Retention

By Jennifer J. Salopek

A roundup of tips and tricks for keeping your thoroughbreds in the stable.

Leading by a Head

Researchers seeking to uncover the secrets of high employee retention studied such exemplary organizations as AlliedSignal, Hallmark, Steelcase, and eight other corporations. They learned that there are several practices common to all of those organizations, which they dubbed "Retention Leaders":

❑ Retention Leaders don't manage retention, they manage people.

❑ Retention Leaders have a culture of caring, balanced with a tradition of excellence.

❑ Retention Leaders have a stairstepping process for conflict resolution, offering legitimate alternate avenues that allow employees to circumvent their immediate supervisor, if necessary, to get their problems resolved.

❑ Retention Leaders first take stock, then take action. Employee feedback is never solicited only to be ignored.

❑ Retention Leaders keep their eyes on the high performers.

❑ Retention Leaders view people management as a strategic business issue.

❑ Retention Leaders are relentless in their pursuit of continuous improvement.

"Avoiding the Brain Drain: What Companies Are Doing to Lock in Their Talent," Kepner-Tregoe Business Issues Research Group, January 1999

How to Keep Technical Professionals From Straying

❑ Improve your knowledge of tech workers and their needs.

❑ Share knowledge across all disciplines.

❑ Communicate how their contributions support the corporate vision and mission.

❑ Invest in state-of-the-art tools and technologies.

❑ Develop a climate of trust, and get out of the way.

❑ Allow for differences in policies and practices.

❑ Improve the skill level of managers who supervise tech professionals.

❑ Provide management development training, including effective leadership skills.

❑ Clarify your understanding of employees' needs.

❑ Reinforce frequent communication.

❑ Retain technical recruits from the start.

❑ Clarify roles and responsibilities to accelerate learning and contribution.

❑ Emphasize development.

❑ Create a mentoring program.

❑ Invest in "toys" and make work fun.

❑ Assign employees to stimulating projects and give contractors the mundane work.

❑ Don't burn workers out.

❑ Invest in maintaining their ongoing commitment.

❑ Invest in ongoing development and job-enrichment systems.

❑ Pay your best talent what they're worth, even if that worth goes up after training.

❑ Align employee goals with organizational goals.

❑ Update policies and procedures to remain competitive.

❑ Reward loyalty.

Blessing/White, Skillman, New Jersey; 908.904.1000, www.blessingwhite.com

Photo by Tony Stone

Firms that trained more than 90 percent of their exempt workers, as well as those that trained more than 80 percent of their nonexempt workers, were able to attract and retain employees better than their peers.

American Society for Training & Development

Mother Knows Best: How to Treat Your Employees Right

"I don't care who made this mess, just clean it up." Establish a different value in your company by fixing things first and asking questions second.

"It's not the end of the world." Assume the best about your employees. Instead of managing with a whip, manage with a thank-you.

"Eat your vegetables." Everyone needs a balanced diet of projects.

"Share." Share everything you can about how the business is run. Talk about the costs of doing business. Explain the big picture.

Wear Clean Underwear: Business Wisdom from Mom, by Rhonda Abrams (Villard, 1999)

Rodeo

Retention By the Book

Here's a new employee work-life program to investigate: Scholastic, the worldwide children's publisher, has inaugurated "Books in House," a program that offers employees of U.S. corporations bestselling and award-winning children's books for up to 50 percent off the cover prices. The program is provided at no cost to the employer.

Scholastic provides employers with catalogues, employee-awareness materials, including posters and sample email messages, toll-free customer service, and advice on distribution and communication. Employees can order directly by phone, mail, or fax with a check or credit card.

And to sweeten the deal, Scholastic makes a donation of children's books worth 5 percent of employees' total purchases to a designated children's charity or literacy organization in the employer company's name. To find out more, contact Patricia Berardo, director of the program, at 212.343.4600, pberardo@scholastic.com.

A 10 percent increase in education has a more positive impact on productivity than a 10 percent increase in work hours or stock.

