



# Engaging and Retaining Top Talent in a Tight Skills Market

Rosemary Howard

Executive Director & Conjoint Professor  
AGSM Executive Programs



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# The Facts – Demand Growth

Growth in jobs over the last 5 years<sup>1</sup>

• Construction	250%
• Property & Business Sources	195%
• Head & Community Services	155%
• Retail Trade	110%
• Government	90%
• Education	70%
• Transport & Storage	60%
• Mining	55%

There has been significant growth in demand particularly in the services sector



# The Facts – Demand Forecast

Forecast growth in jobs in the next 5 years<sup>1</sup>

- |                                |      |
|--------------------------------|------|
| • Health & Community Services  | 170% |
| • Property & Business Services | 135% |
| • Retail Trade                 | 130% |
| • Construction                 | 85%  |

The growth in demand is forecast to continue, particularly in the services sector



# The Facts – Supply

- More than 10M employees in Australia<sup>1</sup>
- Unemployment 4.1%<sup>1</sup>
- Participation 65%<sup>1</sup>
- 37% of workers 45+<sup>1</sup>
- 195k shortfall forecast over the next 5 years<sup>1</sup>
- High proportion of mature age workers<sup>1</sup> in:
  - Agriculture
  - Education
  - Health and Community Services
- With zero migration, labor force will fall to 8M in 2050<sup>2</sup>

Our workforce is aging and without immigration will shrink



# The Facts – Global Demand

- Global talent gap forecast to reach 23M in 5 Years<sup>1</sup>
- Fortune 500 companies will lose half their senior executives by 2015<sup>1</sup>

The shortfall in skills is global & growing



# The Facts – Where Australians & New Zealanders Live

- Australians
  - 21M in Australia
  - 1M Offshore
- New Zealanders
  - 4M in NZ
  - 1M offshore

Some of Australia's and New Zealand's best talent works offshore, the number is likely to increase



# The Facts – Costs Today

- Hiring, training and knowledge management costs can add up to 150% of a departing employees salary<sup>1</sup>
- Australian workers stay in a job an average of 2 years<sup>2</sup>
- More than 50% of employees say they plan to look for a new job<sup>3</sup> this year
  - 68% 18-34
  - 26% over 55
- The annual cost of high staff turnover is estimated at \$US 500B globally<sup>4</sup>

The cost of staff turnover is very high and growing



# The Facts –Tomorrow<sup>1</sup>

- No#1 English speaking country in 10 years - China
- 25% of Americans today in their job for less than 1 year
- For those at school now in the USA, estimated 10-14 jobs before turning 38

