

Governments are dependent upon employee talent, because government is a knowledge-and-service industry. Therefore, as public agencies face a shrinking talent pool, they need to creatively use and market benefits. Benefits are critical to the attraction and retention of employees and must be viewed as part of a public agency's efforts to create a competitive edge in fighting the war for talent. Typically, benefits are too narrowly defined and undermarketed. In developing a winning package of broadly defined benefits, public employers must tie benefits to the values of employees, especially those of the next generation.

The Role of Benefits in Winning the War for Talent

by Frank Benest

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Government agencies confront a deepening demographic crisis. Across the U.S. economy, an estimated 80 million baby boomers (born 1946-1964) are retiring, with only 50 million Generation Xers (born 1965-1976) to replace them. The greatest talent replacement gaps are in managerial, administrative and key professional positions. This talent crisis is especially a big problem in the public sector since a greater proportion of baby boomers joined government service than private employers in the JFK era.

In attracting and retaining talent today, providing competitive salaries and bene-

fits is necessary but insufficient. Assuming organizations provide good wages and benefits, they will either win or lose the war for talent on culture. In fact, a positive and engaging organizational culture must be viewed and marketed as part of the benefits packet.

To become an employer of choice, public agencies must shape their culture to respond to the values of employees, especially Generations X and Y. John Izzo, in his book *Values Shift*, identified five key values of the next generation:

- **Meaning.** All employees, especially younger ones, crave meaning in their work. Margaret Wheatley indicates

that meaning is the most powerful motivator of behavior. In fact, author Daniel Ping proclaims that "meaning is the new money." Therefore, the role of organizational leaders is to link the work of the organization to people's sense of meaning.

- **Challenge.** Younger employees must be constantly challenged and stretched through new or evolving assignments and roles. The key for leaders is to stretch people but not overwhelm them.

- **Learning.** The opportunity to continuously learn is a big value for Generations X and Y. In many organizations, an array of learning opportunities is offered even in these tough budgetary times. In a shrinking talent market, it is a "learning edge."

- **Partners in the Enterprise.** Next-generation employees do not want to wait 20 years before they get a piece of decision making. They want to be partners in the enterprise *now*.

- **Balance.** Baby boomers have always been very committed to career. Twenty-five years ago, applicants were more willing to move for a job, but today executive recruiters report that they cannot pry loose talented up-and-coming managers and their families from their home areas. Generations X and Y managers are still committed to careers, but they also want time for family and personal pursuits.

The Hodes 2007 Workplace Study confirms the centrality of organizational culture to attract and retain employees. According to the study, employees are looking for positive organizational culture and benefits packets that include work/life balance and flexible scheduling.

Creating Organizational "Stickiness"

The old social contract in the government sector was based on public agencies providing decent wages, good benefits and especially security (in some cases lifetime employment) to public employees. In exchange, public employees would provide loyalty and commitment and stay with their government organization. Because government entities are now experiencing fiscal stress and agencies must sometimes resort to layoffs to balance

their budgets, the old social contract is dead.

The new social contract between public agencies (as well as private organizations) and their employees is based on learning and development. While classroom training may be useful in creating a conceptual framework for employees, adult learning requires real-life experience and doing. Therefore, employee development must be viewed as a series of chal-

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lenging job experiences coupled with helpful and candid coaching.

Given the values of employees, learning and employee development help retain employees and create organizational "stickiness." The new social contract is that employees will stay with the organization as long as employees are learning and growing. Learning provides the new social glue.

A learning environment is not only important in retaining employees, it is also critical in attracting talent. In fact, one local government in California markets itself as a "learning organization" in all its job announcements.

How does an agency create a learning culture as a key part of its efforts to attract and retain talent? First, an organization must provide a strong rationale for promoting continuous learning, such as the need to encourage innovation, improve customer service, remain competitive and retain employees. Second, an agency needs to provide an array of learning and development programs (e.g., special as-

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signments, interim positions, job rotation, action learning teams, management academies, and talent exchanges). Third, supervisors and employees must be trained on how to conduct "development conversations." Fourth, employees should be encouraged or required to submit an annual learning plan. Fifth, an organization must allow for mistakes (most learning happens through missteps) as long as employees are committed to pursuing excellence. Finally, supervisors need to be recognized and rewarded for talent development if they are going to focus on this role.

Strategies for Winning the Talent War

Let me place the specific roles for benefit administrators within the broader context of talent management. To become an employer of choice, public organizations must craft a mix of strategies to attract and retain employees. These overarching strategies include:

- **Providing competitive compensation.** Again, providing competitive

salaries and benefits just keeps an organization in the talent game. However, an agency cannot win the talent game on compensation alone.

- **Fixing up organizational cultures.** For example, if people feel unstimulated, uninvolved in key decisions, pigeonholed in narrowly defined jobs or overwhelmed with work, the culture must be fixed before it is marketed as part of an organization's "employee value proposition."
- **Rerecruiting employees on a continuous basis.** Employee turnover and disengagement are very costly, especially in lost productivity. Based on its survey research, the Gallup organization estimates that 72% of all employees in public and private organizations in the United States are "not engaged," or "actively disengaged," costing employers in absenteeism, workers' compensation claims and lost productivity. Therefore, just as new talent is wooed as part of the recruitment process, existing employees must be reengaged as part of an ongoing process. Rerecruitment involves

engaging employees in conversations and dialogues regarding the vision and goals of the organization; conducting "stay interviews" with employees regarding their individual hopes, dreams and values and possible ways to fulfill their aspirations; offering people concrete opportunities to stretch and grow; and generally engaging them as part of an agency's evolving "story." Rerecruitment helps retain talented employees even though they can go elsewhere.