Council on Competitiveness

What Opens the Barn Door, or Why Employees Leave

- Boredom or lack of challenge
- Limited opportunities for growth and advancement
- Lack of appreciation
- Low expectations and standards for the position
- Inferior or ineffective co-workers
- Lack of leadership or poor supervision
- Pervasive bureaucracy
- Unreasonable work hours
- Noncompetitive compensation packages
- Commute or location of company

Christian & Timbers, www.ctnet.com

Training Is a Key…

According to the 1999 Emerging Workforce Study conducted by Interim Services and Louis Harris and Associates: Among employees who say their company offers poor training, 41 percent plan to leave within a year, versus only 12 percent of those who rate training opportunities as excellent.

Business Week, March 1, 1999

In the United States, someone turns 50 every eight seconds. That's 11,000 per day.

Watson Wyatt

…And So Is Balance

Among all the things an organization does or could do, management's recognition of the importance of personal and family life remains the top driver of employee loyalty. Approximately 52 percent of employees agree that their employer does a good job of that recognition. Further, employees who spend a moderate amount of time each week attending to personal matters while at work have a higher level of commitment to their employer than those who spend no time.

"America @ Work 1999," Aon Consulting, Chicago, Illinois; 312.701.4844

Corral Executives

❑ Many execs identify retention as a priority, but are still skeptical that much can be done outside of compensation strategies. Those executives need education about the tremendous impact management practices and culture have on employee retention.

❑ Execs typically don't have good, actionable data about their organization's attrition trends. Much exit interview information is gathered inconsistently, and is typically presented in a way that doesn't provide clear guidance to possible solutions.

❑ It is true that feedback doesn't flow up organizations easily. Execs need help to see how their own leadership behaviors and communication patterns set the tone for the organization, with resulting positive (or not so positive) implications for retention.

❑ Senior managers are challenged to understand and lead a young workforce, whose expectations of work life are different from those that senior managers grew up with.

Integral Training Systems, Menlo Park, California; www.itsinc.net

Forty percent of managers and 49 percent of workers surveyed said their companies lack fair, uniform performance standards.

Kepner-Tregoe

Retention and the Aging Workforce

Attracting and retaining talented workers is already a major issue for companies competing for the skills of young workers. As the youth pool declines, employers will recognize the need to get more out of the largest segment of their workforces—people age 45 and older. That will change most existing notions about people and work, about motivation and reward, about personal growth and advancement. The concept of the workforce will be replaced with the concept of human capital. Workforce management will be replaced with portfolio management of human capital, which can be deployed quickly, effectively, and globally.

"Demographics and Destiny: Winning the War for Talent," Watson Wyatt Worldwide, Bethesda, Maryland; 301.581.4600, www.watsonwyatt.com

The Carrots

A 1997 study by Right Management Consultants found that 44 percent of responding organizations used retention or "stay" bonuses. The telecommunications industry led the trend with 53 percent of companies offering retention bonuses.

The most common approach to calculating the bonus was as a percentage of base salary. And we're not talking small potatoes: For an executive-level employee, the bonus averaged 47 percent of salary. At the manager level, bonuses averaged 27 percent, and for supervisors and technical personnel, 26 percent of salary. Not surprisingly, the retention rate of bonus-receiving employees is impressive—98 percent for executives, 90 percent for managers and supervisors.

In most cases, however, retention bonuses were used only in extraordinary circumstances. More than 50 percent of organizations used them during mergers and acquisitions, reductions in force, plant closings, and other critical transitions. Interestingly, only 32 percent tied payment to the achievement of specified performance goals.

"Retaining Employees During Critical Organizational Transitions," Right Management Consultants, Philadelphia, Pennsylvania; 215.988.1588

Forty-seven percent of managers and 69 percent of employees said that their company does not tie financial rewards to good performance.

Kepner-Tregoe

The Role of Technology

Whether a small business has Internet access for its employees or allows them to work in virtual teams, telecommute, or otherwise collaborate, using online technologies is starting to play a big role in retaining qualified workers, says Ceridian Employer Services.