Staff engagement plans need to hit a rapidly moving target



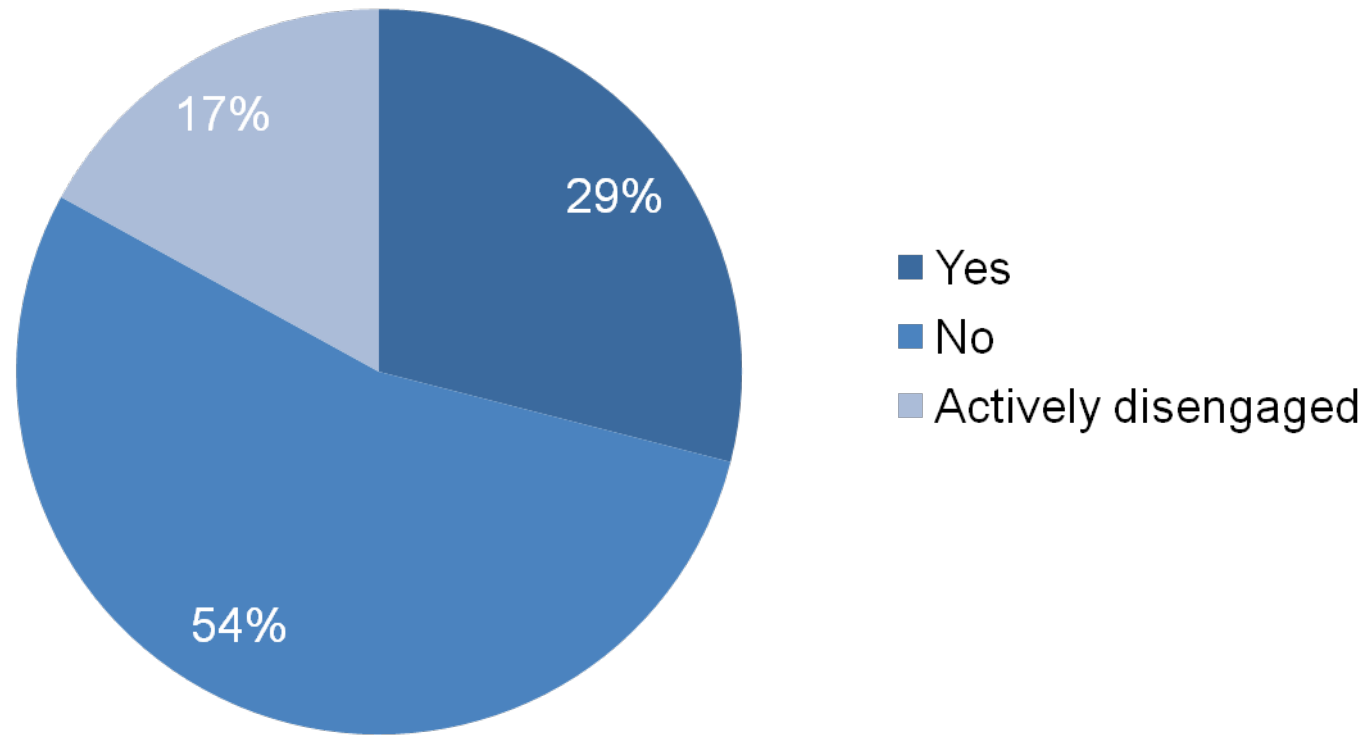
# Engagement – What is it?

- Head - Makes sense for me
- Heart - Passion, enjoyment, enthusiasm
- Spirit - Something important, make a difference
  
- “Presenteeism” on the increase<sup>1</sup>

