



The war for talent in a digital world: How employers can attract and retain the best talent

FROM MOLONEY SEARCH

Summary

Top talent pools have become well and truly global, making top talent all the more dispersed and difficult to find. Recession puts pressure on companies to enhance productivity and identify their revenue generators. People with the skills to enhance companies' use of technology to promote productivity, picking up appropriate intelligence from vast amounts of data, are consequently in very high demand but very short supply and want to be well rewarded. In addition, consumer habits have profoundly changed and speed of response is now critical. The new retail, for example, is all about new, digital ways of communicating with customers, and skills in these new competitive areas have become at least as important as traditional retail skills.

Moloney Search has identified three key areas which employers should consider when looking to attract and retain the very best talent: the reward packages on offer; having a strong senior management team to safeguard a company's culture; and finally, companies identifying their exact needs, now and in the future, and sticking to their guns until they find the right talent to meet those needs.

How to win in this war for talent

If you can't find enough people sufficiently experienced in the digital space, hire people with energy and pace instead, who will work across businesses and less in functional silos, to transform you from yesterday's into tomorrow's business.

Build flexibility into reward packages to fit the individual and the stage in your company's lifecycle. Blend base and incentive bonuses. Balance cash and equity to enable you to compete with PE-owned businesses.

Senior management is responsible for creating a company culture in which people want to work. Motivate staff by building an exciting growth environment where they can be given ambitious challenges and feel that they are tackling world class problems.

Work out your exact requirements regarding talent and stick to them.

Look into the future, plan how to get there, identify what capabilities will be needed, then look at your staff and spot the gaps to be filled.

How do we at Moloney Search see the 'war for talent' shaping up as the UK emerges from recession? One obvious effect is that many employers have been struggling to sift through the large number of applications they receive and are finding that often they can't see the wood for the trees.

As to whether the recession has made the top talent wary or greedy, we believe

certainly the former but not the latter, and that people on the whole are less greedy than a couple of years ago. This is because the impact of the recession has not completely worked its way through the talent market as yet.

However, while people's view on the absolute amounts of compensation available has changed, everything is relative and getting the combination of reward right has become more difficult.

Top talent seems to be looking increasingly at the values of an organisation, a phenomenon that Andy Street, MD of John Lewis, has noted over the last couple of years. Street explains, "The Partnership is not particularly innovative around compensation but we are seen as the market leaders in food and non-food and so people want to be a part of that game".

Moloney Search data show that talent pools have become well and truly global over the last few years and that we can now only think about talent in an international context. This means that the top talent is all the more dispersed, making it even more difficult to find the best people. While formerly it was relatively easy to identify the great candidates who started at McKinsey then moved to Tesco, now they might have worked for a digital agency, followed by private equity (PE), a retailer in South Africa and then a stint with the UN.

The impact of this internationalisation of talent is also felt geographically, as employers in the Middle East have found. Three years ago, the challenge for Clare Griffiths, Head of HR at Mubadala in Abu Dhabi, was persuading anyone at all to relocate to Abu Dhabi, so, "we had to pay higher salaries than we would have liked and bring in people one level below the role to make it attractive".

During the global economic crisis, however, Mubadala was inundated with applicants and their only challenge was to sift through them to find the right people who genuinely wanted to spend time in the region. Now that the crisis is easing, it is becoming difficult once again to persuade people into the region, unless they have some prior connection, and Griffiths is finding it more fruitful to look for talent within the region rather than outside it.

The combination of the recession and the geographical mobility of talent has also been of benefit to companies such as the Mannai Corporation in Qatar, as Alekh Grewal, CEO, explains: "It has worked in our favour that Dubai saw such a slump as it was much more difficult attracting people to Qatar a couple of years ago." However, as the recession eases, Grewal fears that the Middle East's ability to attract strong IT talent from India will be under threat from the recent dramatic increases in salary levels in India. Qatar also struggles to attract families as its schools are still in need of development.

Recession inevitably puts pressure on companies to enhance productivity. This has led many to try hard to differentiate between what actually makes money and what is merely data-generated bubble and hype. As Tom Glocer, CEO of Thomson Reuters, puts it, 'More revenue generation from fewer people'.

In this digital age, Moloney Search is finding that the people of particular interest to employers are those with the skills to enhance companies' use of technology to promote productivity. These people are currently in very high demand but very short supply. The most challenging talent to find, according to Glocer, are good CTOs and people with data-intensive experience who can work through vast amounts of data and pick up appropriate intelligence from it. Compliance officers and people with emerging market growth experience are also in high demand. A

consequence of all this, perhaps, is that business school graduates these days would much rather have Google on their CV than Goldman Sachs.

Very few people have pulled off this transition to the new digital era as yet and so those that have are in a very strong position. As Jennifer Duvalier, People and Culture Director at United Business Media (UBM), points out, "The great talent realise that there is an incredible market for their skills so, while people are not more greedy, the best do have an incredible sense of self worth. This means that the ones who have are very unafraid of saying, 'I want to be rewarded for my effort.'"

In addition to familiarity with the whole digital arena and the ability to analyse thoroughly the data coming from all new forms of media, top talent understand that consumer habits have profoundly changed. In the age of Twitter, speed of response is critical. Peter Norris, chairman of Virgin, explains, "Previously if something happened to, for example, an aircraft, there might be a small ripple in a week or so, whereas these days it will be twittered about in five minutes."

Street at John Lewis has similarly found that retailing and the talent needed to drive it forward have changed forever. The new retail is all about new, digital ways of communicating with customers so, Street concludes, "Greater emphasis has to be placed on these new competitive areas when we're looking at talent and less emphasis on traditional retail skills."

