Insight on RETENTION: CREATING VALUE AND SUCCESS

You cannot create sustainable value for your organization without retaining productive employees. Thus, enhancing your ability to retain your high-quality staff directly contributes to your organization's success. Higher rates of retention enhance productivity, reduce costs, and can provide you with a competitive edge.

Turnover's direct costs are estimated to run from 60% - 150% of annual compensation. As an example: if three professionals quit and their average salary was $75,000 - the direct costs could run from $135,000 to $337,500.

Still not sure this focus is worth your time? Do a quick calculation of the impact of reducing turnover. It is easiest to start with direct costs. These typically include: advertising, agency fees, temporary help, HR/recruiter costs, travel, and relocation. Look at your turnover over the past six months and calculate the cost impact on your bottom line. Run your own figures!

Then consider the real but indirect costs: lost work as the position goes unfilled or as temporary help is needed to maintain an effort; management time in the hiring process; human resources costs, administration costs of both the loss and the new hire. Think of the costs in loss of business knowledge, customer satisfaction, employee productivity, or your organization's reputation. These indirect costs add 50% - 150%, depending on the position.

Could you spend a part of that money to increase retention and enjoy the rest on your bottom line?

So How Do I Start?

Recruiting and Orientation

Retention begins with recruiting.
Are you hiring the right people?
How do you know?

You need to look at what types of people succeed in your organization as well as the skills and competencies needed in the position being filled. Everyone who interviews applicants needs training on how to interview and assess candidates. Your process needs to reflect your corporate culture and values.

Once you have hired the right person, you have to set that individual up to succeed. This means an effective orientation-to-the-organization program, not just a human resources session on rules and benefits. Orientation should continue over the first several weeks with different people involved and with checks on employee needs built in. New employees need to know the organization's goals and vision and how they fit in. They need all required tools and information to succeed. Each supervisor needs to know how to orient their new hires for productive performance.

Other employees need to help welcome the new hire into the fold and to recognize the value of each new person. An effective 'buddy' program can help get the new person up and running quickly while reducing the supervisor's time involvement. Use your intranet to help provide answers and information during orientation. If you can, develop a video or CD package to support company goals and vision. Use it in orientation and other events. Make it interesting and exciting enough so that people take it home and show it to family and friends!

But What About Everyone Else?

Do you know why your current employees joined the company and why they stay?

Are the reasons different for your critical-skills employees? Your most productive employees? Those whose skills are the hardest to hire or retain?

If you do not know, ASK! Ask people why they stay. This can be done individually -- attention is always nice. It can be done in focus groups or by a survey. A combination may be most valuable. Start by identifying the different groups. Then check each group for differences in your analyses. An outside facilitator or survey

normally improves the response rate and accuracy.

Do you know why ex-employees left?

Again, do the reasons vary among different populations?

Do exit interviews with people who have left in the past 3 - 9 months to learn the real reasons they left. Learn what they really liked/miss about your organization too. This can be done most effectively by an outside consultant who offers confidentiality to those who respond. Get honest answers about why each person left and look for the patterns across the results.

If you think you already know the answers, check your assumptions carefully. Surveys of management on why employees quit show significantly different reasons than surveys of employees do. The most common reasons employees cite in independent studies are: bad bosses, lack of appreciation, poor environment, and lack of opportunity.

Do you look at turnover by manager and see if you have a management problem? Do you assess this as a part of management performance appraisals and compensation?

A prime reason for employee loss is difficulty with the direct supervisor. Managers are most able to stay in touch with employees and help meet their needs. Managers need to be made aware of the costs of turnover and trained in ways to treat employees for maximum productivity and reduced turnover. Have you provided them with training on listening, interpersonal, communication, coaching and conflict resolution skills? You want every manager to strive for zero turnover among highly productive employees and 100% turnover among the poor performers!

Do your policies and procedures support the reasons valued employees cite as reasons to work at your organization?
Consider:
If people like an entrepreneurial attitude, extensive policies and highly detailed practices kill that enthusiasm. If your goals attract

employees but your environment doesn't actually support the goals, people leave. If employees value training and development, an excellent but administratively burdensome employee development program becomes a negative. If people value teamwork but your compensation system does not reward it, you have a problem.

If your senior management makes retention a priority and develops a strategy to achieve it, you can succeed.

Create a Respect-filled Environment

Almost everyone can tell tales of a bad boss or awful work environment. Big name companies are still being sued for illegal harassment and discrimination. Dilbert cartoons are funny-sad because so many people recognize the situations.

An environment in which the top management treats everyone with respect and expects all others to do the same is one aspect of a highly positive place to work. Leaders make it clear that behavior which is not respectful of all employees, customers, vendors and others in the workplace will not be tolerated. Such organizations may use some form of the 'golden rule': Do Unto Others As You Would Have Them Do Unto You.

