

Inexpensive Ways to Keep Your Best Employees

A common issue for employers these days is how to keep good employees. The U.S. Department of Labor estimates that the cost of replacing an employee to be one-third to one-half of that employee's pay and benefits. The Society for Human Resource Management (SHRM), estimated that it costs \$3,500.00 to replace one \$8.00 per hour employee when all costs -- recruiting, interviewing, hiring, training, reduced productivity, et cetera, were considered. SHRM's estimate was the lowest of 17 nationally respected companies who calculate this cost! Cost is not the only element to consider, the effect of the void created by a good employee's departure can be felt at many levels. One crucial level is how the void negatively impacts the customer when reliability, service, and performance fall short of normal. You may lose one employee but the reduction in efficiency could cost you several customers. Consider the ripple effect; as co-workers who shoulder the load of the departing employee experience a reduction of their work efficiency and have the immediate burden of filling in the gaps of a sometimes not documented procedure, or providing training on a process that they are unfamiliar with.

There are a few business leaders who believe that the cost of retaining an employee is too expensive. A fatalistic attitude that 'they were going to leave anyway' seems to be one such rationale. Fortunately in many instances, retaining employees is less expensive than might be thought. The number of employers who are taking steps to retain their employees' commitment and loyalty is increasing as many companies realize there is a sound financial benefit in keeping good workers.

Cost factors often are confusing in a company retention plan, but there is good news on that front. There are viable methods of retention that are not expensive and the return can be very profitable. For example, when First Tennessee Bank offered flexible work arrangements to its employees, it saw a 50 percent jump in its employee retention rate, which contributed to a 7 percent increase in its customer retention rate, which translated into \$106-million in additional profit over two years. Of course to adequately understand the possible costs, employers or senior-level executives need to understand the common problems. According to HR professionals, here are three of the top complaints that cause good employees to voluntarily leave a company and some suggested solutions.

Complaint Number One: "Poor Supervisory Relationships"

According to several HR Surveys one of the common reasons for voluntary termination amongst the majority of employees was poor supervisory relationships. A good employee will leave a company if they feel that the management either doesn't realize the employee's potential, or the employee has the perception that management doesn't care about their contributions to the company. This point of view appears to have substance. In a study of more than 300 companies, IBM's 2005 Global Human Capital Survey found that 60 percent of human resources executives at mature organizations had trouble identifying what skills and experience were crucial to the company's mission. According to Irving Stackpole, president of healthcare consulting firm Stackpole & Associates, "It's absolutely clear that the reason people stay in jobs are the relationships that they have - primarily with their supervisor." And when those relationships are strained, many people leave.

Solution

Here are some inexpensive fixes for these kinds of complaints.

Effective Communication

Know your people, their backgrounds, their aspirations as well as their career goals. Create clear job descriptions. Also, formal and informal interactions between management and employees, along with regular observation of department goals and activities, can be a few methods that help you get to know your workforce.

Say “Thank You”

A simple “thank you” can go a long way in establishing a sound relationship with good employees. Of course, a supervisor, manager, or owner can embellish their displays of gratitude in a multitude of ways - nothing says ‘thanks’ more than a pay raise or promotion, but even the effect of these displays can be spoiled if there isn’t a sincere “Thank You” to go with them.

Use Awards and Recognition

Good employees are not always the ones who polish their star. Often they complete the daily tasks in an efficient and timely manner; which saves the company money and keeps the customers happy. Rewarding the steadfast, hard workers in a visible fashion with gift cards, achievement awards, public notice boards or any inexpensive method to recognize an employee’s work sends a message to the rest of the company that reliability and responsibility are worthwhile behaviors. If a good employee thinks there is a chance of being noticed for the good that they do, they will work twice as hard.

Flexible Schedules & Telecommuting

Employees who have flexible work schedules experience less tardiness, less sick time and are more productive when they are working. This kind of approach to improve work-life balance is highly attractive to hard-working employees. "As they shift their benefits to reinforce the work-life balance, companies are really making a smart move," says Heather Galler, CEO of Jobkite.com. "By focusing on making their employees happier and more balanced, companies only stand to gain through increased loyalty, productivity, and retention."

Complaint Number Two: “Developing Managers’ and Employees’ Potential”

Trust is a valuable commodity in business. It is important that employees trust the company to be involved in developing their skills and giving them direction to be a successful resource. To develop potential in both managers and employees there has to be a solid working relationship built on trust.

