Winning Your Workforce: The Essential Guide to Improving Retention and Employee Performance
Introduction

Why the Status Quo May Be Hurting You—and What You Can Do About It

Today, plenty of experts and studies confirm what we already know: traditional performance management is broken. But it’s not just slightly flawed. It’s seriously damaged. So much so, that it’s actually creating disengagement and turnover — exactly the opposite of what organizations hope to achieve. According to a 2014 Deloitte article, only 8% of companies believe their performance management process is highly effective in driving business value, while 58% say it’s not an effective use of time.¹

Other statistics confirm high levels of employee dissatisfaction — largely related to lack of career growth, pay or recognition. These are the very things that should be addressed as part of the performance process. According to a December 2014 Harris Interactive/Nielsen study,² nearly half (47%) of American employees searching for a new job say they are looking for more growth opportunities. More than two in five (43%) cite unhappiness with their current level of pay. And one in five feel they are not currently being recognized for their achievements or organizational impact.

This eBook takes a hard look at why the traditional performance management process no longer works — and what today’s organizations can do to fix it. It outlines the five problems with the current process, while providing four steps toward a better performance management paradigm. All so today’s organizations can boost retention, engagement and employee performance.

Organizations should work toward a more lightweight, dynamic and transparent performance management system.
Contents

Part 1. The Traditional Review Process Is (Seriously) Broken ........................................ 1

What’s Wrong With the Current Method? .............................................................. 3

Problem #1: Annual goal setting doesn’t account for the real pace of business. ................................................................. 4

Problem #2: Performance feedback is too infrequent ......................................... 5

Problem #3: Traditional reviews don’t help employees grow and develop ...... 6

Problem #4: Stacked ranking actually reduces engagement and de-motivates employees. ................................................................. 7

Problem #5: Traditional reviews and rewards don’t treat people as individuals ................................................................. 8

Mini Case Study: Adobe Transforms Business Culture With New “Check-In” Process ................................................................. 9

Part 2. A Better Way—At Last ............................................................................. 10

Four Steps Toward a Better Performance Management Paradigm ...................... 11

Step #1: Dynamic goal setting and management ............................................. 11

Step #2: Transparent (and frequent) performance discussions .................... 14

Step #3: Engaging rewards and recognition — plus more intelligent compensation ................................................................. 17

Step #4: Relevant (and personalized) career development ............................. 20

Part 3. Where Do You Go From Here? ................................................................. 22
The Traditional Review Process Is (Seriously) Broken

You’ve seen it happen before. Every year, a company that pays top wages and offers great benefits loses key employees — usually right after performance reviews and the dreaded stack ranking. It’s a well-known cycle of disengagement, frustration and voluntary attrition that’s as predictable as the seasons. What’s the issue?

It’s the decades-old problem of performance management — and how it’s been done for years. The original goal was simple: to not only track workers’ progress and continual improvement, but to also engage, motivate and reward employees based on their individual efforts.

Sadly, somewhere along the line, the process jumped the tracks — and the original intent has been lost.

Traditional performance management is broken — and today, plenty of experts and studies confirm what we already knew. But it’s not just slightly flawed. It’s seriously damaged. So much so, that it’s actually creating disengagement and turnover — exactly the opposite of what organizations hope to achieve.

91% of respondents said they have a formal performance management program.

More than half (58%) rated their performance management systems as “C grade or below.”

– WorldatWork
Since your organization still needs to measure performance and allocate compensation budgets, you can’t simply toss out the old process. But you can make it better — and the time is now.

It starts with a new way of thinking — a totally new approach. Organizations seeking to boost engagement and retention need to first look at their standard processes, rethink their strategy for retention, and embrace new paradigms that motivate employees, drive satisfaction and better align performance to company goals.

Where do you begin? Let’s start by taking a closer look at the problem.
What’s Wrong
With the Current Method?

