Retaining High Potential Talent: Assessment and Coaching As a Means of Avoiding the "Mahna-Mahna" Effect

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Abstract

This study explores how coaching effectiveness is enhanced by focusing on and managing of the relative frequency of individual job tasks and how it contributes to deepening the leadership bench in organisations. Research suggests that in order to motivate and retain an organisation's best people, the key is to understand their strengths and maximize their opportunities to apply these strengths. Further, the study emphasizes why constraining a talent's ability to customize their role and career path (which we define as the "Mahna-Mahna" effect) must be addressed by any strategic coaching intervention in order to effectively support talent retention.

Key words: talent management, strengths, job crafting, engagement, retention.

Introduction

In May 2010 a Fortune 500 financial services company asked North of Neutral to help create a strong leadership bench. Their new CEO faced a problem as much of the company's top talent was leaving, and he needed to improve the retention of their most promising employees. It was clear that something significant was taking place, but initially the organisation had failed to see the pattern.

The 'tenured' members of the senior leadership team had not been receptive to investing in people and, although their best employees had largely remained with the organization during the economic recession, as the economy had begun to improve somewhat, they were experiencing a haemorrhaging of talent which had decimated the ranks of the top tier of the company. Exit interviews made it clear that many of those leaving were frustrated by the lack of flexibility in the organisation: "Ours is a 'cookie-cutter' corporate culture" (i.e. you were expected to fit into pre-determined roles) explained one of them; another described feeling "stuck in first gear" (i.e. unable to take aspects of their role forward at their own pace). The client's ultimate goal was to groom two potential successors for every senior leadership position, and the current situation was making this impossible.

North of Neutral had previously been employed by organisations to help with similar issues around employee retention. We found that this effect was often typified within organisations which did not offer its top talent room to breathe or sufficient autonomy when it came to crafting their career paths, and consequently drove that talent away. We have come to refer to this syndrome as the "Mahna-Mahna" effect, an analogy which we have found to resonate with clients when it comes to discussing and acting upon this effect. The tag stems from the Muppets clip (for an illustration go to http://northofneutral.wordpress.com/2010/07/12/mana-mana-or-how-to-keep-your-top-talent-from-exiting/) which is familiar to many, but probably never considered from the angle of how best to engage top company talent!

To explain how our analogy works: celebrating his individuality with a green vest is the protagonist (or the high potential employee). He clearly has some independent creative ideas and his own interpretation of the job at hand, and is effectively demonstrating his strengths and attributes. Although he is fully and creatively engaged, however, his pink peers are not prepared to accommodate his particular skills and strengths, and repeatedly encourage him to follow the 'business as usual' route. Our high potential employee eventually becomes disengaged and leaves - taking his talent and creativity with him. At the end of the clip Kermit could be considered to be the CEO: in charge of the show but perplexed when his top talent walks out.

The disengagement problem

Our Fortune 500 client's situation was not unusual. A 2009 Corporate Executive Board survey shows that one-in-three high potentials feels disengaged from their company and, according to research undertaken by the Corporate Leadership Council, one-in-three employees contemplate leaving their current employer within the year.

Investing in top talent to enhance their engagement (through committing financially to mentoring programs, coaching, skills training etc.) helps to reduce talent flight and ultimately contributes to improving a company's performance. Macey and Schnieder (2008) found superior financial performance in organisations with engaged employees, as measured by financial indices such as return on assets, profitability, and shareholder value. In essence, the authors reason, engaged employees give more and as a result the workforce is more productive. Harter, Schmidt, and Keyes (2003) also found that the degree to which employees are engaged has a direct influence on business outcomes. Business groups, for example, are more likely to meet goals if they are engaged. Research published in the *Gallup Management Journal* (January 14, 2010) found that engaged employees are more likely to weather difficult business climates and commit to a company. And there is significant empirical evidence that should help convince even the most sceptic that happy employees are productive employees (Lueneburger, 2009). Engaged employees have also been found to have a 16% better 'general performance' outcome and are 32% more committed to the organization compared to their less engaged peers (Spreitzer, Gretchen and Porath, 2012).

