



ITS ALL ABOUT PEOPLE

## FINDERS KEEPERS – FINE-TUNING YOUR SEARCH ENGINE

**“It all starts with a great hire.”** So says Bill Gates, and who can argue with the CEO of one of the world’s most successful businesses? But how can we improve the odds on hitting the executive recruitment jackpot – the right person, the right place, the right time in the right job? Because since we’ve all seen the disastrous effects that less than perfect executive placement can have on even the healthiest organization it’s clear that making that great hire is not as simple as it sounds. So how do you ensure that you recruit people who will be an asset rather than a liability to your business? And, equally important, when you find them, how do you get them to stay?

To understand just how vital it is to get it right first time you have to ensure that your organisation fully understands the financial losses that result from poor recruitment and high turnover. If you consider the financial investment involved in placing a person in the organization - advertising the post, interviewing, training the new staff member and absorbing the inevitable drop in productivity – you realize that the process is extremely costly, both in terms of time and money.

According to HR analyst Tracy Burrows, the cost of lost knowledge, skills and contacts when an employee leaves can be measured using the following formula: 50% of the person’s total annual salary package increased by 10% for each year of service. Then factor in the 100% loss in productivity in that post during the time it remains vacant plus drops in the productivity of other employees who have to take over certain crucial tasks. Nor does it end when the post is filled. Consider this; a new staff member typically operates at 25% productivity level for the first two to four weeks after training and orientation. This increases to around 50% by week 12 and 75% by week 20. During this time the new employee may make expensive mistakes and may require assistance from co-workers, causing drops in their productivity levels too.

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The biggest obstacle is in attitude and perception. For far too long companies have viewed recruitment, selection and retention as 'soft' business issues, blind to the negative financial impact. However with employee wages and benefits comprising the biggest slice of the operating cost cake, anything less than an effective strategy in this area is simply managerial negligence. Consider how much time and effort goes into buying photocopiers, printers and other resources yet so little attention is given to the recruitment of personnel. How would you feel about purchasing a photocopier for P250 000 if you were unsure of its ability to perform to your expectations? Yet, many companies will easily invest that amount per annum on a manager without testing their managerial capability and potential.

Continuing with the photocopier analogy surely you wouldn't purchase a machine without taking out a maintenance contract or ensuring that the asset was regularly maintained? Crucial to curbing high staff turnover and loss of knowledge workers is understanding and supplying what employees want and need – in short, staff maintenance, without which there can be no maintenance of key personnel.

In contrast to the materialism of the 1980's and 1990's, increasing numbers of employees are now viewing job satisfaction and quality of life on a par with financial reward. Jill Hamlyn, MD of People Business, says, "Financial reward is certainly important – perhaps among the top five priorities of employees. However, more important is a sense of belonging to a company prepared to invest time and money in its people. It is important to grow talent proactively and look after the individual needs of employees."

The drive to recruit and retain knowledge workers, the so-called 'war for talent' is of critical importance not only in Botswana where there is a significant shortage of talent and skills in certain sectors (tried to find a good IT manager recently?) but throughout the region.

The IT industry is particularly susceptible to high staff turnover. The 2001 ITWeb IT salary survey quoted that on average the period for retaining IT staff is one year and 11 months, noting that staff staying in one position for two years marks a real milestone for some companies. To counteract this problem I know of an IT company in Johannesburg which has developed a robust and unique retention strategy to encourage IT personnel to stay. Among other things this company recognises that knowledge workers want self-determination so that they are able to influence the quality of their life. And it's clearly having the right effect. As one employee confided, "I could leave for more money, sure, but I'll never get the flexibility and freedom afforded to me here."

Mosaic Software CEO Willem Van Biljon notes "Without paying attention to the needs of staff and making them feel valued in the company, organisations' retention rates will continue to drop and recruitment costs will continue to rise." His views are endorsed by Chris Sinclair CEO of the IQ Business Group who says "The problem calls for an entirely new approach. Gone are the days of 'I pay your salary, you do the work.' We've invested too much time and energy in our people to lose them to this attitude."

Which brings us back to Bill Gates. His simple yet crucial recruitment philosophy is echoed by, Mosaic HR Manager Magda Harber. She stresses that a key factor in retaining staff is ensuring you recruit the right individuals in the first place. It's clear therefore that in order to take the guesswork out of attracting talent, organizations need to develop ways to accurately measure an individual's eligibility, suitability and capability for managerial positions in order to get a reliable indication of performance both now and in the future.

Similarly recruitment and retention is not about simply putting an advert in your local newspaper and then employing. It's a whole new complex ball game. So if you don't have a strategy in place to attract and retain your number one business asset – don't expect your company to turn into another Microsoft!