Ceridian reports that half of all front-line workers say that those online opportunities are an attractive incentive to accept a job offer. Fully two-thirds report that the ability to work using those methods is an excellent reason to stay with a company.

Yet, Ceridian reports, while 90 percent of companies with more than 5,000 employees allow telecommuting, only 40 percent of companies with fewer than 100 employees do. And while 52 percent of large companies use virtual teams, only 30 percent of small companies do.

Ceridian Employer Services, http://ces.ceridian.com

Forty-nine percent of managers and 56 percent of workers surveyed said they don't have sufficient resources (equipment, time, people) to do their jobs.

Kepner-Tregoe

Jennifer J. Salopek *is vibes editor of* Training & Development*; 703.683. 8137, jsalopek@astd.org.*

Communication Is Crucial

By Pat Case

Ten years ago, companies were focused on laying people off, not on retaining them. But over the years, the sands have shifted. Today, we have a very different situation. Demographic, economic, and sociological factors have combined to make the issue of employee retention one of the most important and vexing problems faced by many companies—and their communicators.

No company can afford to ignore the challenge. If we can believe the numbers, the most obvious conclusion is that the retention challenge is real. Unemployment is low, fewer people will be entering the workplace, and the economy is expected to continue to expand.

What may not be so obvious is that the challenge is real for everyone, even for industries in sectors where the growth rate is slowing. Why? Because for rapidly growing companies, the search for good employees will know no boundaries. Because rapidly growing companies will be developing strategies to pursue employees aggressively wherever they can find them, companies that are not growing as rapidly will need to develop strategies to defend against those aggressive maneuvers.

Fifty-one percent of managers and 63 percent of workers said their company lacks an effective performance system.

Kepner-Tregoe

Some challenges will be bigger than others. There can be no doubt that some employees will be more in demand than others. For instance, efforts to recruit and retain information technology professionals are clearly among the most urgent of all the high-priority retention efforts of almost every human resource planner on the planet. With as much as 50 percent across-the-board voluntary turnover a year for folks in that employment category, nothing could be more pressing at the moment.

What can companies do about all this? One of the most important things is to begin by telling employees that you'd like them to stay. Sounds easy. But what do you suppose the odds are that employees are 1) likely to believe this or 2) likely to care?

Over the decades of downsizing and rightsizing, companies have tended to say: "You're on your own now. We can no longer be responsible for your future. We're developing a new employee contract, which means you need to do more for yourself than we do for you." Translated by the employee, that says: "My company is not going to be loyal to me, so I'm not going to be loyal to it."

As if by some force of poetic justice, given the macro trends affecting the workplace, employees don't have to be loyal. They have options. And irony upon irony, those options come at a time when companies are rediscovering the fact that they need to build employee loyalty, not destroy it. Thanks to recent advances in ways to measure bottom-line results, companies are beginning to buy into the idea that employee loyalty really does affect the bottom line positively. Now, employee loyalty is again coming into vogue.

Consider these facts: Forty-three million jobs were eliminated from the workforce during the past two decades. In that same period, there was an average of roughly 125 million total jobs. That means that roughly 35 percent of the workforce has been directly affected by layoffs in the past 20 years. The survivors—people who didn't lose their jobs—were not unaffected. Many have scars, some of which are very deep. They saw their friends marched out the door, they feared for their own well being, and they might have felt guilty about not having been laid off.

What about the Generation Xers, who weren't there? They weren't immune to the effects, either. They may have been young at the time, but they were witnesses to what happened. Perhaps their dads got laid off or a neighbor's mom. In any case, it's unlikely that many Xers grew up with parents telling them that the way to get ahead is to be loyal to a company.

Make no mistake: The communications effort surrounding the retention challenge is, and will continue to be, considerable.

Pat Case *is vice president of Sheppard Associates in Portland, Oregon; pcase@sheppard-assoc.com.*