Considering the amount of resources committed to growing the future leadership bench within organisations, losing these high potential employees comes with a significant cost to organisations; not only in finding, recruiting, training and replacing new employees but also the loss of productivity during transitions. There are also additional indirect costs related to the motivation and loyalty of other company employees (including high potentials) who witness the departure of de-motivated employees and begin to consider their own positions. Competitive firms generally prefer to grow the majority of their talent in-house, since hiring from the outside can be something of a gamble and filling these vacancies from the open market risks having a negative impact on a company's bottom-line in the long run, as there may be a cultural incompatibility of incoming executives with that of the organizaton.

Taking responsibility

We believe that the responsibility for this loss of talent lies with the executive leadership team, and that it is their responsibility to address employee engagement in their organisation. It is their responsibility to foster a culture at work which encourages employee engagement, both as part of their role in general as well as what beneficial effects it does carry on a company's bottom line in particular.

In terms of how this can be achieved, examples of good practice can be found within a number of successful companies. SAS, which has spent 14 years on the Fortune 100 "best companies to work for" list, and was ranked first in 2010 and 2011, take a pro-active approach to employee well-being. Their employees have perks such as an on-site childcare and a gym, but an SAS executive explained that it was not just these 'visible' perks which kept employees happy: "people stay at SAS in large part because they are happy, but to dig a little deeper… also because they feel regarded – [they are] seen, attended to and cared for." Jim Goodnight, CEO of SAS, put it more succinctly at the Churchill Club on November 10, 2009: "You have to have an environment that encourages people to be creative."

Jim Viola, Chief Learning Officer of the highly successful Sleepys Worldwide chain, shared with us: "Our tenet is 'leaders developing leaders'". A good example of the company's effort to support learning and development is a "corporate university" whereby incoming talent is trained over a period of 30 days, not by outside trainers, but by Sleepy's senior leadership team. "Having the president personally involved energizes all of our efforts and positively affects performance metrics," explained Viola.

Our experiences of coaching executives have shown, however, that these approaches are still the exception rather that the rule. In many companies, senior leadership is often out of touch with their employees, and also fails to recognise and nurture talent. According to the Global Leadership Forecast, only about half of global organizations systematically identify high potentials and even fewer (39 percent) have programs which accelerate development. Of those that do, these programs are often standardized efforts that result in talent being stifled by overzealous management and by non-negotiable job descriptions or restrictive mandates – perhaps defining traits of the Mahna-Mahna effect.

Definitions of employee engagement focus on various aspects of engagement – from psychological meaning through to activity level. Jennifer Robison, writing in the *Gallup Management Journal* (2010) states, "Employee engagement is the psychological and emotional attachment people feel for their work places." Researchers at Kansas State University (Fullagar, Culbertson and Mills, 2010) add additional aspects of engagement, highlighting increased levels of vigour, and enhanced dedication and absorption in daily activities.

Methodology

Within this context, the intention of our work at North of Neutral was to develop a means by which tasks within the workplace (the key elements of a job) could be quantified, and then to establish how this information could be best applied to increase employee engagement, and thus improve the retention of high potential employees.

We began our research by identifying 89 people who had previously been identified as high potentials. The status of a high potential we defined as, "consistently and significantly outperform[ing] their peer groups in a variety of settings and circumstances. While achieving these superior levels of performance, they exhibit behaviours that reflect their companies' culture and values in an exemplary manner. Moreover, they show a strong capacity to grow and succeed throughout their careers within an organization - more quickly and effectively than their peer groups do." (Ready, Conger and Hill, 2010)

Participants in the study were identified either by their employer as being part of their high potential pool, or were enrolled in an Ivy league MBA program and met the aforementioned criteria (for example were sponsored by their employer, gave evidence that they had been fast tracked prior to starting their MBA, or had had an offer to return to their previous employer).

We recorded their gender, nationality, age range, industry sector, occupation, and their level of fulfilment (both in their professional and personal life). Next we asked the selected high potentials to take our online assessment of their current engagement at work: our Engagement Pulse Check (NoN, 2010).

