

Replacement planning

By Marcus Miller
Illustration: Cathy Pentland



Having the best people is the right strategy for success. But a game plan to replace them if they suddenly leave is more critical

Most business leaders have well-defined plans for developing their corporate culture, driving market presence and increasing their people assets. But a strategy for replacing key talent should they suddenly leave is just as important.

As of 2001, businesses have learned to do more with fewer employees by focusing on top performers to enhance operations. Concurrently, management has reined in recruiting costs to further improve the bottom line and has squeezed costs by keeping salaries, benefits and bonuses under tight control.

Through 2004 the balance of power began swinging away from employers because of increased economic activity and growth in the job market. As reported by Statistics Canada, job growth in 2004 was up, with all of the gains in full-time employment. With strong growth figures, active job-seekers are finding work faster and finding greater advancement opportunities. As the balance of power in the job market

slips from employers, companies will see their top performers lured away. Suddenly those people who bided their time waiting for market conditions to change, or those who felt neglected by their bosses, will eagerly embrace new opportunities. A small increase in salary or the prospect of more responsibility, recognition and autonomy may be enough for employees to jump ship.

Have you taken time to identify your top employees? If not, do so, because these are the people you need to look after and keep on your payroll. But more importantly, what if one or two of your key players leaves at the same time? Do you have a contingency plan to replace them?

Who are the stars?

Start with identifying key performers. Depending on your industry and the nature of your business, it could be:

- the top salesperson, the one who signs more business on a day-to-day basis than anyone else;
- the R&D specialist who delivers product innovation that continuously distinguishes your products; and
- the rainmaker who generates the most business from a consulting role.

Identify the people or roles that have the most impact on your bottom line. To properly establish a short list of top performers, consider who would cause the most damage if they left. For example, if you were to lose your vice-president of marketing it could be serious, but what would happen if you lost your top salesperson to your competitor? The loss of revenue would be one thing; the gain in earnings for your rival would be another. Your loss could be doubled.

How well are you looking after your stars? You may think you are paying your top performers enough, but are you sure? What's the competition's wage structure for equivalent positions? But money is only one consideration. How well do you know your stars and their level of satisfaction when it comes to their direct manager and their department? Do your top performers know what their internal career options are? Are they aware of available career challenges and opportunities? Are they happy and motivated?

Develop an understanding and build a profile of what each of your top performers feels and thinks about his or her job, role and the rewards. This is not an employee appraisal process or formal review but an informal examination to discover what your employees think about their jobs and their future prospects.

Once you have identified the high flyers and discovered their feelings about their roles and rewards, you need to resolve any job dissatisfaction issues. In addition, you need to implement a plan should they suddenly leave.

In Bradford Smart's book *TopGrading*, he says the cost of mishiring is 24 times an employee's salary. Imagine the cost of replacing a top salesperson who joins the competition and takes key accounts with him or her. The cost of replacing such an individual could be much higher.

Retaining your best employees should be seen as a business strategy, and that means a top-down commitment to keeping your most valuable employees.

Fix the leaks first

According to *The War for Talent*, by Ed Michaels, Helen Handfield-Jones and Beth Axelrod, companies must commit to making talent management a strategic priority. Effective programs include:

- **Mentoring** Implement a formal mentoring program that starts new people on the right foot and successfully integrates them throughout the company. A mentoring program can increase employee self-confidence, teach skills, impart knowledge and create conduits to share knowledge through the organization.
- **Career plans** Map out a development program that has career paths within the company and sets targets for working to-ward new challenges. Training is only a part of the solution; this includes a sequence of special assignments, individual coaching and mentoring. Articulate and measure milestones, rewards and next steps. Show your employees how to grow with you as opposed to looking outwardly to enhance their careers.
- **Branding** Employment branding is a key plan for solidifying your workforce. It builds cohesion in the firm's values and messaging of the products and services for customers and internal communications. It creates a unique identity that improves employee acquisition and retention.
- **Feedback Affirmation** is important and it makes employees feel appreciated, recognized and valued for their contributions. It helps drive an individual's performance, job satisfaction and retention. Praise and recognition go a long way to help improve the dialogue and keep performers happy.

Contingency for unplanned turnover

Replacing top performers who suddenly leave is not just a matter of succession planning. It is knowing who in the wider employment pool you might consider as an immediate replacement. In the past, the solution was to turn to human resources to find a recruit, but now it should be a proactive and marketing driven strategy that identifies a group of appropriate candidates. In other words, do you have a list of alternatives you could bring in if a key employee left? This allows you to accurately manage the risk and exposure for the company and to ensure that you could recover from any sudden loss of key individuals.

Have you been tracking contenders and building a pipeline of people whose careers are on the rise? Who are the competition's stars? Have you built relationships with potential candidates who you would someday like to see on your team?

Talent acquisition is a continuous process of identifying candidates for the future versus responding to open requisitions. Some programs to consider are:

- Make yourself an employer of choice. You want top performers to seek you out, and it improves your ability to attract talented candidates.
- Web and applicant-tracking technology are great tools for marketing and building relationships with potential talent.
- Build a just-in-time recruiting strategy, tools and metrics that have you focus on delivering the results.
- Use employment-branding tactics to convert your workforce into a sales force to actively network, identify and refer potential top performers to join your team.

Developing replacement strategies is a powerful tool for corporate development. In some cases, the strategy may include reorganizing roles or redeployment of key resources, then back filling the vacancy with new talent.

It's worthwhile

The dividends and payouts are great. Not only will you manage your risks and exposures, you will strengthen your core business. The process allows you to identify who drives your company's success and refines your knowledge and efforts to retain key people. At the same time, the process improves future hiring results by creating a database of candidates and relationships of other top performers.

If you don't know who your most valuable people are and have no strategy or process for replacing them, 2005 could prove to be more of a challenge than you envisaged. But there is time. Start tracking the talent you have and the emerging talent. Then start building your pipeline of contenders for their replacement.

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