Throw me the money:
The truth about pay and engagement

Directors and Senior Managers are breaking all the rules when it comes to their attempts in retaining key people. They are regularly throwing money at the problem of retention, simply writing cheques instead of looking at the bigger engagement picture. HR professionals are often complicit in this crime and are often destroying value in the process.

The plastic fiver goes into circulation mid-September. It's also a popular time of the year for weddings in the UK. Imagine if a new craze broke out to use the new £5 notes as some sort of 'posh confetti'. Crazy idea? No more so than the practice of simply throwing money at people instead of dealing with real retention issues.
Over the past 18 months we've been noticing a trend with our clients and wider network. As business picks up and markets improve, people are mobilizing in the jobs market, looking for new roles and reappraising what they think they're worth. Many managers and directors have been left snoozing at wheel and find themselves having to react quickly to resignations or demands for more cash from their best people.

We all know that by this time it is often too late, the relationship has broken down or remains at a low point and now it simply comes down to economics and timing alone. So if this is common knowledge, why are so many managers and organisations losing out and feeling like they have to throw money at the problem? We've been pondering this conundrum here at Connectwell and our analysis has identified three possible root causes:

1. Supply & Demand Imbalance
2. Functional & Tactical Senior Managers
3. Poor working knowledge & grasp of the Employee Value equation & engagement principles

1. As we continue out of the recession in most cases, individual companies are travelling at different rates of growth. Faster businesses get to take stronger positions by being loudest and most confident in the marketplace, i.e. marketing activity, growth plans, key recruitment investments. Good people in the market notice this and are drawn to those companies and opportunities. If their own business is in the 'slow lane' there may not be the jobs internally to go to or the development opportunities being made available.

The more obvious type of supply and demand issue is that there is simply not enough great talent to go around. Wage inflation starts to creep up and if not managed, can cause unrest or even performance issues. Where there is no one perceived to be able to replace a good person, that individual knows they have the upper hand or strong bargaining position.

2. Perhaps a bigger issue is that we are seeing some incredibly senior managers, spending a disproportionate amount of time down in the detail working on functional and tactical work. By its very nature, there is a lot to look at and focus on so it becomes a major distraction away from leadership responsibilities including people management. It always starts innocently; pushing back a 1:1 chat, forgetting to give feedback, not acknowledging a great piece of work. Unless the wider culture is superb, this can easily start to tear at the emotional contract; we all know the main reason for leaver or stayers is the strength of relationship with your boss.

3. Lastly, we still see a relative weakness and poor working knowledge or grasp of the Employee Value equation and genuine engagement principles. What is this? It is essentially an organisation's unique combination of benefits, promises & permissions it creates for its employees as part of the contract of working together. The strength and differentiators of the company, the culture and values, how reward is adapted to employees, career opportunities and skills development, access to great work are all potential components that contribute to an overall equation or 'Proposition'. Money (remuneration) is simply one component.

I suppose as experts in this field, knowing how much research and evidence there is out there, we find this low capability surprising. We have to believe that if more people really knew the financial and other tangible benefits to a business of genuine engagement, there would be a different approach all together.

Engagement is not a dark art as once believed; there is a rhythm, pattern and science to it that is very learnable. It's true that each manager and organisation is unique so the implementation of engagement strategies is always different. At Connectwell, we've created our own framework and strategies to demystify Engagement. We call it the CEMistry Model ™

As an equation the CEMistry Model ™ identifies x6 key factors. We then support and teach our clients what they really mean, how to measure against them, and design implementation strategies that work:

1. Leadership
2. Employee / Role Fit
3. Support Mechanisms
4. Levels of Autonomy & Supervision
5. Opportunities to develop against personal aspirations
6. The overarching purpose and attractiveness of the organisation

Salary levels often play a minor role at best in your good people leaving you. There is no excuse not to pay people a fair wage / market rates assuming they are performing well against well understood targets and goals.

Throwing money at the underlying problems can have some really negative effects. It can start an unhelpful chain reaction within teams. Whether true or not, perceptions of favoritism and lack of transparency can creep in breeding resentment. At this point whatever genuine investments you make outside of the salary component are ignored or never work as well. People can lose their focus on the customer or quality of work and their performance becomes the battleground where drama between employer and employee plays out.

Not convinced? A couple of useless facts for you; the plastic £5 fivers can have a tendency to 'stick together' and are also 15% smaller in size than the notes they are replacing. Perhaps not so useless after all; if you want to stick together, retain the good will and performance of strong people in great teams, then you might need to find a new note with your own people strategies or performance. If not, you may find more than a 15% loss of productivity from disengaged people or worse, have to fork out several of the £5 fivers replacing regretted leavers. Good luck with that!

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