Solution - Mentoring Programs

Successful mentoring programs rely on some basic factors such as:

- a) Ensure that all participants understand their roles.
- b) Don't assume that senior executives know how to be effective mentors.
- c) Confidentiality establishes trust. Mentors and their protégés must have a confidential relationship which will develop the sharing aspects of the program.

Mentors must also be coached to understand that they need to ask questions not simply offer answers. They must adopt the role of teachers, as well as be willing to develop their leadership skills by leading others through the maze of tasks which help a manager or employee develop their potential.

Individual Mentoring

This element allows mentors and their protégés to relate one-on-one. However the highest level of commitment by each party must be evident in every interaction and meeting. Senior executives can influence a company's future by educating junior executives and managers in effective decision making or problem-solving methods which will achieve the company's goals. The level of trust is enhanced on both levels as senior executives see their protégés abide by their counsel and the protégés gain trust in their mentors when they achieve success based on the mentor's teaching.

Executive Level Mentoring

When employees and managers can spend time with the executive level management in an informal setting, all parties are rewarded. At the employee/manager level participants will gain insight to the challenges faced by executives in keeping the company on track. From the employee point of view, executives can see the resources available to keep the workflow interesting and rewarding for the employees and managers.

Complaint Number Three: “Lack of Training and Time to Perform Assignments”

When a good employee is faced with constant emergencies due to poor planning, they will seek employers who can manage their time more efficiently. Last minute events can and will happen, but there is a difference between unexpected developments and simple disorganization. This issue goes hand-in-hand with the lack of training for management and employees alike. Poor training or no training can result in costly delays in productivity, and can be the cause of bad scheduling or poor time management. Not to mention the safety issues when employees don't have the skills and information they need to perform their work and are rushed to complete tasks.

Solution

Time Management

Time management is a skill that can be taught to management and employees alike and should be part of a general training program. Supervisors can be taught time management skills to enable them to meet deadlines and commitments, thereby reducing the stress on their subordinates. New hire managers or those who are promoted within the company should receive indoctrination training which includes instruction on the skills of time management and planning work schedules.

Training

A company that provides effective training for their employees will foster an obligation within their work force to perform above the expected norm. Managers will want to stay with a company because they have the tools to effectively deal with both the decision making processes and the issues of managing subordinates. Employees will see their life-cycle in the company as a career objective if they are learning the skills to allow them to progress laterally or upwardly within the company infrastructure. There are several effective methods of training, one of them is on-demand training. This training program allow employees to use their time efficiently to develop knowledge that enables them to complete assigned tasks quickly such as a applying the information learned directly to the project. Managers and supervisors can refine their business process skills in time management, employee motivation and team building by researching these techniques through a complete company e-learning library. This two-prong approach of developing the company's human investment at both management and employee levels will go a long way in keeping good workers. The return on this investment is the retention of customers and employees through the efficient work habits of your company's workforce.

What is the Bottom Line?

High employee turnover negatively impacts profits and can create internal pressure. The US Bureau of Labor Statistics (BLS) projection that not only will labor become scarce in the next decade or so; but employees will switch jobs to achieve their career goals. This means that employee retention becomes a critical priority.

The BLS has predicted that there will be fifty-six million job openings over a ten-year period ending in 2012. These openings will stem from both employment growth (the creation of new jobs) and replacement needs, which arise when workers leave occupations. While replacement needs will account for approximately 60 percent of the job openings, professional and related occupations (such as computer and technical occupations) are projected to grow faster than other occupational groups – adding 6.5 million new jobs by 2012. (See <http://www.bls.gov/oco/oco2003.htm>)

Employment growth is a result of a healthy economy and employees have the luxury of switching jobs if they become unhappy with their current position. Also, with “baby boomers” approaching retirement this will cause the number of people in the primary working age group, between 25 and 54 years old to shrink, and will leave employers with fewer skilled workers to fill an increasing number of job openings. (See <http://www.bls.gov/oco/oco2003.htm>)

What does this mean for employers?

Instead of assuming that employees are satisfied just to have a job, employers should face the reality that their workers have an increasing number of options, and qualified applicants will become more difficult to find in coming years. Careful planning now can help employers retain good employees and keep new ones longer. Take the time to apply the less expensive solutions such as effective time management, recognition and awards. Give your employees and managers the tools they need to improve their skills through a training program that fits their needs, and they will pay you back with loyalty and hard work. It costs nothing for an executive or member of upper management to offer a heart-felt “thank you”; yet the reward for the company is a workforce that works harder to help the company grow and good employees who will stay longer to achieve the company’s goals.