In a nutshell, a lot. People have been complaining about the annual performance review and merit-pay matrix for years. And much has been written about the ineffectiveness of these tools. In fact, when it comes to the traditional performance management process, there are a few things that almost everyone can agree on:

- Everyone hates it (employees and managers alike).
- Nobody does it well (despite repeated training efforts).
- It doesn’t work (because performance doesn’t improve).

Despite widespread agreement that there is a problem, few organizations have identified what needs fixing. Until now.

POP QUIZ

Do You Know How Performance Reviews Started?

In 1911, performance appraisal pioneer Frederick Winslow Taylor published two books: “The Principles of Scientific Management” and “Shop Management.” These books stand as testament to his pioneering work in the areas of identifying, improving and modifying the flow of employee tasks and expectations. Taylor was a big believer in the idea that if an employee was struggling with one set of duties, it could often serve a company better to re-assign that employee rather than simply fire him. These ideas helped cement the concept of work efficiency in the post-Victorian, industrialized factories of the world — and eventually led to the idea of performance appraisals.
Annual goal setting doesn’t account for the real pace of business.

Many companies set goals at the start of each year and review them at the end — and that’s how employee performance is rated. Yet we all know that in today’s world, market dynamics can turn on a dime. A new competitor, a change in regulations, an obsolete product or even a new market demand are all factors that can (and should) change an organization’s goals and priorities. Assuming an organization has a defined set of goals, those goals were likely crafted at the beginning of the year — and may not be the most strategic ones even three to six months later.

And as an organization’s strategic goals flex, so must the goals of individual employees — lest the entire workforce continue rowing in the wrong direction (only to reach their personal objectives, but not the right ones for the company). It could be a case of winning the battle, but losing the war.

The software industry is a great example. This industry is so dynamic, goals set just once a year are quickly outdated if not evaluated frequently. And if goals aren’t revised regularly, companies run the risk of missing golden opportunities, spinning their wheels on irrelevant tasks and technologies, and wasting employees’ time on the wrong things. Every year, as the pace of business continues to accelerate, this problem only gets worse.

**Bottom line:** Using a static process of setting goals and reviewing them only once a year doesn’t work in today’s modern world. If your company is stuck in this pattern, several things are likely happening:

- Your goal-setting method is either ignored or regarded as meaningless.
- Your individual employees are probably reprioritizing their goals on their own.
- Your company may be missing valuable opportunities to adjust to market changes and revise business goals accordingly.
Performance feedback is too infrequent.

Imagine this scenario: An employee discovers during his annual review that his supervisor was disappointed in something he did almost 11 months earlier. Instead of discussing the situation at the time, the employee learns about it too late to correct his behavior and make adjustments throughout the rest of the year. The manager is disappointed. The employee feels blind-sided. Nobody wins.

People should know where they stand on a regular basis. Waiting to share feedback until the end of the year means they’ve lost opportunities to improve.

In addition, once-a-year or every-six-months feedback is not frequent enough for a huge portion of the modern workforce, which demands continuous feedback and wants performance-based, metrics-focused evaluations.

**Bottom line:** Employees shouldn’t receive performance feedback just once a year. Not only does it handicap a team’s performance and productivity, but it can fuel employee disengagement — and may even contribute to turning an unhappy employee into a flight risk. If your company still provides feedback annually, you may be running these risks:

- Your poor performers assume they are fine, and do not try to improve.
- Your good performers aren’t sure of their status and may become disengaged.
- Either way, you’re not getting the most out of your workforce.

**95% of managers are dissatisfied** with their performance management systems, and **90% of HR heads** believe they **do not yield accurate information.**

– Corporate Executive Board
Traditional reviews don’t help employees grow and develop.

We know that most companies use the widespread ranking- and ratings-based performance review process for one simple reason: to drive compensation decisions. But the trade-offs are stiff when you realize this process is damaging employee engagement, alienating high performers and costing managers valuable time.

A better reason for doing performance reviews is to help employees improve their skills and become better employees over time. Managers and employees should be having regular conversations around career goals, developing new skillsets and future paths for success. Most of the time, however, these discussions don’t happen at all. Or if they do happen, they take a backseat to the elephant in the room: the stacked ranking number that ultimately dictates the compensation decision.

