

## *Survey Report: Minimizing the Risk of Recruitment, Assessment and Retention for Small to Medium Sized Enterprises (SMEs)*

### **1. Executive Summary**

Twenty-five entrepreneurial companies participated in our survey representing Western Management Consultant contacts, clients and clients referred to us by our business partners. We acknowledge and appreciate the participation of PKF Hill, Chartered Accountants and Mills and Mills, Barristers and Solicitors, for partnering with us in this survey.

Eighty-eight percent of the respondents were CEOs/ Presidents, Owners/Partners or CAOs. The remaining 12% were Human Resource management professionals.

The message from these companies was clear—they need the right people to grow the business successfully. Seventy percent of the participants see that recruitment and retention are significant concerns over the next three to five years. Another 20% of the participants feel that recruitment and retention are somewhat of a concern. Participants are acutely aware of competitive challenges for talent, the cost of turnover of key staff in their organizations and the impact on the bottom line of not having enough of the right staff.

However, despite the perceived need, most companies lack disciplined recruiting, assessment and retention processes.

Many participants have not put much time and thought into how to improve their approach to talent acquisition and retention. As a result, they generally rely on traditional sourcing (referral networks) and loosely structured interviews to recruit and assess their staff. The reasons for not investing in disciplined approaches include:

- concern about the validity and reliability of the so-called professional tool kit;
- lack of resources and time;
- limited management knowledge, expertise and interest in this area;
- poor image of external service providers;
- reliance on “tried and true” processes like networking; and
- satisfaction with the status quo.

The participants believe that their staff is motivated by:

- the opportunity and challenge of the role;
- the staff's relationship with owners and management; and
- development opportunities provided by their companies and competitive compensation levels.



It is true that these approaches to engagement and retention of staff are all part of the solution. However, a more strategic talent planning and management approach would better ensure the attraction and retention of key talent over the medium to longer term. This is particularly important given the impending labour shortage caused by “baby” boomers retiring, and the fact that Generation X and Y employees define “good” jobs and companies in ways different from the boomers.

**Best practices:** Despite the many negative findings surfaced by this survey, there is a sprinkling of good news! Some companies have, in fact, made getting the “right people on the bus” a priority and have adopted some “best practices.” These include:

- Building integrated talent attraction strategies and approaches tailored to their needs.
- Building ongoing relationships with sources of talent (e.g. universities, colleges, trades, suppliers, advisors).
- Taking time to define the measurable results that employees are expected to deliver.
- Identifying (profiling) the related soft skills, motivations and behaviours required for delivering these results and ensuring a good fit with their particular organization culture. This pre-work is a far more effective method of defining needs than using traditional job descriptions.
- Using talent assessment tools, behavioural event interviews, and behavioural event references to assess prospective talent against requirements. A disciplined approach using these tools and methodologies, significantly improves the likelihood of a successful and enduring hire.
- Implementing people management retention approaches that are customized to the company’s goals and culture and to the needs of staff. Some of these practices include employee engagement surveys, regular staff communications, investment in technical and personal skills development on an individual need basis, and establishing goals to become a “best employer” within set time frames.

**Recommendations and Conclusions:** Based on our extensive experience in talent management, recruitment and retention, and the results of this survey, we recommend that participants consider the following:

- Assess gaps in the talent selection, engagement and retention approach you use. An integrated and disciplined approach will produce better and more reliable results than traditional ad hoc approaches.
- Develop a custom / tailored people strategy to your specific business requirements. This will allow you to be more competitive in attracting scarce expertise. It will also improve organizational competence, trust and effectiveness, reduce turnover and improve the likelihood that organizational goals will be achieved.
- Invest in customized and pragmatic tactics, methodologies, tools and programs. These approaches will provide you with a competitive advantage.



- Concentrate on developing talent management skills in-house. These skills are needed all the time.
- Outsource the services that you need only occasionally (e.g. targeted talent recruitment, selection program and process development, recruitment, assessments, employee surveys etc.). This approach ensures that the people strategy is fully integrated with your business needs and it transforms the services into variable costs.
- Making the effort to develop an integrated and disciplined talent acquisition and management process will benefit your business and add real value. This is reflected by the superior results of the companies that have been proactive in this area.

