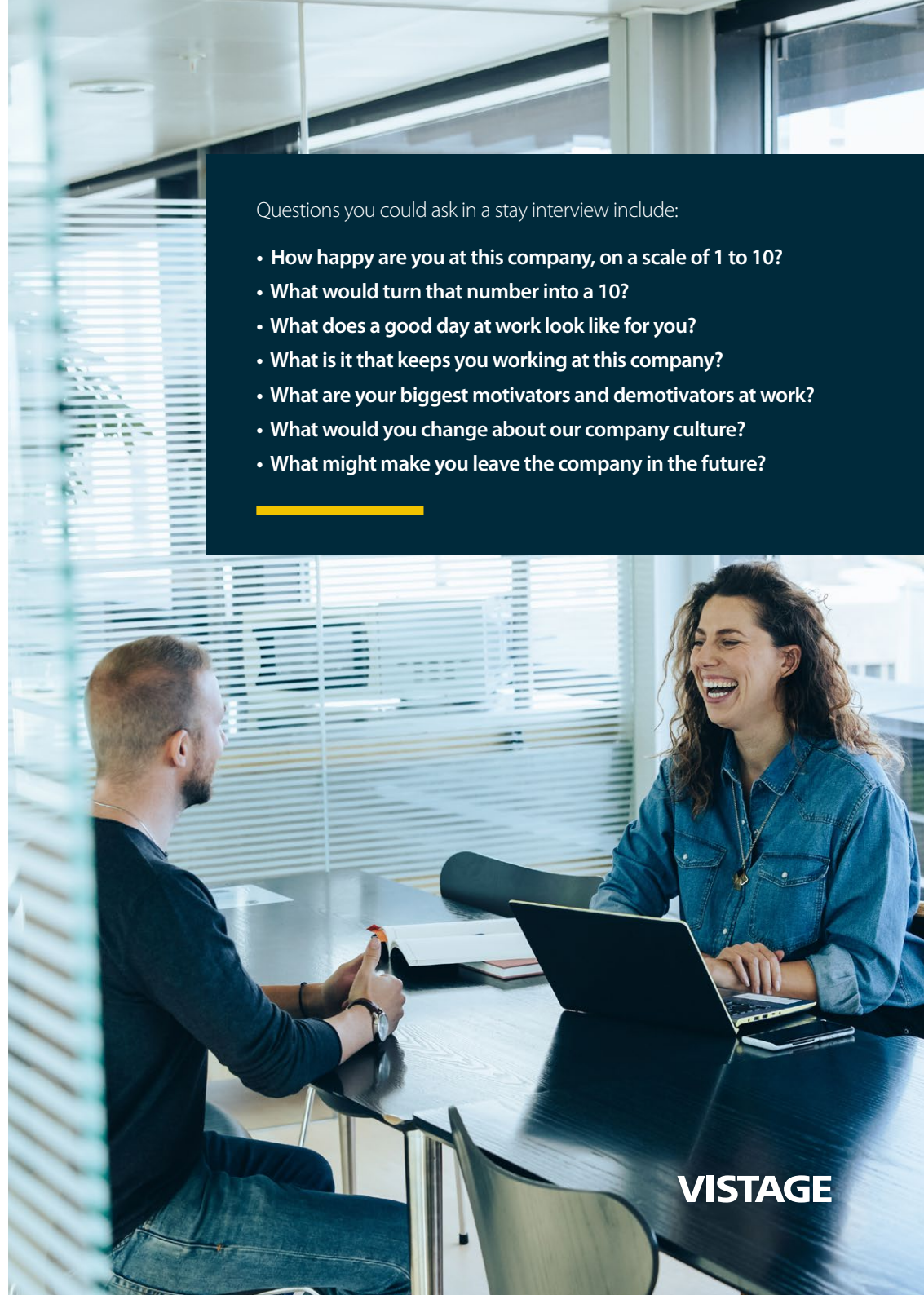
A **stay interview** can show how much you value your employees and uncover potential issues before they grow.

Stay interviews should be conducted one-to-one. Begin with explaining the purpose of the interview, and what will be done with the feedback you receive. Encourage each employee to be completely open and honest, and let them know their answers will remain confidential.

When the interview is complete, establish what you can do to improve that employee's experience. Prove that you are committed to improving their experience, and see how their responses vary next time. You may also wish to track retention rates after implementing stay interviews, to see what difference they are making.

Questions you could ask in a stay interview include:

- How happy are you at this company, on a scale of 1 to 10?
- What would turn that number into a 10?
- What does a good day at work look like for you?
- What is it that keeps you working at this company?
- What are your biggest motivators and demotivators at work?
- What would you change about our company culture?
- What might make you leave the company in the future?



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