Bottom line: A better use of managers’ time is to spend it encouraging employee growth, development and long-term engagement. If you’re still using the traditional annual review process:

- You’ve just lost a year of corrective action.
- You’re wasting managers’ time.
- You’ve missed some golden opportunities to inspire and engage your workforce.

Even though there have been decades of investment in performance management systems, the ability to “grow talent” is ranked 67th out of 67 competencies for managers.

– Korn Ferry Institute
Stacked ranking actually reduces engagement and de-motivates employees.

Turns out, the general disdain for performance reviews and the stacked-ranking process isn’t just a matter of personal opinion. It’s actually backed by neuroscience.

According to a Strategy+Business article, using numbers to rate employees’ performance can create a negative response—an anxiety-inducing “fight or flight” feeling that often derails the conversation. The article states: “This neural response is the same type of ‘brain hijack’ that occurs when there’s an imminent physical threat like a confrontation with a wild animal. It primes people for rapid reaction and aggressive movement. But it’s ill-suited for the kind of thoughtful, reflective conversation that allows people to learn from a performance review.”

For example, a typical employee who was ranked with a 2 (on a 1–3 scale) would immediately disengage — knowing that others were ranked still higher. According to the article, these employees “may not say anything overtly, but they feel disregarded and undermined — and thus intensely inclined to ignore feedback, push back against stretch goals and reject the example of positive role models.”

Other research has shown that when a person is threatened, activity diminishes in certain parts of the brain. David Rock, author of “Your Brain at Work,” says when that happens, “people’s fields of view actually constrict, they can take in a narrower stream of data, and there’s a restriction in creativity.”

Bottom line: Most employees are merely listening for “numbers” and don’t pay attention to the actual performance review or personal development portion of the discussion. This has several results:

- Employees’ ears are closed to any real performance feedback because the process produces fear and uncertainty.
- Employees don’t gain tips for personal development.
- Managers waste their time trying to provide constructive guidance.
Traditional reviews and rewards don’t treat people as individuals.

Sadly, most performance management practices are one-size-fits-all strategies that don’t recognize individuals’ unique contributions.

In fact, according to Bill Kutik, a leading independent industry analyst, the merit-pay-increase matrix has little to do with merit at all. He describes the merit-pay-increase matrix as a way for companies to control growth in wages and for HR to fulfill its traditional role of treating everyone equally.6

You know how it works: All the increases must total a company-wide standard (typically, a 2 to 3% increase). The idea is to drive everyone’s base salary as close to the midpoint as possible. Practically speaking, that often means giving employees below the midpoint larger increases (often regardless of merit) and those above the midpoint smaller increases (often despite their merit). This “drive to the middle” may make the finance department happy, but top-performing employees are frustrated because they haven’t been rewarded for their stellar performance, and may feel that they can get better rewards by leaving.

While this approach may have benefited companies decades ago, it’s not working now. Today’s talent experts encourage companies to identify top performers, provide top incentives to keep them, and watch them closely so competitors don’t steal them away.

Bottom line: Your top-performing employees deserve to be treated better than everyone else, not the same way. If your company uses the traditional performance review process, you may be alienating your best workers. Why?

- Top performers don’t want to be treated as “groups” or “averages.”
- Your performance management practices aren’t reflecting enough personalization.
- Large segments of your workforce may become disengaged.
Adobe Transforms Business Culture With New “Check-In” Process

Leading companies around the globe are starting to realize the value of a revamped performance management process. Among them is Adobe Systems — a leading publisher of creative software based in San Jose, Calif.

After becoming increasingly frustrated with its stack-ranking performance management process, it recently adopted a brand new method for evaluating employee performance.

In a recent Talent Management article, Donna Morris, senior vice president of people and places at Adobe, shared a bit of her frustration. “We would go through this process and despite the intention of giving information and giving performance feedback to individuals, we would see an increase in voluntary attrition, often by employees that were core to our success,” she said.