True engagement involves head, heart & spirit



# Engagement – How Engaged Are We? <sup>1</sup>



For nearly three quarters of employees engagement is inadequate



# Engagement – Drivers

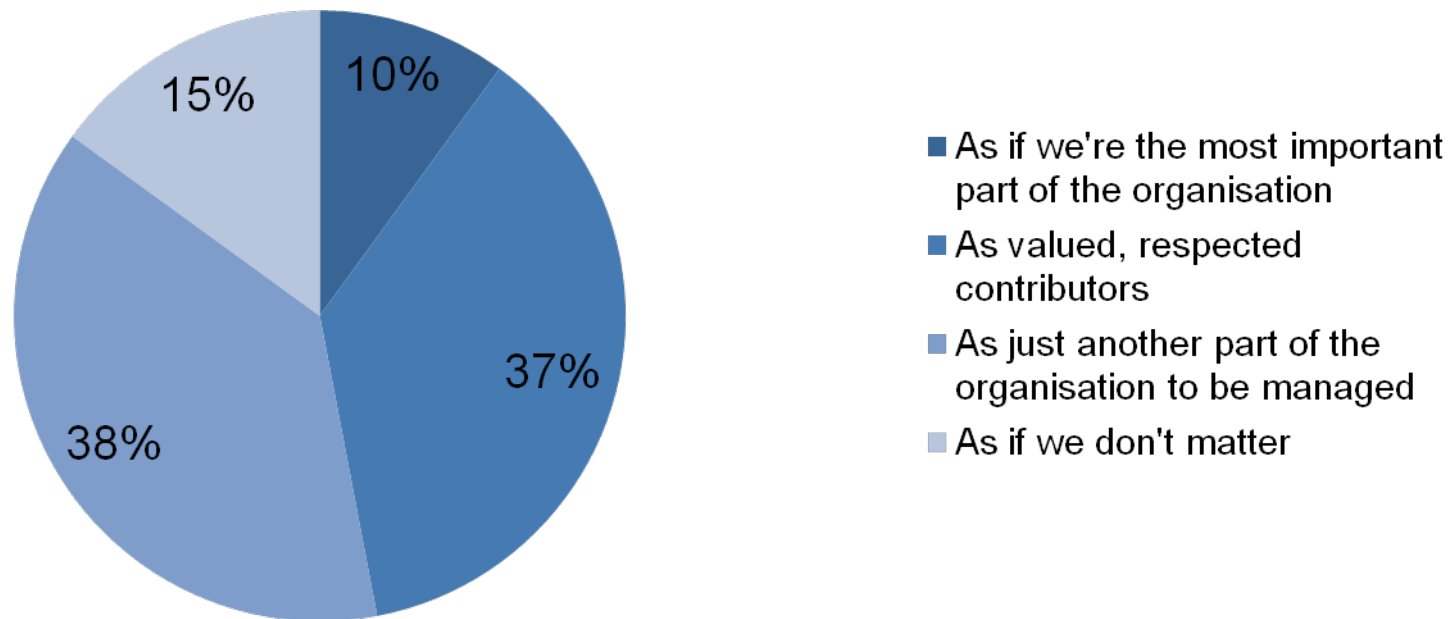
## Top 10 Drivers of Employee Engagement Globally<sup>1</sup>