Five Roles for Benefit Administrators

Although benefit administrators often are not part of top management, they can adopt five key roles in helping public sector agencies attract and retain talent:

1. Advocate that salaries and benefits stay competitive.

It is important for benefits administrators to provide benchmark survey data to top management and identify any recruitment or retention problems. In addition to this infor-

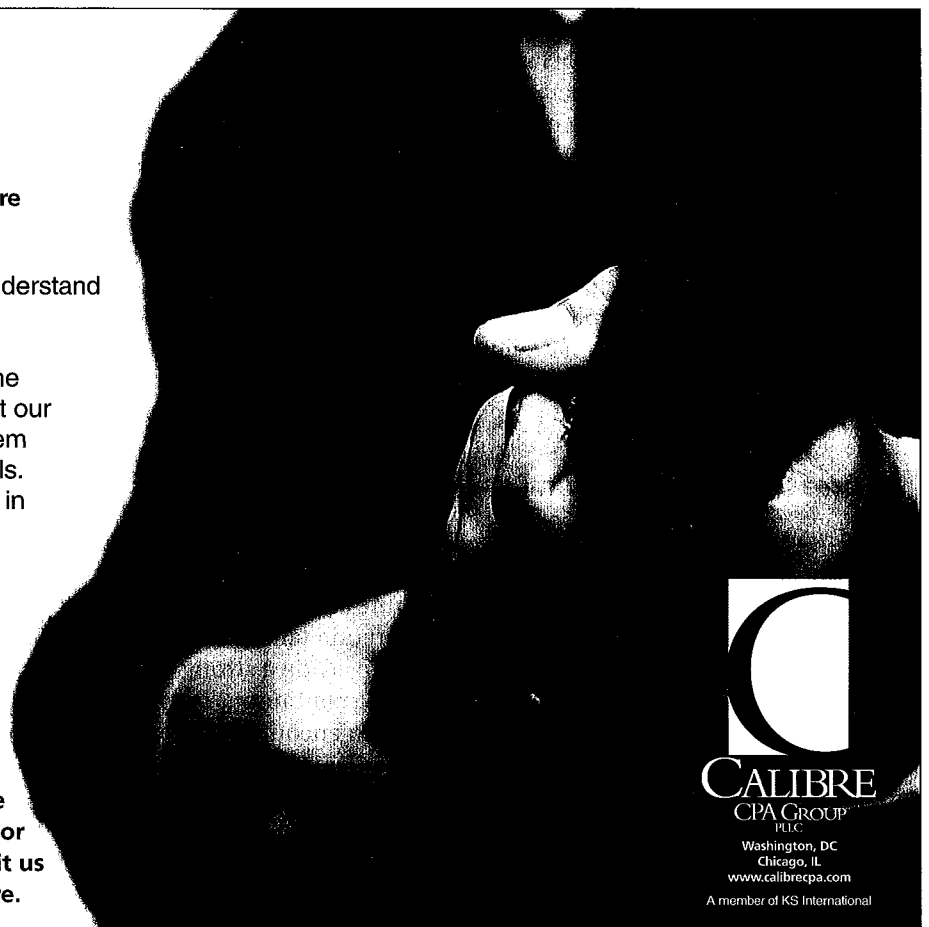
pulled in every direction?

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mation role, benefit administrators need to advocate that their agencies become more competitive or remain competitive in the labor market.

2. Promote the full monetary value of all benefits.

Employees typically do not realize the total cost of all benefits or take for granted the full value of the benefits package. Therefore, some benefits administrators create an annual total compensation and benefit statement for each individual employee.

3. Retool the benefits package to reflect the values of the next generation.

Given that next-generation employees are more footloose than baby boomers, benefits portability is important. Certainly benefits administrators should work to ensure that their public agency has a pension program that is portable among public agencies within the state. Administrators need to also advocate for learning programs, professional development opportunities and work/life balance initiatives (e.g., flex schedules, telecommuting, job sharing, child-care and elder-care support) and specifically define them as key benefits in the benefit plan.

4. Market organizational culture as a benefit.

To succeed in the war for talent, benefits staff must go beyond the func-

tion of solely administering benefits. They must adopt a marketing role, defining positive organizational culture as a benefit and marketing culture as part of the organization's "employee value proposition."

5. Educate managers that retention begins with recruitment.

In one of its recent human resources trend reports, the Herman Group identified two factors in retaining valuable employees. The first is choosing quality people and not settling for "warm bodies" even in a tight labor market. The second is selecting people who have long-term expectations of staying with an organization. Benefits administrators have a role in educating managers that hiring inferior new employees will often contribute to the loss of current employees who feel less valued, as well as undermine a positive culture.



Frank Benest is the city manager of Palo Alto, California. He is a noted consultant and trainer on right-sizing public organizations, entrepreneurial government, civic engagement, leadership development and succession planning. Benest is a credentialed International City/County Management Association (ICMA) manager. He teaches at Stanford University. He has a doctorate degree in management from Brigham Young University; a master's degree in public administration from California State University, Long Beach; and a bachelor of arts degree from Yale University.

In summary, benefits are critical to becoming an employer of choice. However, benefits need to be more broadly defined and shaped to respond to the values of employees, especially next-generation talent. **B&C**

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