By the beginning of 2012, Morris had decided to pull the plug on the stack-ranking system. Its replacement? An approach called “Check-In” that encourages more frequent, informal performance conversations that happen on a quarterly, monthly or even daily basis. The new approach also enables a high degree of personalization, enabling managers to create individual development plans and allowing employees to set goals and manage their own performance.

Today, the company is enjoying some profound results. Company executives say the new process is making a positive difference in the company’s work environment. Within the first two years, voluntary attrition had decreased by 25%. And Adobe’s stock price has increased steadily.

Another positive change: With performance conversations happening more frequently, employees know where they stand all the time — and underperforming employees are more likely to depart on their own.

Yet the transition to the new model wasn’t easy. While managers have largely embraced the new process, creating a new habit of giving continual performance feedback proved difficult. So Adobe hired a leadership consultant who trained managers on the most important elements for both giving and receiving feedback.

Today, Adobe continues to improve its use of the “Check-In” process — and is working to broaden the approach globally. But one thing is certain: optimism is alive and well at Adobe, thanks in part to a new performance management system.
A Better Way—At Last.

Out with the old. In with the new.

One thing is clear: It’s time for a new way of thinking about performance management and employee engagement, and how this can keep your best talent from walking out the door. The old ways simply don’t work — and the industry is long overdue for a solution that does.

Fortunately, HR has a chance to be a strategic partner for the business, but its arsenal of tools is outdated. The solution starts with acknowledging that the old systems and legacy processes aren’t working. In order for HR to have a more meaningful impact on company performance, talent leaders need to leverage technology and data to make smarter, more informed decisions about their workforce. They need to rethink old processes and focus on building a convincing business case for a new, more intelligent approach to talent and performance management.

Organizations should work toward a more lightweight, dynamic and transparent system that both fulfills the need for performance measurement and actually drives engagement simultaneously. Ideally, that approach should:

- Embrace new paradigms that motivate employees and align performance to company goals.
- Build in continuous performance feedback and recognition throughout the year.
- Personalize compensation, rewards and recognition to individual employees.
- Use the power of big data to plan customized career development paths.

What does a new retention strategy look like? It has multiple facets that all work together to create more dynamic communication, more business agility, and a more engaged, productive workforce.
Four Steps
Toward a Better Performance Management Paradigm

STEP #1: DYNAMIC GOAL SETTING AND MANAGEMENT

Why You Need It: When organizations set goals annually and review them only once a year, they really stand to lose because as the year progresses, the workforce may become increasingly out-of-touch with changing business priorities. At some point during the year, things will change. And it’s all too common for many organizations to let those static goals remain intact. It doesn’t make sense to have good people wasting time working on things that are no longer important or relevant.

Here’s another thought: If employees are already frustrated with the existing rank-and-yank performance review process, they may try to outsmart the system by setting low-level, easy-to-reach goals. Unfortunately, this “underperforming” mentality kills good performance and keeps people from thinking out of the box or going the extra mile. And that’s bad for business.

But with a solid goal-setting plan and continual goal-review process that happens throughout the year, employees and managers alike can set the right cascading goals from the start — and make sure they align with the goals of the entire organization. They can also stay more informed about what’s going on — in the marketplace, in the organization and within their own teams — enabling them to quickly adapt to those dynamic changes by making adjustments to sub-goals, as needed.
How HR Benefits: Setting the wrong cascading goals — or failing to adjust them throughout the year — isn’t just a big time-waster that keeps people from working on the right things. It can also reflect badly on the HR team, who is responsible for rolling out the goal-setting process. If HR can enable a continuous goal-setting and review process that actually makes business better, their reputation within the company would soar and they would be considered proactive advocates that enable smarter, faster processes that spark efficiency to benefit the entire company. This starts with understanding the goals of the company, how each department supports them, and then determining the right cadence for reviews.

