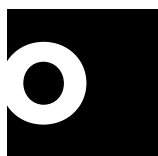




The New Modern Work Cycle

Should companies freak out—or try turning today’s increasing job turnover into a win-win for workers and the bottom line?

BY CHANA R. SCHOENBERGER



On the surface, it seems like another reason to keep leaders up at night. Their employees, particularly younger ones, have no desire stay at one company for more than a few years, let alone the rest of their careers. And this year, in a so-called buyers’ market for job hunters, HR departments are stressing even more about holding onto their best talent.

But instead of lamenting about all the potential turnover, some executives are taking on a radical approach: Assume people are going to want to

leave, and rejigger hiring, training, retention and compensation plans accordingly. Indeed, experts say, these types of changes could not only soften the blow of people always leaving, but they also might attract a whole new set of talented workers to a firm. “For the right kind of person, this is incredibly appealing: Come in, build something great, and then no harm, no foul,” says Melissa Swift, leader of Korn Ferry’s Digital Advisory, North America and Global Accounts.

Acknowledging and even encouraging short-term employment is a recognition of multiple

trends driving today's increasingly mobile workforce. One recent study found that people now work for almost twice as many companies in the five years after college graduation as they did two decades ago. Some millennials may trade in their job-hopping ways for stability as they age, but experts believe many others, accustomed to enjoying new challenges every few years or the rhythms of contract work, will keep moving around.

Short job tenures are a particular problem for employees who specialize in the digital side of business. Because of the high demand for these employees, companies must court them aggressively, only to often see them leave within two to three years. It's a similar problem for creative types, too, since they're people who like novelty and want to work outside an existing structure, says Kimberly Merriman, an associate professor of management at the Manning School of Business at the University of Massachusetts Lowell. Many companies try to keep these people with long-term performance pay or bonuses tied to a company's stock price, but those types of rewards just aren't valued by these groups, Merriman says.

But it turns out that savvy hiring leaders can tap into the same impulses that drive the desire to find new work and design a job setup that maximizes the benefits for both the employer and the employee. A research project Swift led discovered that an executive who can lead a company's digital change tends to be highly adaptable, curious and motivated by independence, but shies away from a formal structure. "That's somebody who constantly wants to take on new challenges, so it's not surprising that people with these traits change jobs frequently," Swift says.

Knowing that, it's logical to shorten the cycle of performance reviews and bonus awards, Swift says. Because a company can't afford to lose institutional knowledge every two years, larger

companies can build rotation programs for people further along in their careers to move them across geographies or units. Some firms have this at the junior level, but it makes sense to let senior executives move around as well.

Ben Dattner, a New York City-based industrial and organizational psychologist, says smart companies facing high executive turnover should also form an alumni network, as many management consulting firms and law firms already do. These groups gather lawyers who have left to work as a client's general counsel or consultants who now run corporate strategy for a client, meeting several times a year in person and online to exchange ideas. People could work for a company for a while, leave and perhaps come back later in their careers.

Of course, there's only so far a company can take this go-ahead-and-leave approach. Few businesses can thrive with consistently high turnover, and retention has to be major part of any talent strategy, experts say. It can take several months to more than a year just to get someone enough experience to do the job assigned. Turnover isn't cheap, either. The cost of replacing a manager less than a year after their hire is 2.3 times the person's annual salary, according to Korn Ferry research. For a senior executive position, the replacement cost could amount to \$1 million or more.

But ultimately, Swift says, it's important culturally not to think of someone's departure as a betrayal or a failure of loyalty. "You just have too many companies freaking out that someone is looking for another job," she says. "It's time to realize that, hey, these are people you want, and then let them go when they feel they need to." ●

The Takeaway

HR leaders should be rethinking often how talent is best employed.

**\$1
MILLION**
Potential
replacement cost
of a senior
executive