

Keeping Good Employees *Retention Strategies That Build Commitment And Innovation*

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This is the ninth article of a 12 part series entitled “Building Effective Organizations” in which we will discuss some of the challenges facing your organization today and explore strategies and approaches that may be useful in dealing with those issues. Throughout these articles we will explore some of the key management tasks that comprise the implementation of an organizational vision and which help create a responsive, community-oriented agency. In this installment we examine strategies for retaining high-performing employees and ensure that your organization can hold onto the talent and knowledge it so badly needs.

People are costly, and justifiably so. In the non-profit service agency, perhaps more than in any other sector, people are the most critical factor of an organization’s success. By retaining your high-performing employees not only do you retain the capability to effectively deliver services but you also retain such intangibles as the capacity for innovation, the source of productivity improvements, and an enhanced basis for improving client and community satisfaction.

Successful retention strategies can save considerable dollars and cents in already too tight budgets. It can cost as much as two times the annual salary to replace an employee. Even small decreases in employee turnover can result in a dramatic increase to the organization’s bottom line.

Finding and keeping great employees has never been so critical, but the way to get the job done has changed dramatically in the past few years. That's because employees view their work differently than they used to, a fact that has given rise to an overall shift in workplace values. Traditionally, raises and promotions have been the incentives offered to workers to stem turnover. But with the rise of global competition and wages, combined with a collapse of hierarchies and the accompanying shrinkage in the promotion pool, senior organizational leaders have been forced to turn to a more varied approach to incentives. These so-called soft benefits are not only effective but also less expensive.

Retention-savvy companies use these eight strategies to retain their top talent and, therefore, to improve their organization’s financial and non-financial standing in the marketplace.

1. Hire for attitude, train for skill.

It’s a serious mistake to think that you need retention strategies only for current employees. To keep top talent, you must first recruit and hire top talent. Your

recruitment and hiring processes have enormous and, often overlooked, impacts on employee retention.

Your organization can significantly improve its employee retention efforts by making changes in the way you recruit and hire new employees. Instead of focusing on how well candidates can perform specific jobs try focusing on how well candidates meet more general company and work requirements. Many major corporations throughout North America are taking a "culture fit" approach to recruiting and hiring and finding significant improvements in their ability to retain star employees.

This change in strategy comes about because of several reasons. Organizations that recognize the central role that culture plays in making it successful in meeting community mandates are committed to finding and keeping employees who help create and sustain that culture. Changing people's attitudes and values is difficult, so it is more effective to recruit and hire employees who have attitudes and values that are consistent with and support the organizational culture you wish to create. Training employees with the right attitude on specific job skills is then relatively easy but remember, that today job knowledge and skills change rapidly likely making ongoing job training an ever-ending requirement.

2. Be proactive in offering employees a better work/life balance

In the last 20 years the time spent on the job by an average worker in a given year has increased by 163 hours. That's roughly one month per year. And, leisure has declined by one-third in the same time period. Many employees today are willing to sacrifice twice as much pay as they were just seven years ago to achieve a work/life balance. When asked 55 percent of 18- to 34-year-olds say the option of taking extended leaves or sabbaticals is a key workplace benefit.

In the past few years many companies have found they can increase their productivity, revenue, or both by up to 20 percent by simply implementing a work/life-balance program for staff. Likewise, experts in the field say it's possible to reduce turnover as much as 50 percent by introducing any of the following: dependent-care leave, child-care subsidies, eldercare programs, counseling and referral, and flexible working hours.

Employees often say the first thing they want from an employer is the recognition that they have lives outside of work. Several studies have shown that acknowledging and accommodating people's needs outside of work is one of the key drivers of employee commitment.

Time appears to be the most valuable reward an employer can offer these days. Statistics Canada has found that more than half of Canadians 25 to 44 worry they don't have enough time to spend with their family and friends, and 85 per cent of women and 79 per cent of men complained the weekdays are too short to accomplish what they need to do.

3. Promote a sense of a deeper cause

While many employees in the non-profit sector have been drawn to their work by altruistic reasons, workers in other sectors are now increasingly yearning to be motivated by more than a company's bottom line. Increasingly private sector companies that are a good corporate citizen or that rewrite their mission statements to promote a sense of a deeper cause are gaining an edge on competitors. However, only a small percentage of companies have paid attention to this reality as yet. It is here that small, local non-profit agencies may actually have an advantage over their private-sector corporate cousins because it is much easier to build and promote a truly inspirational cause for employees. Surveys show that, faced with a choice of making more money or earning "enough" doing work that makes the world a better place, 86 percent of today's workers will choose the latter. While social service organizations still face considerable challenges in the employment marketplace these facts give cause for optimism for retaining your good performers in the future if you're careful and aware.

4. Offer opportunities for professional growth and development

Employees today have little job security, are restless by nature, and live in an era of personal growth. Today people see both personal and professional nourishment as a key requirement in career satisfaction. Many high-tech companies spend 7 to 10 percent of their payroll on training, compared with the standard 2 to 3 percent of more mainstream companies. Mentoring in a wide range of companies is becoming ever more popular, not only because it is often more effective than training (up to 70 percent of employee knowledge is obtained informally on the job) but also because it can help revitalize older workforce members matched with younger employees.