Additionally, in the absence of a good goal-setting and review process, individual managers may end up creating processes on their own, which undermines HR’s role and weakens the overall cohesion of the process across the company. Not only is it highly inefficient for managers to figure this process out, but each manager’s method may not align with others in different departments and geographies — creating an ever larger disconnect.

How Technology Enables Success: Today’s technology can help by making the goal-setting and goal-review processes simpler, more accountable, more personal and more transparent — enabling everybody to see each other’s goals and to better align to the organization’s goals. This helps prevent employees from setting goals that are too conservative — and actually encourages healthy stretching.

Software capabilities should enable employees to set and update their own goals and sub-goals anywhere, anytime — even from their own mobile devices. They should also measure and track progress on their individual, team or organizational goals. Managers win, too, by gaining visibility into those goals and seeing how people are aligned to them across the organization.
Advanced technology even incorporates machine learning algorithms that can make personalized suggestions for what types of people, courses and content will help employees meet their goals.

For example, if one employee’s goal is to sell more products into Latin America, advanced software that’s available today will provide recommendations — on who to connect with, based on specific expertise or language skills — to help him with his communications and RFP responses. It surfaces content, courses and people (connections) specifically related to the goal at hand.

With advanced technology, continuous goal review also contributes to higher productivity and greater agility. These features can help managers easily keep an eye on each employee’s goals and check in frequently to make sure last month’s goals still make sense — or if not, create new ones. When it comes to goal setting, things can change quickly — and smart organizations empower themselves with a way to set good goals, stay informed and react to market changes in an instant.

**POP QUIZ**

**What is Machine Learning?**

“Machine learning is a type of artificial intelligence or programming that provides computers with the ability to learn without being explicitly programmed,” according to WhatIs.com. Of course, there is programming involved, but the programmers build algorithms, or formulas, that take in data and user input, and feed it back into the program to make predictions or offer recommendations to end users. Remember Watson — the IBM supercomputer and “Jeopardy” champ? The computer was essentially fed a treasure trove of information, including examples of the game show’s past questions, and it built models that continually improved based on data correlations, patterns and preferences discovered over time.

Software that uses machine learning is more intelligent than software that uses rules-based programs because it does not depend on an administrator or programmer to update the rules, but instead analyzes data from various sources, detects patterns in the data and updates the program to deliver better results. While you may not have a chance to go head-to-head with Watson anytime soon, you are likely familiar with everyday examples of machine learning: Amazon’s suggestions of products to purchase (based on what you are purchasing and viewing, compared to millions of other customers), and Pandora’s custom radio stations that play music based on similarities to artists and songs you select (and get smarter as you indicate likes and dislikes from their recommendations).

In talent management, the most advanced technology incorporates machine learning to make recommendations for hiring, engaging, developing and inspiring the workforce.
STEP #2: TRANSPARENT (AND FREQUENT) PERFORMANCE DISCUSSIONS

Why You Need It: Despite the failure of the traditional annual review to actually improve performance, companies still need a way to determine which employees are performing and contributing to the company goals — and some way to allocate compensation budgets. They still need a way to measure performance and increase productivity. So they can’t simply dump the annual review outright.

Instead, many leading companies are revamping the annual evaluation cycle by supplementing it with ongoing feedback and coaching designed to promote continuous employee development. The idea is to create a process that fosters regular discussions between employees and managers — one with continual feedback and coaching built in. This added component changes the very nature of the performance review, making it something employees look forward to — not dread.

The good news is that learning to coach employees doesn’t need to be expensive or time-consuming. The process, in a nutshell, is simple.

By having more frequent discussions year-round, employees are less likely to be blind-sided by negative feedback and more likely to let positive feedback engage and inspire them toward continued success.

Consider two different scenarios:

**The Old Way:** An employee meets with her boss regularly on projects but never hears from him about her performance. Only during her annual performance review does she learn that he is disappointed with a behavior she’s been doing all year. She’s completely surprised — and also disappointed she’s just hearing about this now.