Like many other employers, ITV has struggled to find enough people sufficiently experienced in the digital space so instead they hire people with energy and pace. As Archie Norman, chairman of ITV, puts it, "We want people who work across businesses and less in functional silos. ITV as yesterday's business needs to be transformed into tomorrow's business and we need to have great people to do that with us."

So how can employers attract and retain the very best talent? Moloney Search has identified three key areas: the reward packages on offer; a company's culture, which is determined in large part by its senior management team; and, perhaps above all, companies identifying their exact needs, now and in the future, and sticking to their guns until they find the right talent to meet those needs.

The first area, the reward package, is the classic weapon in the war for talent. A common thread that we have witnessed recently is the need for flexibility in packages for different people and at different stages of a company's lifecycle. The best organisations are now looking at innovative ways of compensating people with a blend of base and incentive bonuses which need to be just the right balance.

The main difficulty for many companies at the moment is competing against PE-owned business. Bringing people from investment banking into industry is easier as candidates self-select and have made a conscious decision not to stay in the banking system. But, as Norris makes clear, Virgin is involved in "a real war for talent when looking for senior operators as we have to compete against PE". With its ongoing need for entrepreneurs, Virgin has to offer a competitive package that will make a permanent difference to its hires in terms of cash and equity.

UBM similarly looks at rewarding individuals where a significant proportion of the package is at risk and the people are linked to the success of the business they have been charged with looking after. Duvalier explains: "This helps us to do

battle with talent looking at the PE world and works very well for executives who are confident that they can deliver.”

Extraordinarily, the world of financial services (FS) is still a law unto itself and we at Moloney Search believe that only legislation will change this. Talent is no longer crossing in and out of FS as its compensation has become so out of kilter with other sectors. There are some investment bankers in PE but we can no longer attract as many industry specialists into FS as before as it has become tainted by its money-grabbing image. People are also very wary of the cycle of boom and bust. We consider this regrettable as industry people used to add real value to FS.

Also, although bonuses have been taxed, we have seen banks across the board compensating individuals for that, so in no sense has there been a realisation that their reward versus what they do is inappropriate. While supply chain directors saving their businesses millions by outsourcing more smartly or marketing directors driving huge increases of digital traffic through a website are not awarded a direct percentage of the consequent revenue, those in FS expect and continue to be rewarded in this way. This has become a significant problem with bankers in their mid-40s, who, despite their extremely generous packages, tend to possess a narrow skill-set and often inflated view of themselves compared to industry specialists who continually enrich their skills and acquire more leadership as they become more senior.

Moving on to our second area, Moloney Search has observed that as important as finding the right reward package to attract and retain the very best talent is the need to create a company culture in which people want to work. This is one of the key responsibilities of senior management and is perhaps particularly true for those companies who have previously been seen as great employers but are now experiencing difficulty attracting talent. The best people want to work in an exciting growth environment where they can take on ambitious challenges. Glocer at Thomson Reuters believes that, “Companies waste a lot of time looking at compensation equations and incentive schemes but we see the real issue as being all about how you attract and retain”. This involves making top talent feel that they can join a business where they are tackling world class problems.

One of the most important jobs that an institution has, we would say, is to recruit and retain an excellent senior management team who will safeguard its culture. The danger is that some CEOs can become stuck in their day job and lose sight of this. Senior management’s primary motivation should be not money but a sense of responsibility about the importance of their role and being part of a great culture.

The culture in different workplaces varies enormously. Staff surveys at the Bank of England reveal tremendous loyalty and commitment to the institution. Its employees can see that what they do matters. It has a very strong sense of identity about what it does and stands for. HSBC is known for having a strong, if narrow, culture. On the other side, RBS had a disastrous management culture and good people did not want to work for a tyrant. Northern Rock similarly had an appalling culture. Arguably in banking a lot of senior management lost their way in terms of leading the institution, which was a major factor in the recent collapses.

Creating the right culture is also crucial for motivating employees. In Virgin’s case, the employer brand is part of the brand and that can be destroyed quite easily. Norris quotes Richard Branson as saying, “well motivated employees make

for happier customers". This makes it extremely important to bring people into the business who are fully in tune with the brand. Their product is effectively their brand so they run a real risk if they bring in the wrong person.

Our third and final area which we at Moloney Search believe employers should consider in the war for talent is their need to identify their exact requirements and then stick to their guns until they find the people who will meet those requirements. Organisations can become confused when there are mixed messages and, particularly in this climate, it is easy to be distracted. Senior managers may mention to colleagues that, "My friend's son needs a job. Can we fit him in?" What does 'talent' really mean for a particular organisation? Senior management needs to define it and not be diverted from it. They should be completely clear about what and who it is they want to attract.

UBM recently conducted an interesting exercise as a business in which they attempted to look into the future, plan how to get there and identify what capabilities will be needed. They then, and only then, looked at their people. This meant that, rather than letting their plans be driven mainly by the capabilities they currently possess, as Duvalier puts it, "We really had to ensure that we have a clear idea about what capabilities we need in the business and how we retain and develop them." This challenge has led to some highly effective forward thinking on business strategy and whether they need deeper or different capabilities to what they currently have. This exercise had the potential to be quite destabilising so a particularly strong management team has been needed, who could take an honest look at the leadership footprint of the future and realise that they themselves might not even be in it, thereby exposing their own place in the future.

Talent needs can and will change as a business moves through different phases of development. In very entrepreneurial cultures, such as Virgin with its history of start-ups, the constant business transitions make it difficult to spot the right talent at any one time. Sometimes the talent that transforms a start-up into a meaningful business is different to the one that takes that business down the public company route. These different people need different approaches to compensation and these moments of transition for a business can be very difficult. And so perhaps the most complicated part of all in the war for talent is for an organisation to work out exactly what kind of talent it is that they are looking for.

By Dr Curly Moloney

Source: [The Economist Intelligence Unit](#)