1. Senior management sincerely interested in employee well-being
2. Improved my skills and capabilities over the last year
3. Organisations reputation for social responsibility
4. Input in decision making in my department
5. Organisation quickly resolves customer concerns
6. Set high personal standards
7. Have excellent career advancement opportunities
8. Enjoy challenging work assignments that broaden skills
9. Good relationship with supervisor
10. Organisation encourages innovative thinking

3 key elements – senior leadership gets it, understands employees  
and develops their people



# Engagement – How Employees Think Their Company’s Leaders View Them? <sup>1</sup>



“not the flavour of the month with super macho CEOs”<sup>2</sup>



# Engagement – Key Issues

- Relationship with immediate manager<sup>1</sup>
- Remuneration<sup>1</sup>
- Personal & career development opportunities<sup>1</sup>
  
- Money<sup>2</sup>
- Boredom<sup>2</sup>
- Career development<sup>2</sup>

If staff are not engaged, they walk



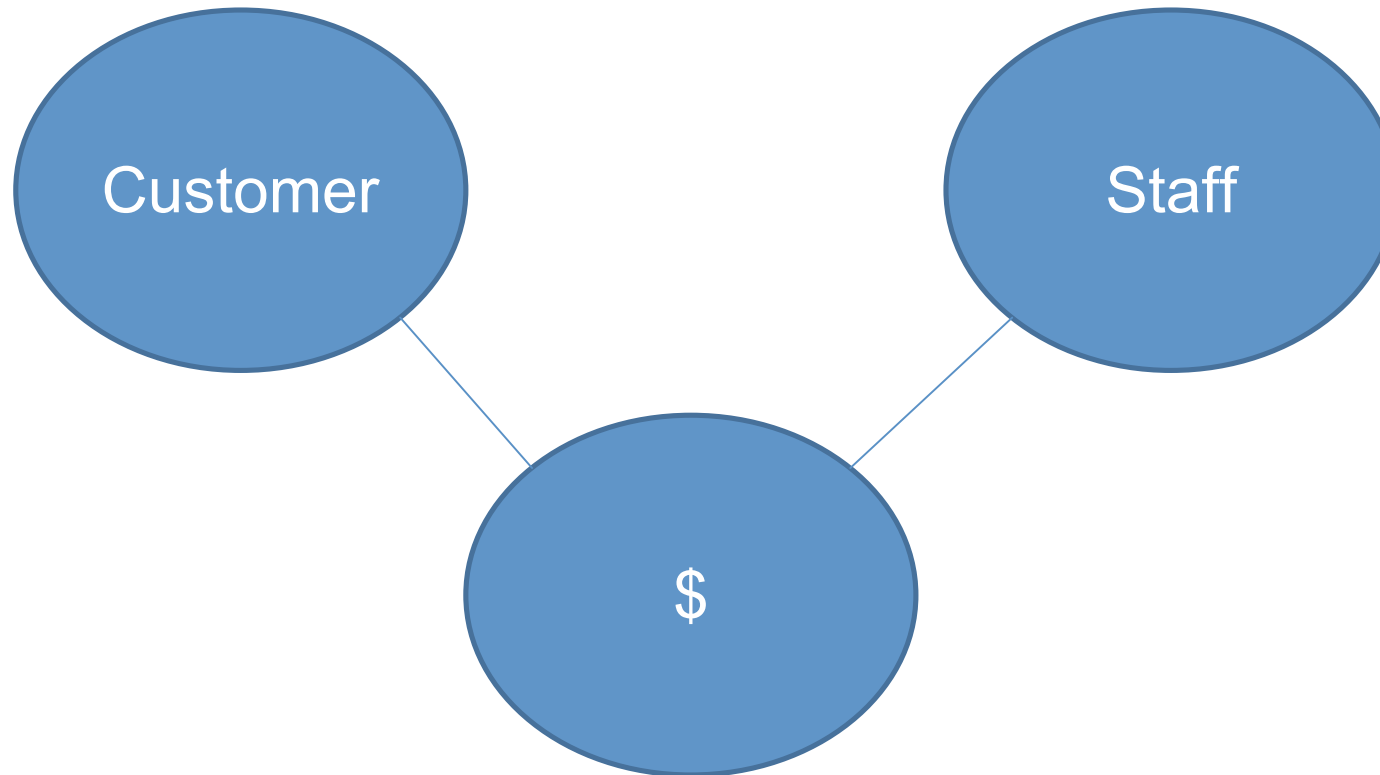
# Engagement – Benefits

- Staff turnover 70% less<sup>1</sup>
- Customers 70% more loyal<sup>1</sup>
- Profits up 40%<sup>1</sup>
- Operating margins over 3 years<sup>2</sup>
  - High Engagement +4%
  - Low engagement -2%
- Productivity growth for Australia

Customers want an emotional connection with services not just rational satisfaction<sup>3</sup>



# Engagement – Why it Matters



Focus on the customers and the staff and the dollars will take care of themselves