**A Better Way:** Another employee has regular project meetings with her boss, too. But part of each meeting is spent briefly reviewing goals and assessing her individual performance, intertwined with bits of personal coaching and development. When it comes time for her annual review, there are no shockers. Instead, it’s a familiar discussion because it merely summarizes the conversations they’ve been having all year.
How HR Benefits: Since everyone hates the old performance review process, a new process is a bright spot for everyone — especially HR team members, who are considered largely responsible for the process. By rolling out and supporting a performance review process that makes more sense — and actually works — HR teams will be helping employees become more effective, efficient, engaged and satisfied. All of which serves the organization well by helping it achieve its mission and goals. Plus, HR teams will be seen as valuable advocates, as they help managers adapt to a new and better process.

A better performance measurement plan can also ease some of HR’s workflow burdens. When employees are being evaluated and coached throughout the year, one of two things is happening: either they’re improving (which is good for everyone), or they aren’t improving and they know it, so they quit (which eliminates the need for layoffs and any potential legal implications that could arise).

There’s also a timing consideration. When employees resign throughout the year (instead of at one point in the year, after annual reviews), there’s less of a burden on HR members who can balance their hiring workload over a longer period of time. Instead of a mass exodus, it’s a slow trickle, which minimizes the workflow burden on HR — and has less of a negative impact on the company in terms of lost time, money, morale and productivity.

39% of companies have either reviewed or updated their performance management processes recently, and another 47% are either currently evaluating or plan to do so in the next 18 months.

– Deloitte Human Capital Trends 2014
How Technology Enables Success: Advanced software can facilitate a more dynamic, fluid and frequent feedback environment that reduces the burden on managers and employees — and takes a lot of the pressure off the traditional annual review cycle.

By providing a user-friendly platform that brings everyone together (including managers, employees, colleagues and HR partners), innovative software not only accelerates adoption, it gives managers more visibility into goals, the status of reaching those goals and individual employee performance — in real time or any frequency they want. It provides the mechanism for more frequent and personalized feedback discussions, driving openness and eliminating year-end surprises.

Software That Gets Smarter Everyday

How does machine learning improve talent management? Built-in algorithms accumulate data about each employee — and actually learn more about them over time — without any centralized administration. It starts with a unique employee profile that stores not only skills, education and background, but adds contributions, connections, conversations and memberships. Every time the employee logs in, the intelligent algorithms go to work. They notice who the employee connects to, which documents she downloads, how often and what she contributes, and what classes she takes. Based on this knowledge, the software personalizes recommendations for courses, content and experts so she can get better at her job, develop professionally and advance her career.

This same intelligence — native to the talent management system — also helps organizations get the most out of their performance reviews, suggest compensation that’s in line with what each person offers the business, find internal candidates for open positions, and provide a deeper understanding of all employees to help plan for succession and new initiatives.

With intuitive dashboards, managers can also facilitate team meetings, create a more transparent discussion environment, and enable social recognition through performance badges, leaderboards and other social devices. At the end of the year, managers can use drag-and-drop capabilities to copy each employee’s cumulative data into the annual review — quickly and easily — saving loads of time. And at the conclusion of a performance review, software can suggest next steps to get the dialogue started. With these recommendations, the manager and employee can spend more time on a candid discussion and far less searching for appropriate classes and content to address performance gaps.
STEP #3: ENGAGING REWARDS AND RECOGNITION—PLUS MORE INTELLIGENT COMPENSATION

Why You Need It: As the saying goes, money isn’t everything. And when it comes to keeping employees motivated, that’s certainly true. Countless books, articles and studies have been written on this topic, but a few key points are these:

• Money can motivate temporarily, but not for long periods of time. Employees may be highly motivated two days after receiving a raise, but two weeks later they’re already wondering when they’ll get their next raise.

• Once you get past a certain financial threshold, money comes off the table and employees are motivated by other things.9

• The top two reasons employees look for new jobs is for better pay and career advancement.10

• According to one study,11 organizations that do a good job of recognizing employees perform 14 times better than those that don’t.

