

# Retaining and Rewarding Leadership Talent

Retaining and rewarding leadership talent is a hot button issue as organizations are grappling with increasing complexity of hiring leadership talent in the face of burgeoning market demand

Companies are under increasing pressure to retain their top talent as Indian managers are confronted with a plethora of opportunities like never before. Successful organizations have had continuity of leaders at the top as well as a strong pipeline of talent and have managed their critical human resources with care.

It is common for organizations in these times to ring fence their senior executives by devising long term wealth certain opportunities in the form of retention pay, deferred bonus plans, stock options, RSUs, shadow options amongst others. Employee stock plans offered by Indian companies in the past few years have been able to create the right setting with key employees feeling a lot closer to center of action with a belief that they are making a difference to the fortunes of the organization as opposed to ESOPs in large multinationals where the India business is still a small percentage of their overall numbers. The attractiveness quotient for Indian companies is increasing all the time.

Today we are seeing the emergence of several “employee millionaires”, however, relying on generous compensation as the only strategy for retaining your key resources is a sure shot recipe for disaster. Then what is it? There is interplay of multiple factors which makes the organization being the preferred destination for top talent and creating a long term sustainable employer brand. As we have seen, the best employers are often not the best paymasters.

First and foremost, is to create a sense of ownership and belonging to the organization. Successful organizations have a culture which supports and encourages entrepreneurial behavior, the freedom to make informed business decisions and above all, eliminating the fear of failure.

An ambitious business leader is constantly evaluating headroom for professional learning and growth and it is critical that the organization is capable of creating such opportunities. This keeps senior managers motivated with fresh challenges all the time.

Job rotation across multiple businesses, functions and geographies prepare managers to take on new roles with ease if there is an exit. This is also critical when the organization is rapidly growing. The company needs high potential stars for their new initiatives and also need to back fill positions vacated by the current incumbents who are moving on. Larger organizations with multiple businesses and multiple geographies have the ability to offer exciting career growth opportunities to their managers and offer them newer challenges to keep them fresh and charged. This is a great retention tool. Globally GE has been a shining example when it comes to succession planning as well as its sheer ability to produce business leaders. ICICI Bank in India has done extremely well on this front in the Indian context.

Also another innovative retention strategy is to create a unique operating culture and reward exceptional performers with larger responsibilities. Keep your stars ahead of the market curve and give them bigger roles, which your competition cannot offer!

Finally, as organizations realize, employee churn is inevitable given the market forces and as long as it is healthy, it also provides opportunities to rising stars at the top of the pyramid.