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Retaining Key Employees: One Size Doesn't Fit All

Retaining your company's key employees is one of the most important steps toward your business' success. Key employees can reduce your workload, noticeably improve company performance and operations, and act as the backbone of a successful business sale in the future. So, how can you keep these employees on board and engaged as you work toward a successful future? Let's look at some ways to keep key employees motivated to grow your business and stick with you for the long haul.

One Size Doesn't Fit All

Though key employees all do the same thing—tangibly contribute to company success above and beyond expectations—their motivations can be as unique as they are. Each key employee has different goals, ideas, and motivations in everything that they do. This means that trying to motivate and retain all key employees exactly the same way is often a recipe for disappointment.

In short, as you consider how to identify and retain key employees, you

should avoid implementing one-size-fits-all incentives. Doing so may imply that you don't understand the very people driving your company's success, which can prevent future success.

Fortunately, though key employees may have unique motivations, those motivations generally fall into a few categories, which makes approaching how you'll address them a matter of good planning. As you consider these methods, remember that it's important for your key employee planning to fit into your overall goals for the success of your business and yourself in the future.

Planning for Key Employees Motivated by Money

A common motivator for key employees is simply more money. If money is indeed the biggest motivator for your key employees, proper planning can allow you to fulfill their wants, keep them on board, and position your company for future success.

For these key employees, consider creating a compensation plan that rewards their efforts to grow your company both now and in the future by sharing some of that growth with them. You may decide to pay them a certain percentage for exceeding certain goals now, with the opportunity to earn even more if they stay on board and continue to produce in the future, potentially compounding their earning potential if they stick around and continue to hit targets.

Planning for Key Employees Motivated by Freedom or Creative Control

Though many key employees are enticed by more money, not all are. Some key employees have a greater desire for freedom or creative control in their work. Trying to motivate these employees with more money may ring hollow to them. Fortunately, there are ways to engage and motivate these kinds of key employees.

For example, you might consider forming a subsidiary company that this key employee has more control over. Of course, this strategy would require you to assure that this subsidiary wouldn't introduce outsized risk to your existing

company, which is something that planning for future success can help you overcome.

Another way to entice these kinds of employees is with plans that give them more autonomy in how they work. Whether that means setting their own schedule or empowering managers to have a say in the company's performance goals, you have options. The goal is to give these kinds of key employees the autonomy they crave while still working toward your overall goals.

Planning for Key Employees Motivated by Recognition or Ownership

Finally, some key employees are motivated by recognition and ownership opportunities. While it may be uncomfortable to face this kind of ambition, there are ways to engage and retain these kinds of employees without handing the reins over to them (either all at once or in totality).

For instance, you may tie performance goals to ownership opportunities. So, the better they do, the more chances they have to obtain slices of ownership in the company. Alternatively, you may consider motivating these employees with improved job titles or more chances to represent the company publicly.

How Do I Know What Motivates My Key Employees?

Determining what motivates your key employees isn't as challenging as it may seem. There are several ways you can figure out what they want in the context of your overall business goals.

1. **Just ask:** If you have good everyday rapport with your key employees, simply asking them what motivates them is the most direct way to determine the best strategies to retain them.
2. **Work with an outside consultant:** Not all key employees will be comfortable telling you what motivates them, and that's OK. They may feel more comfortable sharing their desires with an outside consultant. This is a more indirect method of determination, but it can be just as effective.
3. **Give them options:** You may consider giving key employees choices in your incentive and retention planning. For instance, you might present a

deferred compensation plan, a stock bonus plan, and a chance to run a division or subsidiary, and let your key employees choose or self-nominate. However, it's important not to overwhelm your key employees with too many or confusing choices.

We strive to help business owners identify and prioritize their objectives with respect to their business, their employees, and their family. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

Please contact Dan O'Brien for a free one hour consultation on your exit planning needs

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