# Stories From The Front Line

1. Staff engagement can be lost very quickly without 2 way communication



# Stories From The Front Line

2. Valuing staff starts with executive & management development to achieve behavioural change



# Stories From The Front Line

3. Treating customers well results in improved staff engagement and financial performance



# Stories From The Front Line

4. Downsizing requires focus on the staff staying as well as leaving



# Stories From The Front Line

5. The same segmentation techniques can be used to know staff as well as know customers



# Stories From The Front Line

## 6. Talk the talk & walk the walk

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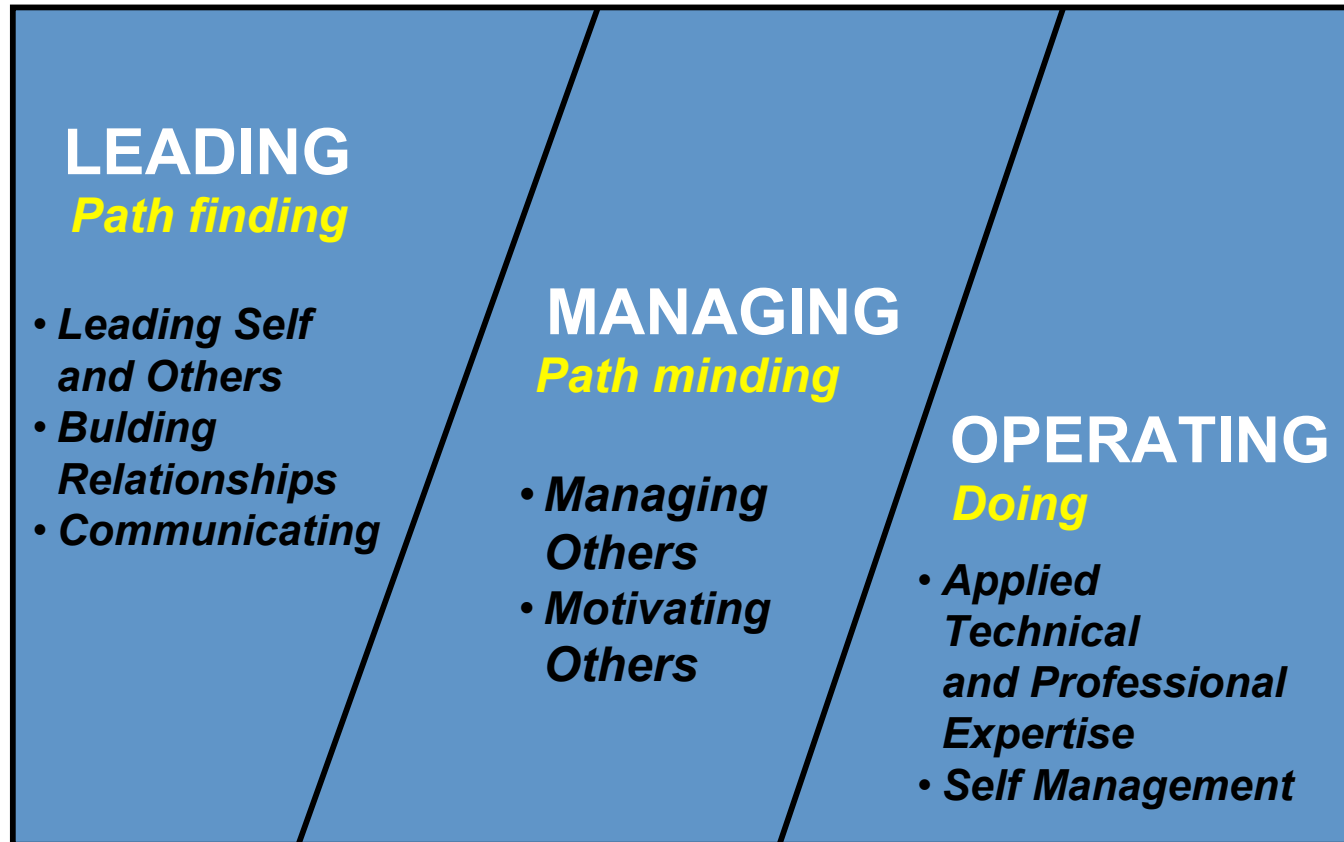
# Engagement Tools in Service Organisations

- Differentiation
- Know the customer
- Relationship with customers
- Virtual teams
- Knowledge management
- Learning organisation
- Continuous improvement
- Innovation

