

**HaRe Group newsletter: 28 May 2013**

**Subject: Keeping talent during a business change**

Think about the last significant change to your business. Was there a change of strategy? Was there a reorganisation? Was there a merger, or acquisition, or divestment? As a consequence, did you lose any talented people that you needed?

Too often, when there is major business transformation, important changes to performance and reward strategies & programs tend to lag behind the event. The transformation creates so much additional activity amongst business leaders that they can neglect the performance and reward changes that are needed to keep talented people engaged.

In my experience, many good employees can feel neglected during an organisational change. Some decide to look for other employment because they feel no certainty of a rewarding future. While a few transforming companies go to great lengths to explain the “macro” changes, at each employee’s level there is often too little individual detail and it’s usually given too late.

On the contrary, the organisation that includes performance and reward planning in its transformation strategy will lower the risk of losing talented people.

In one recent case, a large Australian organisation was sold to a larger overseas company – in addition to a well crafted education program, a talent strategy had identified all critical positions and the incumbent employees that were essential to the future business. Before the acquisition date, each employee was given individually specific information on changes to their part of the business, as well as details on any new performance objectives and remuneration.

While some areas of the organisation will continue without any changes to employees and their work, all core and support functions were reviewed for:

- Clarity of business strategy and long term goals
- Performance measures and objectives for each function, team and individual
- Career levels within each job family
- Market based pay ranges for each career level in all job families
- Performance management processes to help set individual remuneration within each range
- Assignment of performance targets and the subsequent payment of cash incentives
- Alignment to shareholder interests using long term incentives

Employees saw all significant changes implemented prior to the acquisition date. Since that date, none of the employees in the critical positions have been lost.

When there is any significant organisational event that is beyond an employee’s control and s/he perceives this event as a threat to career or potential reward, then there is a higher risk to keeping this employee. If it was just one employee lost, then the cost may be minimal; but if it’s dozens or hundreds of disengaged people, then the productivity impact can be massive. For any significant business transformation, the change strategy should include more than talk about performance and rewards – tangible changes to these programs should include implementation.

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