Destructive behaviors are identified and stopped immediately and those involved are disciplined as needed. Such behaviors include malicious gossip, sexual innuendo or harassment, personal attacks, ethnic or religious discrimination, racist jokes, etc.

Manage Performance

Duh! Highly productive people do not stay or stay productive in an organization which ignores or tolerates poor performance. Yet many organizations do not effectively manage performance.

Your performance management process should be a complete system which orients, coaches and counsels employees for success. Managers need to know how to recognize good performance on

a routine basis. High morale as well as improved productivity result from recognizing and rewarding good performance.

If there are performance issues, action needs to happen immediately - not at some annual review or when there is a crisis. This is especially true of problems with manager's performance as these can damage or destroy an entire function.

Employee Issues

What do your employees value? How well do you deliver? What can you do to improve?

One example:
Studies show many employees (over 90% in one survey of IT workers) feel overburdened at work with high stress, too much to do and too little support. Many managers pride themselves on their ability to cope - to "take it", and they expect their staff to do the same. Yet, research clearly shows that long hours and stress dramatically reduce productivity.

* Are there ways you can work smarter?
* Have you asked your employees for their ideas?
*Have you identified internal roadblocks to such changes?

Flexibility

One of the easier changes to make in your retention efforts is to increase your organization's flexibility. Like custom services and agile manufacturing, great places to work are created when management tries to attain individualized treatment - 'one size fits one.'

* Offer your employees options for work hours or work days through flexitime practices.
* Encourage telecommuting on a part-time or project basis wherever possible.
* Consider more use of part-time schedules.
* Train your managers in distance management techniques.
* Look at your benefits programs to see if you can offer a menu of benefits so that employees can choose those which are most valuable to them.

Get managers involved in identifying what each person really needs to succeed and try to provide it. It is more work to set up but less to manage over time if you can do this.

Training and Development

Most employees are interested in their personal and professional growth at every stage of their career. What do you offer?

You can sponsor training on site for both technical and "soft" skills. You can build a library of video, CD and CBT training programs as well as books and audio-tapes for all to use. You can offer training allowances or reimbursements that include professional seminars as well as traditional college courses. And remember that older workers want training too - and studies show they do just as well as younger ones on technical skills and beat younger ones on 'soft' skills.
A 2002 study showed that informal learning is a critical aspect of high productivity. You can encourage this type of learning through team projects, meetings which cross functional and position level boundaries, customer interactions and mentoring projects.

Marketing

So you have a good place to work...you pay well...you have good benefits...you have a positive environment.

What are you doing to tell your employees about all this good stuff? Do you have an internal retention and marketing plan? Do you regularly remind employees of what you offer? Do you provide public recognition for good performance?

Do you tell individuals that you want them to stay? Do you give them reminders of why? Do you sell your benefits package and its separate components, rather than just dump it into your employee handbook or wait for annual enrollment? Do you have a chart that tells your employees what you offer and what you expect in return?

Conclusions

Employees leave for many reasons within your control.
* They do not feel valued, involved, or appreciated.
* They worry about their development.
* They do not like their manager.
* They do not see a future or opportunity.
* The environment is negative or insensitive to their needs.

Organizations can do something about most of the reasons they lose their good people. These measures cost less than the cost of the turnover.

And studies show a direct relation between excellent employee relations and retention and an organization's success.

OK, I Believe...Now What?

Start by focusing on retention. Learn where your organization is now - and where any problems are. Create an internal team to look at retention and develop ways to improve. Make retention a top priority for all levels of management. Bring in the consultant or other support you need to get the process started effectively. Make sure the executive team and senior management make retention a clear priority. Include retention in your strategic goals and measure your progress.

Other important steps include:
* Audit your human resource management practices to see how they influence retention and change them as needed.

* Review/revise your orientation program.

* Involve as many people as possible in each employee's success.

* Communicate your vision, goals and benefits constantly.

* Set realistic but 'stretch' goals to make your organization a great place to work.

* Create an environment that entices and retains the best performers.

Keep checking on what you need to change and improve. Communicate some more. Listen for new ideas.

Some Examples

A systems software company changed its hiring practices and training program for new sales reps. Turnover decreased by half while quota achievement rose significantly.

An IT company eliminated its tuition reimbursement program and put in a plan which covered seminars, short courses, web-based courses, and professional groups' training programs. The number of people participating climbed without additional costs. Employees cited this as one reason they stayed.

A government contractor had quarterly, one-page goals and achievements reviews instead of annual appraisals. Employees praised their involvement and more frequent feedback. Retention improved.

A small applications company developed a 'lending library' managed by the receptionist that offered training videos and CDs, books, and audio tapes. Employees were supported who offered classes to each other at lunchtime on common software uses or other skills. Employee development and productivity increased with limited additional costs.

An association changed to include potential peers and people from interfacing functions into the hiring process. Emphasis was put on giving applicants a realistic view of the workplace. Attrition was reduced, especially in the first 18 months.