Customer service and staff engagement are mutually dependent



# Engagement Tools

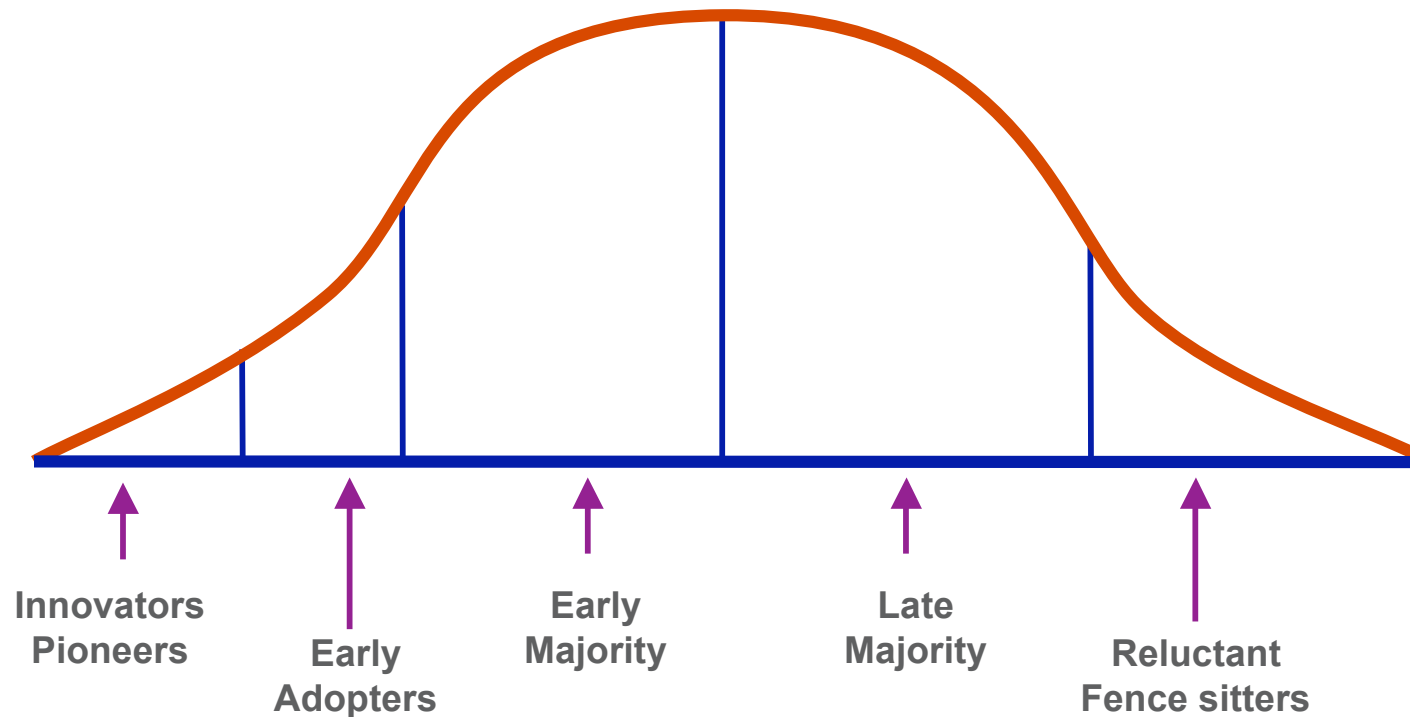


Engagement requires integration of strategic leadership, managing people and hands on



# Engagement Tools

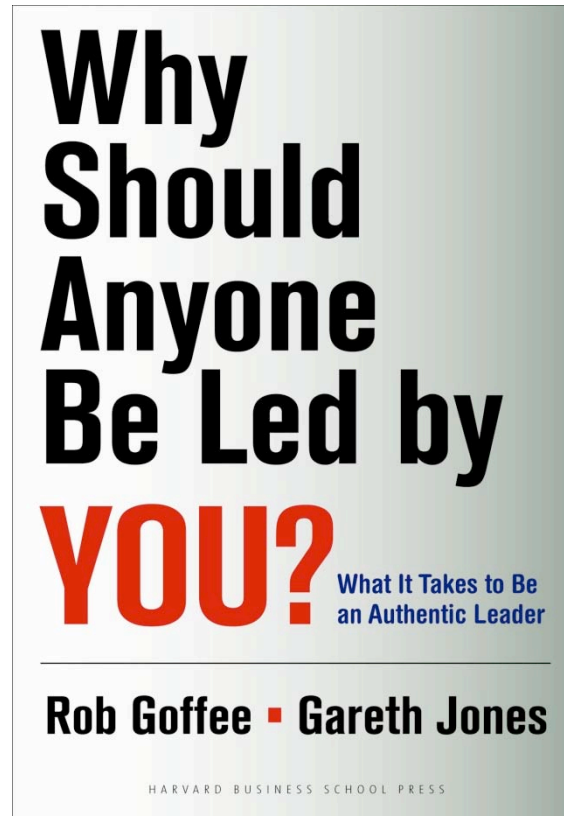
- Some of us adopt change earlier than others



