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Retaining Employees Before an Upturn Hits

By ERIN WHITE

Amid some glimmers of stabilization in the job market, management watchers say companies must take steps now to prevent defections of star employees – before the upturn comes.

And, firms must be ready to pounce on top talent when they're finally able to start hiring again, experts say.

Right now, many companies aren't paying enough attention to preparing for an upturn, management consultants say. "They're not thinking about, 'Am I going to have mass defections,'" says Tom Rath, who leads the workplace consulting practice at Gallup. "They need to be thinking about that."

Many talented employees are in jobs they want to leave, but can't because the job market has been so bad. They're burnt out from extra work they've picked up as co-workers got laid off; layoffs and pay cuts have damaged loyalty.

"There will be a lot of people, as soon as the job market tightens up, who are looking to get out," says Peter Cappelli, a management professor at the University of Pennsylvania's Wharton School. "There are a bunch of people who will be disappointed by the behavior of their employers during this downturn – employers who didn't take care of their employees and made it increasingly clear that they were just treating them like pieces of meat."

Here's what managers should do now to keep their people when the upturn comes:

Ask talented employees what they really want to do, and help them find ways to do that at the company, says David Lewin, a management professor at UCLA's Anderson School of Management. In the recession, many employees have been good soldiers and worked hard at jobs they don't love. But in a upturn, they'll be looking for more. "After a while they'll ask themselves, 'Am I doing what I really want to be doing?,'" says Mr. Lewin.

Map out a plan for the future of the company, and explain to employees how they fit into it, says Mr. Cappelli. Employees are often willing to forgive grim recession-time employer behavior if they understand what's going on, what the plan is in the future and what their roles will be.

Get a true understanding of the state of morale. "Most companies during these kinds of times ... their

idea of checking on morale of employees is they ask HR people," says Kevin Coyne, a partner at the Coyne Partnership, a consulting firm in Atlanta. And the HR folks, as more sophisticated survey methods have suffered under cost-cutting, may rely on word-of-mouth. So executives "are getting more in the dark," Mr. Coyne says.

And here's how managers can be ready to pounce when they're finally allowed to hire again:

Look to upgrade your talent rather than just fill empty spots, says Mr. Coyne. Identify mediocre employees and look to replace them with better people who will start looking when the market picks up.

Put sophisticated hiring processes in place now to avoid hastily making bad hires later, says Mr. Rath. He points to the recent uptick in productivity as an indication that firms had many employees who got cut who either were hurting productivity or weren't contributing much to it. Pay particular attention to the quality of front-line managers, who have an outsize influence on workforce motivation and productivity. "No manager might be better than a really bad manager," Mr. Rath says.

Consider hiring teams rather than individuals, says Mr. Lewin. With so many workers in the market for new jobs, employers will have the chance to bring on groups that already work well together. This could help companies "get a pretty good jump on their competitors," Mr. Lewin says. "It's like trading for three key players as opposed to one."

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