

Employment **Extra**

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SECTION D



KEEPING THE HEARTS & MINDS OF YOUR TALENT



Your employees are looking for other jobs. There is a 44% increase in the number of resumes posted on Monster.com, the leading on line job board. Compared to 2001 - 2003, the turnover of employees is likely to increase this year, an increase that will greatly impact productivity and operating costs, both threatening the health of corporate bottom lines. Last week, I sat down with Stan Davis, Vice President of TowerHunter (www.towerhunter.com), a leading executive search firm. Located in their Washington, DC office, we discussed a variety of talent-management issues including outsourcing recruitment, investing in employees for internal promotions, and the real price of employee turnover. Below is a summary of our interview and your questions can be emailed to him directly at sdavis@towerhunter.com.

Why is hiring the right people so important to the bottom line?

A qualified and talented employee might cost you dearly in salary, benefits and perks but the cost of hiring the wrong person will far exceed the compensation offer to the right person. The cost of replacing any productive employee will run between 50% and 100% (or more) of annual pay. Hiring the wrong replacement will force you to repeat this process and compound the cost.

What costs make up the heavy penalty for a bad hire?

Vacant positions will delay business decisions and activities, impact productivity, increase overtime or contract labor costs and reduce service levels to customers. And, even a qualified new hire will cause three to six months of reduced productivity while they come up to speed. As importantly, a swinging door of departures and new hires can undermine the staff morale that is critical for maintaining, nurturing and driving all of your investments and operations.

How does a company minimize hiring costs?

Strong planning. Just like companies plan for equipment and services to meet business objectives, they must also plan for the right people to make it all happen. Focus on developing and retaining the talent you already have - make sure they're challenged and trained, recognized and competitively rewarded, and that they know they're an important part of your team. If you're successful, you'll minimize your turnover, increase morale and eliminate costs.

What advantages does an outside executive search firm offer in the hiring process?

In addition to deploying the right resources and experience to quickly produce the best talent for an open position, a good executive search consultant will provide you with

experienced, unbiased operational and organizational insights as the search strategy and process proceed. Our third party insight is an asset to match the field of candidates not only to the job requirements, but also to the business culture and operational character.

How can you promote from within if "chumminess" developed with former peers gets in the way of the new relationship of boss-subordinate?

There is no risk free path to cultivating a vibrant business. Don't let internal people just fall into leadership positions. Evaluate their potential and progress regularly, and plan their professional growth to meet your changing business needs. As you build on their demonstrated potential, develop their leadership capacities, not just their technical skills. Whenever possible, promotion of internal talent is always the better choice, if you plan their development.

Your suggestion to develop current talent seems an odd position for an executive search firm.

Our primary interest is in the vitality of our client organizations. As they build on success, they will generally create a need for added talent. This talent will be engaged to address changed business opportunities or to proactively position the business to meet longer term objectives. In addition, an internally developed talent pool will benefit from fresh ideas and new perspectives brought by externally sourced candidates.

Isn't it true that if I develop people they will be hired away and the competitor will benefit from our training program?

Believe it or not, there are high potential people who are not interested in considering even the most exciting job alternatives. They love their current employer. They're challenged, recognized, rewarded, developed and been made to feel an integral part of a successful team. Most significantly they cite they are committed to a great boss. If your company culture can create and nurture this same environment, it will be hard for anyone to woo your talent away.

Jay Whitehead is America's mostread, most-watched and most-listened-to expert on workstyles. Email your questions to jayworkstyles@aol.com.

Listen to Jay Whitehead on web-radio every Tuesday 5pm to 6pm EST when he hosts Won on Won with Whitehead on www.businessamericaradio.com. This week, Tommy "the matchmaker" Curtis will be the guest host for the entire hour answering your questions about love at work and after work. Email questions in advance to Jay and Tommy "the matchmaker" Curtis at jayradioshow@aol.com.