• Compensation means different things to different people. One employee may be motivated by a monetary pay raise, whereas another may be more interested in stock options, time off or extra vacation. Smart organizations take all these employee preferences into account during the compensation conversation.

So how can today’s organizations better motivate employees — far beyond the paycheck? Many are turning to three things:

• Personalized social recognition
• Customized growth/development plans
• More intelligent and personalized compensation

QUICK TIP

The Key to Motivating Today’s Workers
• Strong, involved management
• Identifying the higher purpose in their work
• Proper, timely recognition
• Challenging, engaging, fun work
• Embracing modern technology
How HR Benefits: When employees quit, it creates a whirlwind of work for HR — and has a negative downstream effect on multiple departments, including the one affected by the loss. The employee’s department loses productivity. HR has to scramble to fill the opening (and often fight hard for more money to support it). However, by implementing a more intelligent compensation plan (which has built-in social recognition and rewards), HR teams stand to gain from higher employee satisfaction, less attrition and more predictable budget planning for compensation.

How Technology Enables Success: With the advent of big data analytics, sophisticated algorithms and machine learning capabilities, today’s software is more skilled than ever at helping organizations motivate employees with things that go far beyond money — things that meet them exactly where they’re at. Here’s how:

Personalized social recognition: Advanced software can provide a social platform that enables crowdsourcing of employees’ performance. People can recognize excellence in their coworkers, managers and other colleagues by posting social praise, giving them a badge or leaving an impression on their profiles. This facilitates real-time peer recognition and immediate positive feedback throughout the year. And with today’s software solutions, this can even be done from mobile devices, regardless of physical location. And when it comes time for the annual review, managers can pull all that information into the review itself — broadening the scope of the review to include more than just one person’s opinion, and helping the manager remember things that took place months before.

Better growth/development plans: Instead of suggesting that everyone in a department should take a certain list of courses (regardless of members’ individual strengths and skills), advanced software can recommend specific courses for each member of the team — even if they have the same job title — based on their unique career interests, aspirations and skillsets.
More intelligent and personalized compensation: One of the top two reasons employees leave a company is pay. Fortunately, advanced software now offers big data and intelligence components that help drive more personalized compensation plans. Not only can it help identify at-risk employees; it proactively arms managers with data to make a strong case for keeping those employees around. It itemizes several things: their risk, their marketability and compensation value within the market. It can also go deeper, providing data on exactly how much is needed to retain critical employees, the cost to replace them, and greater visibility into their compensation preferences (including those with and without cash value). By knowing what motivates employees, you’re in a better position to offer it to them. Software can now automate the collection and presentation of this data for the first time, making it easy for managers to have concrete data at their fingertips.

Case in Point: Saving Dave

Meet Dave. He’s a great worker, but he’s frustrated by his low pay and, most recently, his sad raise — a mere 3%. Feeling discouraged, he asks himself: Why should I work harder than the next guy if I’m getting the same pay increase? In fact, why should I stay here at all?

Fortunately, Dave’s boss is using advanced software that will help him swing the bat to save this at-risk employee. The software provided data that confirmed Dave is in a highly valuable job and is doing outstanding work, even though he hasn’t had a significant raise in two years. It also outlined that Dave has plenty of job opportunities elsewhere because he’s in a hot niche in the industry — and that he’s underpaid compared to his peers. It also pinpointed the exact cost needed to replace Dave, if he did leave. All this data — working together — helps Dave’s boss justify why he deserves a hefty pay increase. It’s all a matter of numbers.
STEP #4: RELEVANT (AND PERSONALIZED) CAREER DEVELOPMENT

Why You Need It: According to a recent TINYhr study, 66% of employees do not see strong opportunities for professional growth in their current role.12

While many companies pay lip service to the idea of career development, it’s a concept that simply doesn’t exist for many others. And even for large organizations that are strong proponents of career development programs, many of them aren’t doing it well. That’s why study after study continues to cite “career development” (or lack thereof) as the number one reason employees keep moving on.

