

Introduction:

Curbing the Executive Exodus

Ever feel like there's a hitchhiker in the corner office?

Do you often wonder if that cavalier young executive or leader who never decorated his walls with credentials or degrees is just killing time? Do you ever find yourself showing up a little early in the mornings just to see if that pricey corner office has been cleaned out?

And thinking how you wouldn't be surprised if it was?

If employee retention among your top-level executives and managers is among your biggest concerns, you are not alone. Chris Forman, CEO of AIRS, a training and consulting firm based in Vermont, says, "The labor market is tightening at an alarming rate for high-performing talent. If you're looking for game-changing folks, the slack is all taken up."

Change is in the air and if you haven't felt it yet, you soon will. That change is not hard to see, especially at the top levels. Drake Beam Morin (DBM), a career service firm in New York, finds that CEO turnover "has accelerated at a dizzying pace, with average

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executive tenure at about three years in the United States ...” Employees are leaving companies at an alarming rate and, even when they *do* stick around for longer than the norm, do not have much retention in today’s marketplace.

Another recent study by the consulting firm McKinsey & Co. observes that “...companies are about to be engaged in a war for senior executive talent that will remain a defining characteristic of their competitive landscape for decades to come.” The message couldn’t be any clearer: hard times are coming and, once they arrive, will be here to stay.

Clearly, the days of twenty-year tenures have gone the way of cheap gas and rotary telephones. These days even your top-level hires can feel more like hitchhikers than loyal recruits committed to buckling up and staying the company course. Oh, their thumbs might be in their pockets today, but let them hear there’s a position open in some other company and it’s already out, hitching a ride to the next corner office – and the next and the next.

Jennifer Kent writes in *Professional Builder*, “An epidemic is sweeping through the business community... The diagnosis is Retention Deficit Disorder and the symptoms almost always come in the form of turnover of top talent, a declining bottom line and an inability to compete in the marketplace.”

Why are so many qualified, talented candidates leaving executive-level positions in such alarming numbers? Challenger, Gray & Christmas, an outplacement consulting organization, finds “a significant increase” in departures at the top levels. Says CEO John A. Challenger, “Higher turnover at the top is the result of increased pressure from shareholders and their representatives on corporate boards.”

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Additional reason(s) may be more complicated than one might suspect at first blush. Surprisingly enough, it is not because employees are not paid enough. That's right, compensation is *not* one of the top-5 reasons why employees look for greener pastures. What *are* the reasons?

The top-5 reasons top executives leave a company are because:

1. **They want to get closer to “home”** (family matters)
2. **They want more responsibility or a new challenge** (personal development)
3. **They are looking for a promotion** (career advancement)
4. **They have been passed up for promotions** (feelings of inferiority or not enough appreciation)
5. **They feel that their current employer doesn't recognize their efforts** (personal pride)

Regardless of why good employees are leaving, this much is clear: the talent pool is shrinking and there's just not enough water in the pipeline to fill it back up quickly enough. As the boomers are retiring, their jobs are not being phased out. Instead, the retiring boomers are being replaced by younger execs, but there are fewer and fewer among that talent pool to fill these executive roles.

Dunhill Professional Search explains, “Seventy-five percent of executives surveyed said their companies either don't have enough talent or are chronically short of it; ironically, only 10 to 20 percent said improving their talent pool was one of the company's top three priorities.”

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Meanwhile, according to the Bureau of Labor Statistics, “America is entering a period of economic growth from now through 2012. During this time, employment is expected to increase by 21.3 million, adding about 600,000 more jobs than in the previous decade.”

So where’s the disconnect? Why are there just as many jobs but only half as many qualified candidates to fill them? Surely there isn’t a lack of talent out there, right? Well, yes and no. Yes, there are more than enough lower- to mid-level candidates to staff your restaurants and “make the donuts.” The problem is finding enough qualified high-end candidates to line the top tiers of your organization.

How to reverse this trend? Companies need to find the right person first. Filling the slot is vital, but filling it with a qualified candidate versus merely one who just shows up in a nice suit – thumb at the ready – is key to successful recruiting and retention.