Effective engagement starts with recruitment – select people on values and behaviours as well as skills



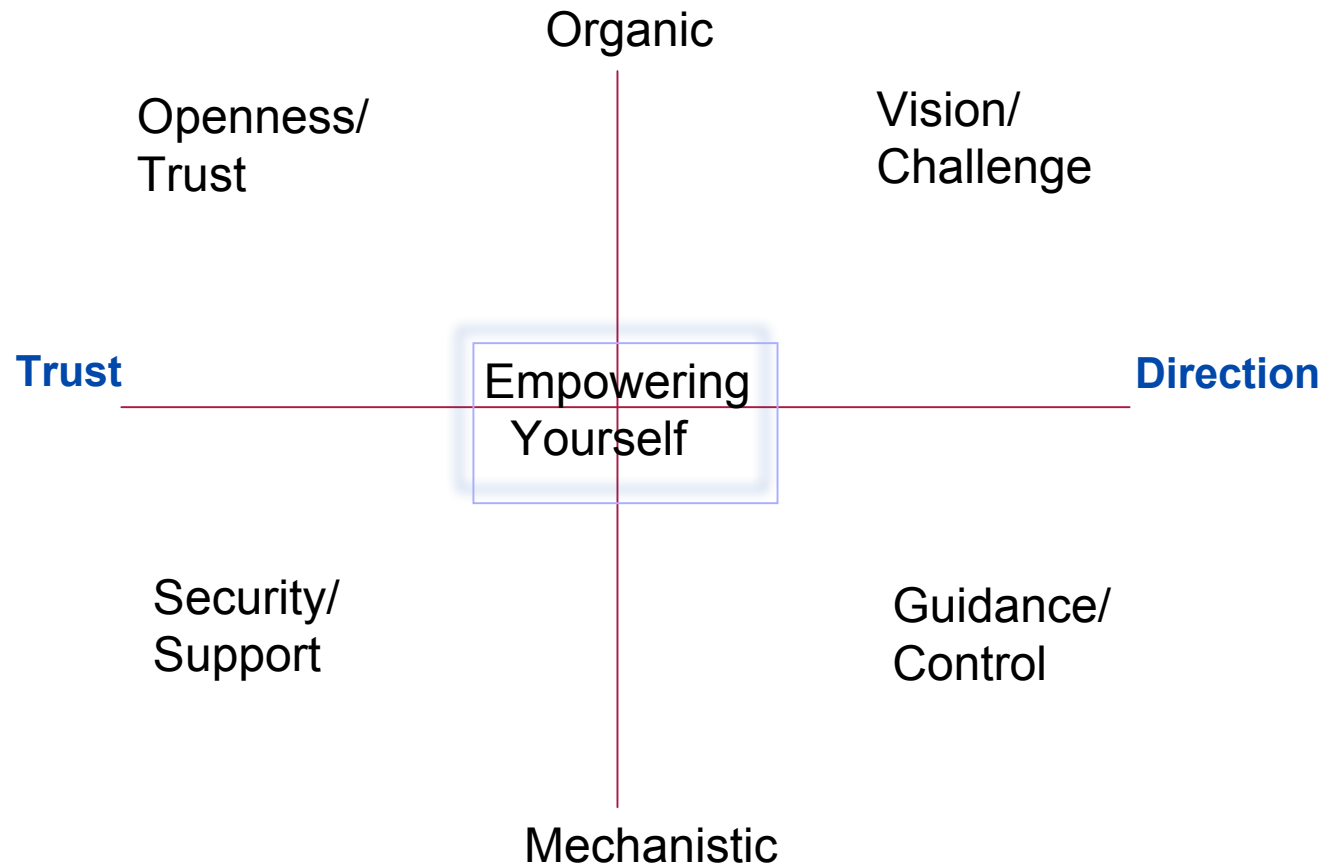
# Engagement Tools



For engagement to work everyone needs to be an authentic leader



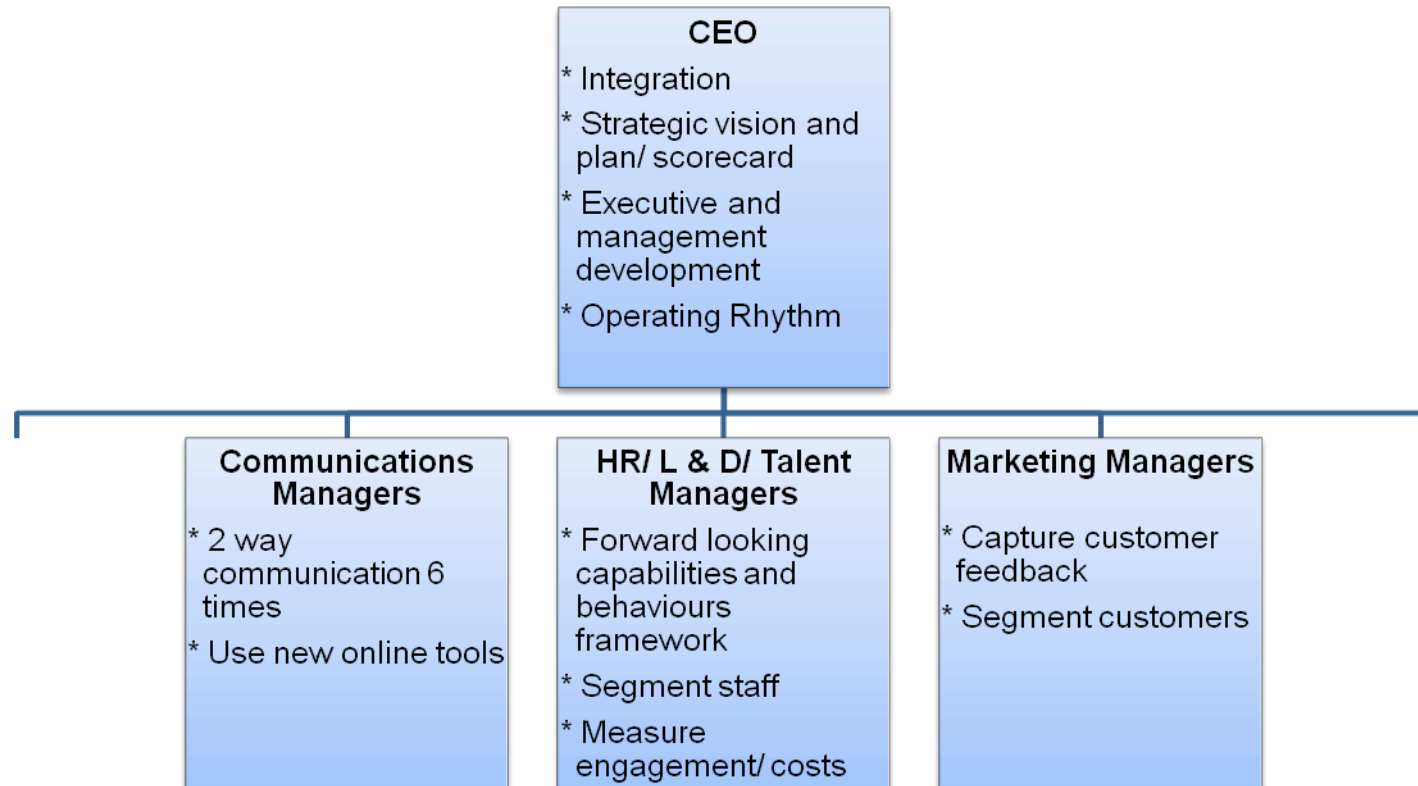
# Engagement Tools



Empowerment is key to engagement<sup>1</sup>



# What Can You Do?



Integrate engagement into strategic, customer and financial management





# Thank you

For more information please contact us:

**Phone** +61 2 9931 9333

**Web** [www.agsm.edu.au/executive](http://www.agsm.edu.au/executive)

**Email** [enquiries@agsm.edu.au](mailto:enquiries@agsm.edu.au)