The core of this assessment required them to list seven to ten of the most essential tasks which they undertook at work, and then to mark on a scale how often these were undertaken, from "rarely" to "sometimes" to "often". Following this they were asked to mark how much they enjoyed doing each of these tasks, again on a continuum scale from "not at all" through "somewhat" to "very much". Tasks were then distributed within four pre-determined "quadrants" and/or along the borders between quadrants.
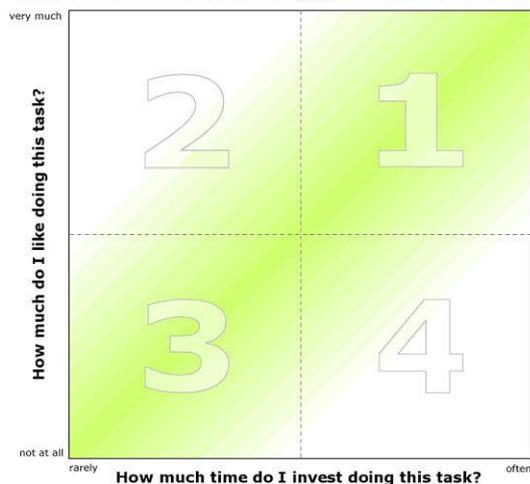
Quadrant 1 shows frequently performed tasks that the individual enjoys. These tasks are typically aligned with a person's natural talents and value system.

Quadrant 2 contains tasks that a person truly enjoys doing, closely aligned with their strengths and values, but which are not used very often. This can also be considered the Mahna-Mahna Quadrant.

Quadrant 3 shows infrequent yet necessary tasks that the individual does not enjoy doing, are generally not aligned with the individual's natural talents or personal strengths, and which cannot be outsourced.

Quadrant 4 lists tasks the individual finds unsatisfying, yet are used frequently.

Research results

Based on our quantitative analysis we found that 37% of high potentials indicated that they felt disengaged at work, correlating with the one-in-three suggested by the Corporate Executive Board. Among those with the highest level of job satisfaction, Quadrant 1 tasks are maximized, and they are doing what they enjoy as frequently as possible. Those undertaking too many tasks in Quadrant 4 had

poor job satisfaction and increased the probability of disengagement. We found, however, that Quadrant 1 tasks alone were not indicative of overall engagement levels, as our self-described 'unfulfilled' group also had a relatively high Quadrant 1 density (as compared to their other quadrants).

Results showed that fulfilled high potentials typically had very few (one or zero) activities in the Mahna-Mahna Quadrant, although looking at Quadrant 2 alone was not conclusive of engagement levels. Our research suggested that the key to engagement and fulfilment levels was *the ratio of Quadrant 1 and Quadrant 2 activities*. While a weaker correlation also exists between fulfilment and the ratio of Quadrant 1 tasks to all other tasks, the most indicative ratio by far is that between Quadrants 1 and 2 with engaged high-potentials consistently scoring a ratio 6:1 or higher. Contrary to intuition, Quadrant 3 tasks did not seem to have a strong influence on the level of high potential fulfilment.

In other words, in creating a sustainably engaged high-potential leadership bench, organisations need to be mindful of not only making sure their high potentials have a number of tasks that they enjoy doing and get to do on a frequent basis, but also that hidden interests and talents are acknowledged and employed. In other words, it is critical to minimize the number of tasks in the Mahna-Mahna Quadrant.

Qualitative Assessment

Following this quantitative analysis we selected seven high potentials. Of these five had recorded responses between "very fulfilled" to "fulfilled", and two were "unfulfilled". We asked this group more in-depth questions regarding their experience as a high potential and the support which they had received from their respective organisations. Interview sessions were then scheduled and conducted by telephone. None of those interviewed were clients.