Hiring a merely mediocre employee can be costly. Hiring the first available employee instead of the best available can be even more so. How costly? The *Wall Street Journal* reports the total cost of employee turnover ranges from a low of 50% to 60% (The Hay Group) to 100% to 150% (Hewitt Associates) of the employee’s yearly salary.

These expenditures include training costs associated with new hires and the price of recruiting efforts required to replace employees. Either way, the costs can be considerable. Factor in the time spent training a new employee and bring he or she up to speed, and you can quickly extrapolate out the collateral costs involved in merely losing one employee, let alone several.

To stop picking up hitchhikers and start hiring some talent that's willing to buckle up and stay the course, employers need to get real about their expectations with employees from day one.

What do you expect? What do they expect? These are not merely touchy-feely questions designed as time-filler during the interview; these are critical issues you both need to explore before ever sitting down in the first place. It is not enough to simply hire someone, expect them to leave after their four-year expiration date is up, and then merely give them a counteroffer to keep them from hitting the road.

A counteroffer will only keep an employee around until the next upwardly-mobile opportunity presents itself. Think of counteroffers as the rest stops along the hiring highway; your hitchhiker might stay in the corner office a little longer, but sooner or later a faster car or bigger front seat is going to zoom up and off they go.

Money cannot buy you love and, more importantly, cannot buy you the loyalty of your employees. Not even at the highest levels. Employees need to feel that the tools for success are there and that the upper echelons of the company will recognize their quest for both personal and professional excellence.

If we were to view your company's employees as weary travelers along the hiring highway, with three or four employees sticking out their thumbs and hitting the road every year and only one or two getting hired to fill those empty slots, how vacant do you think your office is going to look by this time next year?

Or the year after that?

Or five years down the road?

Employee loss is just like those empty corner offices; it creeps up on you, slowly, surely, until one day you look in your rearview mirror to find an empty floor and a company in steep decline because of a dried-up talent pool. The only way to keep those offices full – and your hitchhikers from dusting off their thumbs – is to get to know both of you a whole lot better.

Here is where you start.

The Hitchhiker in the Corner Office is less of a book and more of a journey. It is a voyage through change. It is about looking at your company, your employees, your recruiting policies and your hiring practices differently.

More importantly, it is about looking at *yourself* differently.

How do you view change? An inconvenience? A necessity? A luxury? A nuisance? Whatever your view of change may be, the fact remains clear: change is coming. How you handle the current, looming and ongoing hiring crisis for top-level employees will largely determine the success of your organization.

Still think change is a luxury?

A nuisance?

No matter. I said this book is about change and the first change is how to prepare your organization for the current staffing dilemma. To do so we are going to be looking at your journey through the hiring process like any other journey, full of potholes and rest stops and smooth patches and plenty of hitchhikers posing as ideal candidates.

To keep your eyes on the road and an executive suite full of enthusiastic, productive and most of all loyal employees we are going to have to avoid those potholes that have cost us plenty of freeloading hitchhikers in the past.

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Specifically, we are going to avoid the following top-10 hiring potholes:

- **Pothole # 1:** *Hiring as an Event (Versus a Consistent Hiring Philosophy)*
- **Pothole # 2:** *Mistaking Money for True Compensation*
- **Pothole # 3:** *Looking Outward Rather Than Within*
- **Pothole # 4:** *Getting Star Struck Over So-called “Rock Star” Recruits*
- **Pothole # 5:** *Filling Slots Instead of Expectations*
- **Pothole # 6:** *Wasting Those First 90 Days*
- **Pothole # 7:** *Ignoring the New Hire*
- **Pothole # 8:** *Being Afraid of PDA (Public Displays of Affection)*
- **Pothole # 9:** *Foregoing a Recruiter*
- **Pothole # 10:** *Compromising on Excellence*

As an entrepreneur and executive recruiter, I am more than familiar with these potholes. In fact, they have been pointed out to me, time and time again, by my clients who daily decry the hitchhikers who have left their corner offices high and dry and come directly to me to fill them.

But even a new car full of drivers safely buckled in is worthless without a capable driver, so along the way we’ll make this a journey of self-exploration as well. Thought-provoking questions and ongoing challenges will make this a highly-interactive process; one designed specifically to keep your employees happy and their thumbs firmly in their pockets!

If you’re ready, our first pothole awaits...

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Quotes from the Corner Office:

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