A 1999 Gallup poll named the lack of opportunities to learn and grow as a top reason for employee dissatisfaction. You can control this dissatisfaction by implementing training and development programs that give workers a training path and career direction. Think about giving employees career-development accounts toward courses, personal coaching, or career counseling amounting to 2.5 percent of their annual salaries. This initially looks like a cost but will pay real dividends. Sit down with employees and help them determine realistic time frames for their career-advancement expectations. Stacy Sullivan, head of HR at Google, where turnover is almost nil says "Many companies do not realize that they have control of their retention issue if they take the extra step to ensure that their employees are working on interesting work, and feeling that they are adding value, learning continuously, and challenging themselves to do more." Cross-training employees can build confidence in employees that that they can keep working during slowdowns.

Finally consider "over-training" your star employees. Many organizations have excellent employees that are bound to leave for greener pastures sooner rather than later. Think about training them beyond their current job requirements and help to

prepare them for their next job whether that job is with you or another organization. If your “stars” are producing for you the cost of training them for tomorrow may be a good investment if it keeps them with your organization for several years more while they finish their training or gain the necessary experience to go after their dream job.

5. Treat employees more like partners

Many senior organizational leaders believe that corporate hierarchies have been virtually eliminated but employees don't buy that. A survey conducted in 1999 by Watson Wyatt Canada indicated that 61 percent of senior managers felt that they treated employees as valued business partners but only 27 percent of the employees agreed. Workers today are no longer satisfied with empowerment; what they really want a sense of ownership. They expect to be able to make suggestions without having to worry about age or rank, have their effort suitably rewarded, and work in an environment that is free of entrenched hierarchy, rigid titles, unreasonable rules and regulations, and excessive executive privileges.

Most of all, they want regular feedback. A 1998 Gallup poll found that workers who felt that their opinions counted were the most likely to contribute their full energy and dedication to their jobs. Unfortunately, less than half of workers report receiving regular communication from their supervisors regarding work performance.

6. Help workers to find community in the workplace

For a great many in our society longer work hours, smaller families, later marriage, more mobility, and consumerism have replaced the traditional supports of community-church, extended family, and neighborhoods. At the same time, technology, flexible work hours, and contract work have reduced the opportunities for meaningful interactions with co-workers. Organizations that purposely undertake building a corporate community for employees allow them to develop meaningful and lasting relationships with other employees. These work-based interactions often fill critical voids in people's life created by these new social dynamics and may make employees think twice before breaking those bonds to go elsewhere. Good social interaction-- from 'Friday night pizza before going home' to 'a barbeque at the Executive Director's house' will aid your retention.

Private sector businesses that are trying to win the best talent today are metamorphosing into community centers, with recreational facilities and programs aimed at building community spirit. Many of the expensive initiatives they undertake are well beyond the average local non-profit organization but the recognition of the importance of community should not be lost on you. Use your imagination to put a twist on some of these ideas, seek out community partners to help you and adapt them to your local circumstances so that you can build a strong community within your organization. People are reaching out more for a sense that the organization is a caring place that provides a sense of deep community.

7. *Start rebuilding trust*

One of the major and far-reaching effects of the downsizing of the 1980s is that significantly fewer employees have positive attitudes about the workplace. Today only 37 percent rate the level of honesty in their workplaces as high or very high. Only 14 percent agree that people trust each other. While 54 percent of senior managers think the level of trust between corporate ranks is good, only 27 percent of employees agree.

Organizations of every stripe must actively work to re-build trust in order to gain the commitment that is necessary to meet the challenges facing your organization. According to an Arthur Andersen study the key factors in building trust and an ethical culture are leadership, consistency and fairness, open talk about ethics, and building a perception among employees that ethical behavior is rewarded. The real difficulty is that trust can come crashing down in an instant, but it takes years to rebuild it.

8. *Avoid a "one size fits all" approach to employee retention.*

Often employers look at their workforce as a homogeneous group that are very similar to each other and which share common characteristics. Such organizations often find their retention efforts fail miserably. Every employee possesses a unique set of skills, motivations, and needs. Retention efforts must be aimed at the individual -- and not just a job title. It is essential to create a culture of mass customization if you wish to retain top talent. You must move toward a fully customized approach that is centered on the individual and away from a generic statement of the tangible and intangible benefits your organization offers.

You must ensure that your retention efforts are targeted to what is important to the individual. Be prepared to seek out new and inventive way to catch the attention (and the heart) of each employee. Treating employees individually is not the same as treating them differently or inconsistently. Find out what is important to each person in particular and use it to the organization's advantage.

Improving retention strategies will reduce recruiting and hiring costs, lower training costs, improve employee morale, and increase your organization's momentum in the community. Retaining key employees allows you to more effectively deliver services today and embrace innovation that will lead to improved client and community satisfaction tomorrow.

In the next article, we will examine how to reward and recognize performance in ways that build employee commitment and effort.

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