

Before It's Too Late: 5 Steps to Keep Your Best Employees

By Jason Lemkin; April 23, 2014

By the time you try to give them raises, they're already out the door. If you want to retain your best people, you need to start much sooner.

If you're in a war for talent, you've probably read more than you can stand about hiring so-called "Rockstars." About finding the best-of-the-best. About not settling, and all that. And indeed, in my experience as a two-time successful founder/CEO, the No. 1 most important thing you can do is put together a great team. It is absolutely true.

But the No. 2 most important thing you can do is retain your employees. Today, frictional unemployment for experienced tech engineers, salespeople, marketing stars, and other leads is basically negative, near as I can tell. The country is in a very bifurcated mode, where unemployment in general remains stubborn, but there is unlimited demand for almost all key roles in high-growth companies.

So when you actually land great employees, especially senior hires, you have to do whatever it takes to retain them.

I did many things wrong as a CEO in both my startups. But one thing at least quantitatively I did well was retain the team. I tried to copy my old boss, whose motto was Zero Voluntary Attrition. In my first startup, not a single person left. In my second, I only lost one person that I really wanted to keep. You will lose some pure startup people once things scale up. But after that, I lost no one that we needed to keep but one.

Now I'm not saying it was all roses. Some of my employees could barely stand me at times. Others needed to find a way to change or modify their roles. And--importantly--a number of the best folks on my teams almost left. They came very close. But they didn't leave.

So, how did I keep them? Here are my key learnings:

1. By the time you give them a raise, it's too late. They're already out the door.

You have to get compensation right, as best you can, all the time. These days, anyone good is going to get a raise to move--and maybe a signing bonus on top of that.

The thing is--you can't counter. It's too late by that point. Once they tell you they have another offer they're already out the door. A raise won't do it at this point, at least not for the good ones.

2. Always pay market or above as soon as you can afford it. At least for the great ones.

The other night I was at an event with a number of other CEO founders. One CEO told me the story of how he lost a top up-and-coming engineer, who was making a five-figure salary, to a real boring company that doubled her salary. That boring company had to. How else can a boring company steal a star engineer from a hot startup? The answer is: lots of money.

My point here is this seasoned engineer should not have had a five-figure salary, even if it made sense in a historical context (she had joined as a very junior person, consistent with prior salary). Pay market, or above, as soon as you can. It's a sign of respect. And most of the best ones won't ask. They'll just eventually get frustrated and leave.

3. It's probably not too late when they interview. So be paranoid--and intervene.

There are some very tell-tell signs of someone interviewing. They may be out of the office at weird hours. They may be talking on their mobile phone on the sidewalk or in the parking garage and

move away from you if you approach them to say hello. You can also see signs of frustration in their posts on Twitter, or in new connections on LinkedIn.

Now by the time they take another job, it's too late. Even if a raise would work then, which it won't, the relationship is damaged at that point anyway.

But it isn't necessarily too late when they start to interview. It may be, in its own way, a plea of exasperation as much as anything else. If you can fix whatever is at issue, you can usually keep him or her.

4. Find a growth path for everyone, especially the great ones.

You have to find a growth path for the great ones. The great ones will join your company to grow, to learn, to do new things. If they can't grow, they die a little every day. It's your job to understand the career path for all your key employees. And do whatever you can, within the boundaries of reality, to help them achieve it.

5. Talk to people. Get real feedback at least once a quarter.

Formal, annual reviews don't work, at least not to combat turnover. You need to meet one-on-one, in an unstructured way, with all your best people--at least once a quarter. Quietly. And ask them what's frustrating them about their job. What they want to be doing--but aren't getting to do. Be friendly--but blunt. You need to learn. Get it out of them.

You may think if you have drinks together, or socialize together, that you'll know if they're happy. But you won't. Even if people complain in those contexts, it will be general complaints. You won't learn, or know, what your top people need to find their growth path at your company. Where they feel stalled out and frustrated. You have to ask.

These are just some ideas that have worked well for me, at my companies.

Because there's absolutely, positively, nothing worse when you're trying to grow quickly than losing a rockstar employee that you could have kept. It just kills you. Later, when you have hundreds of employees, and tens of millions of dollars in revenues, well, you sort of can swap people out, at some level. Including maybe even yourself. Everyone should be redundant at that scale or you've failed as CEO. But until then, every key player is critical.

If nothing else, treat retaining your top troops at least as seriously as you do recruiting them. And whatever you do, don't ignore the ones that don't complain.

<http://www.inc.com/jason-lemkin/how-to-retain-star-employees.html>