In today’s world, the relationship between employer and employee has changed significantly. In the past, companies could largely ignore career development, or leave it up to the employee to manage — but that luxury is rapidly disappearing. Too many top-performing employees are leaving their positions, compelled to find career development elsewhere. And it’s too easy for today’s companies to snatch their competitors’ top talent through a simple search of LinkedIn. As forward-thinking organizations continue fighting an ongoing war for talent, something has to change. Top-performing employees — the ones hungry for career development — are the ones you need to do everything within your power to keep, for as long as you can.

Without a doubt, career development is a pressing issue for today’s organizations — with many benefits for those who get it right, and substantial pain for those who don’t. Smart companies that embrace this idea and do it well will have better employee retention over time. Those who don’t will likely be blindsided by the lack of career development — and the continued turnover that results.

66% of employees do not see strong opportunities for professional growth in their current role.

– TINYhr study
How HR Benefits: It’s true: Gone are the days where employees stay with the same company for 25 years; but if HR works closely with them on career development, they may have better control over their tenure — or at least have more knowledge about employees’ true aspirations and time frame when it does come time to leave. Advanced software can assist by providing the personalized career path roadmaps that today’s employees want and organizations need.

In addition, with advanced software, HR can mitigate the need for rigid (and costly) classroom-based leadership development programs — and spread career advancement knowledge to virtually every employee, regardless of location. It’s a development enabler that provides highly personalized career development suggestions. Best yet, it’s automated and easily scaled across the organization for all your high potentials.

How Technology Enables Success: One thing’s for certain — career development is never a one-size-fits-all solution. It requires intense personalization and the ability to motivate individual employees based on their unique interests, skills and aspirations. And only through advanced software is such personalization possible.

For the first time, big data analytics and machine learning can help organizations sift through massive amounts of data to focus on employee strengths, and help formulate personalized development plans. This can be an excellent resource for managers and HR teams who want to suggest where employees might go with their careers — and create intelligent paths to help them get there.

This software is especially useful for promoting internal mobility by giving employees more transparency into different career opportunities. For example, if an employee is interested in doing a short-term European assignment, the software can let him know about internal opportunities he may not have been aware of otherwise. It can match career aspirations with available opportunities — even lateral moves that can provide the desired career development in other departments or regions, without leaving the company. Software can help employees take more ownership of their career development, view a more transparent path toward succession, and provide the tools they need to find the leader inside.
Winning Your Workforce: The Essential Guide to Improving Retention and Employee Performance

It’s time to rethink your approach to employee retention by taking a hard look at your performance management process. Armed with a new paradigm — supported by today’s technology — your organization can:

- Keep goals and employees aligned to the changes in the business.
- Enable regular employee-manager discussions with feedback and coaching that improves performance throughout the year.
- Engage employees in a more social peer recognition process that encourages collaboration across teams and informal learning from each other.
- Separate the performance and compensation discussions.
- Use crowdsourcing to identify your most valuable employees and reward them appropriately.
- Identify employees who have more impact on the business and may be a flight risk.
- Review compensation against market and performance data regularly, and allocate raises using big data.
- Create personalized career paths for every employee, and encourage them to look within the company for opportunities.

There’s never been a better time to adopt a new approach, fix a broken process and find some much-needed relief with advanced solutions.

Where Do You Go From Here?

SABA
References


For more information on how you can rethink retention and begin implementing your roadmap for success, [click here](#).

And check out other related resources from Saba:
- Talent Talk Article: Performance Management: It’s Time to Fix a Broken System
- Blog Post: 5 Ways to Reignite Employee Performance in 2015
- OnDemand Webinar: Stop the Madness! Reinvent Your Performance Reviews
- Product Video: Performance@Work Overview

Saba delivers a cloud-based Intelligent Talent Management™ solution used by leading organizations worldwide to hire, develop, engage and inspire their people. Intelligent Talent Management uses machine learning to offer proactive, personalized recommendations on candidates, connections and content to help your employees and organization lead and succeed.

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