A similar picture emerged, with the highly engaged group echoing the suggestions of our quantitative findings. In general they saw senior management, including the CEO, as being involved in their individual development; they understood how their work connected with the organisation's overall mission and purpose, and they perceived that they had a voice in the overall direction of the company. What was more, they valued the degree of flexibility in their current role which enabled them to integrate their particular interests – either as part of their direct responsibilities or through involvement in particular projects within the firm. The two individual who were part of the "unfulfilled" category confirmed these findings as they reported a lack of self determination and autonomy when it came to their organisations and generally were did not perceive their organisation's mission and purpose aligned with their own.

As suggested by Deci and Ryan's paper (2000) on Self-Determination Theory, experiences of autonomy, competence and relatedness nurtured higher levels of motivation and engagement, including improved productivity and creativity. A good illustration of this was the response of one fulfilled participant, a consultant with one of the top strategy consulting firms in the US, who explained that "I had a newfound interest in acting. As we need to excel on our presentations to clients I discovered that this could be a win-win situation for the firm and myself. So now I am taking acting classes once every two weeks – which feeds back positively in my work and how I can realize my personal interests."

Application of findings

Our research has led us to develop a three-phase Engagement Model which informs our approach as to how best coach an employee. Its qualitative components offer a blend of the latest research on employee engagement and our experience as leadership development coaches. Its quantitative component, the Engagement Pulse Check, serves as a simple yet powerful tool to monitor the Mahna-Mahna effect and to see how engaged a company's high potential employees really are.
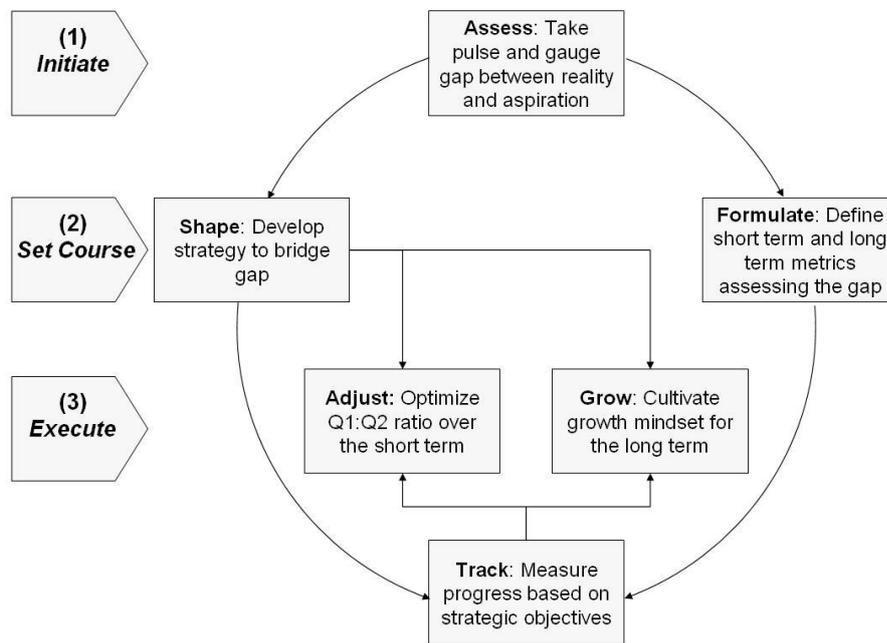
Phase 1: Initiate: how engaged is top talent?

In dialogues with the CEO, senior leadership, and human resources, we seek to understand the degree of commitment to strengthening an organisation's leadership bench. Aside from routine employee satisfaction polls, which mechanics are employed to engage with the next generation of leaders?

In this phase we also get a clear picture of the engagement of our client, the individual high-potential. In direct exchanges with the manager and the high-potential we use a proven set of questions to gauge an individual's state of mind and engagement at work in addition to studying their Engagement Pulse Check results.

Phase 2: Set Course: define goals, milestones and metrics

In collaboration with the client and supervisor, we determine what a fulfilling professional trajectory looks like. This is also the time to enlist, in collaboration with the high-potential, key stakeholders and internal mentors to build a coalition for change. Shared goals create a platform of trust and help overcome obstacles that surface.

To determine the success of any change project, metrics are key. At the organizational level, qualitative indicators might include employee satisfaction and perceived level of engagement of high potentials. On the individual level it may involve self-awareness, intent to stay with the organization, commitment to training, as well as feedback from supervisors, stakeholders and peers.

'Hard' business metrics may include absenteeism, duration/number of rotations, productivity and employee turnover. Our Engagement Pulse Check adds another quantitative metric through considering the Quadrant 1 to Quadrant 2 ratio.

Phase 3: Execute: *adjust* for the short-term, *grow* for the long term and *track* progress

Adjust. Optimizing the Quadrant 1 to Quadrant 2 ratio offers the opportunity to achieve swift and effective results as some tasks may be easily moved from Quadrant 2 to Quadrant 1. We also look at Quadrants 3 and 4, as minimizing these tasks (where possible) may free up time to dedicate to tasks of

interest in Quadrant 2. Asking questions such as "How can you modify the tasks you do not like and/or reduce their frequency?" or "What are ways to expand tasks that you enjoy doing?" build awareness and the ability to make decisions as to which tasks to maintain as part of a fulfilling role. Shaping the boundaries of an employee's current job also serves to offer the employee ownership of the process, making the job 'their own' and improving outcomes.

This process is rooted in positive organizational scholarship, and uses a high-potential's strengths to develop a role which is shaped around their talents and interests. Investing an individual's strengths into what they do best naturally and allowing them to broaden and build their minds and behaviours promises to positively affect the perceived enjoyment of their work, their work identity, and ultimately their ability to contribute fully to an organisation.

Grow. Leadership coaching and employee development needs to move away from performance improvement plans "that fix a person into being a better leader" towards learning goals that resonate with the high potential's dreams (Goleman, Boyatzis, McKee 2002).

Lasting leadership requires the expression of an authentic self. When we coach our clients, we work on fostering a 'growth mindset', where people believe that qualities can be cultivated and they seek out challenges (Dweck 2006). Individuals with a fixed mindset often opt to avoid taking risks or changing anything that might place their status (and the status quo) in jeopardy. In many ways, it is a learned helplessness built upon doubts as to whether we can impact and steer our destiny. Self-determination is outsourced, and this can often lead to these individuals feeling de-motivated and deflated.

In the face of such obstacles, growth-oriented individuals, while they also find failure to be very disappointing, do look for the learning from these experiences. While not everyone will be able to reach the same level, a growth mindset generally fosters innovation and creativity.

Track. As leadership coaches we regularly check in with clients as well as their supervisors and stakeholders to gauge progress. Are milestones being met? What is working? What is in the way? This is where the Engagement Pulse Check's ability to capture progress is highly effective. Goals can be fine-tuned, a sense of urgency prevails, and we can make adjustments and tailor an individual's plan as required.

Conclusion

The more one is able to use one's top strengths (or "signature strengths") on a regular basis, the more engaged one tends to feel (Seligman 2002). Similarly, Gallup's Tom Rath (2007) found that, "people who *do* have the opportunity to focus on their strengths every day are *six times as likely to be engaged in their jobs*…"

Our research wholly supports this perspective. A deeper meaning in an employee's work is rooted in understanding how their role is connected with the greater organisational values and objectives, and with their personal aspirations. Furthermore, to work in a supportive culture which offers the infrastructure and resources required to employ strengths and interests on a regular basis is an essential element of being engaged at work, "If you can find a way to use your signature strengths at work often, and you also see your work as contributing to the greater good you have a calling" (Seligman, 2000).

A significant part of this responsibility falls to an organisation's senior leadership and a high potential's supervisor. Without the management team creating the conditions at work that foster and

encourage the flexibility and change in high potential career development, employees have little opportunity or incentive to do so on their own.

Once the process has begun high potentials also need to shoulder the responsibility of fully exploring what it is that they enjoy doing, where their particular strengths (and blind spots) are, and to go the extra mile in fully grasping which options are available for them to thrive within their environment. It is only through identifying their personal 'Mahna-Mahna tune', and through showing others how their unique skills can benefit the workplace, that strengths can be employed and nurtured, and that opportunities for change and engagement can flourish.

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