

## **LOVE 'EM OR LOSE 'EM: Retaining Talented Employees**

Retaining key employees is now the number one problem for corporations. With unemployment rates going toward all-time lows, attracting and holding top talent is a serious concern. After 20 years of down-sizing, it may seem ironic that corporations are now in a panic about losing employees.

Training professionals, managers and CEO's are all searching for what they can do to keep their good, talented employees. Particularly hard-hit has been the high-tech industry, which reports turnover rates as high as 30 percent.

Organizations are turning to retention bonuses to attract and retain talented people, some say as high as \$20,000. There are also reports of an amazing array of perks and benefits being offered to make employees' lives more comfortable. Some organizations offer dry-cleaning services, car-detailing, concierge services to run errands, child-care, pet-sitting, gym programs, and chair massages.

But you can't buy love. Throwing money or gifts at people isn't enough to keep them. If they don't like the company, the people they work with, the boss or the way that they're treated, they will still leave.

Finding solutions to employee retention means more profitable companies, happier, more productive employees, and more satisfied customers.

Losing employees is very expensive. Studies have found that the cost of replacing lost talent is 70 to 200 percent of that person's annual salary. Expenses include recruiting, orientation and training, lost productivity during that period, even lost customer satisfaction because of the change. Finding and training the best employees is a major investment.

What can a company do, once they have found talented people, given them valuable training and equipped them, to prevent them from walking out the back door and going to competitors?

Study after study shows that people leave because of their direct supervisors, more so than any other reason. It is the manager who more than anyone else can do something about retaining workers. The manager can be seen as responsible for creating a satisfactory working environment.

However, studies also show that 9 out of 10 managers think people stay or go because of money (Harvard Management Update). This keeps showing up in research, in spite of the fact that people leaving jobs say otherwise. Money and perks matter, but employees report that what they want most is challenging, meaningful work, a good boss, and an opportunity for learning and development.

The Hay Group studied more than 500,000 employees in 300 companies. They found that of 50 retention factors, pay was the least important. Other studies bring up similar lists of the 10 most important reasons people want to stay with a company.

1. Career growth, learning and development
2. Exciting, challenging work
3. Meaningful work, ability to make a difference and a contribution
4. Great people
5. Being part of a team
6. Good boss
7. Recognition for work well done
8. Autonomy, a sense of control over one's work
9. Flexible hours and dress
10. Fair pay and benefits

This is contingent upon people having already attained a certain level of material comfort. That is, once people have their basic needs met, they care more about what they do and who they work with, rather than the money.

So why do managers still think it's the money? Do they view people as important capital assets, or as easily replaced? Do they nurture, respect and protect their workers? Or are they looking at them only as performers? Diagnosing the gaps in espoused theory and theory in action is important in putting retention efforts in the hands of managers who are most closely working with the employees and who can make the difference.

One possible explanation why managers still think it's the money may be that when employees complain to them, they often bring up the subject of compensation. Workers come to their bosses when they want a raise. They may feel they are not earning enough, or as much as another person. When these concerns are frequently verbalized to managers it gives them the impression that money is what matters the most.

The study by the Saratoga Institute for the American Management Association cites three reasons people leave their jobs:

1. Poor supervisor skills
2. No growth opportunities
3. Inability to speak freely

Some of the most comprehensive research on what makes a great company has been done by the Gallup Organization. This published provides the results of a meta-survey of over 1 million employees. This information is invaluable and is contained in the book, "First Break All the Rules: What the World's Greatest Managers Do Differently" by Marcus Buckingham and Curt Coffman (Simon & Schuster).

Based on a wealth of data, the Gallup Organization attempted to define not only what makes a great company, but because so much depends upon it, what makes a great manager.

In today's tight labor markets, companies compete to find and keep the best employees, using pay, benefits, promotions, impressive job titles and training. But these well-intentioned efforts miss the mark. The most important element in attracting and retaining key employees is the front-line manager.

The Gallup study found that people weren't necessarily loyal to the company, but rather to the unit they worked in, and this was because of their feelings toward their immediate supervisor. In other words, companies aren't employers-of-choice, but rather supervisors are the essential factors in retaining talented people.

No matter how generous its pay, benefits or training, a company that lacks great supervisors and managers will suffer. Great managers, according to the Gallup research, have the following behaviors that set them apart from others:

1. They select an employee for talent rather than for skills or experience.
2. They set clear expectations and define the right outcomes rather than the right steps.
3. They motivate people, by building on their strengths rather than trying to fix their weaknesses.
4. As each employee grows, they encourage them to find the right fit for their strengths within the organization.

It is worthwhile to examine four of the elements that have been proven to be effective in creating employee loyalty: praise and recognition, a sense

of contribution to the company, learning and development, and having a best friend at work.

**1. Praise and recognition:** It has been said that no news is good news, but for managers interested in keeping the best workers, this is not true. For workers, not getting any feedback is tantamount to being ignored: it leads to complacency. Workplaces that ignore performance will destroy the very human spirit that makes the true difference in quality output and service delivery.

Positive recognition is often thought of as coming strictly from supervisors or managers, but studies have found that employees really value praise and recognition from peers. Co-workers know the particulars of a job and when they give good feedback it can be more meaningful.

What can a manager do to help foster this? Model the appropriate way to give frequent praise and recognition. Work with your coach to help develop your feedback skills.

**2. A sense of contribution to the company:** Excellence only happens when people have a deeply felt sense of purpose in their lives. Human beings want to know they make a difference. Organizations need to let employees know how their job and their performance is important to the overall success of the company. There must be an alignment of the worker's personal reasons for being there and the purpose of the job. It is more exciting to share a mission rather than to simply accomplish a task.

What can a manager do to increase this sense of meaning? Involve the workers in other aspects of the company. Take them to meetings, let them know about what's going on in the company in other departments and teams.

**3. Learning and development:** It is important to offer trainings and learning opportunities. Traditional management highlights the need to help employees identify their weaknesses and then creates a plan for them to improve. The emphasis is on what the employee is not, rather than on developing more of who they are. Effective organizations are now hiring coaches to help workers develop their strengths and to become more of who they are.

Working with a coach involves holding up a mirror to employees and encouraging them to know themselves. As they come to better understand who they are, they can see opportunities for growth in the company, utilizing their strengths and talents. As they move forward in

their self-knowledge, they can look for places within the company where their talents are a good fit.

**4. Having a best friend at work:** This is a key element in why people choose to stay at a job, even in the face of other dissatisfactions. In the best workplaces, managers recognize that employees want to forge quality relationships with their co-workers and that company loyalty can be built from such relationships. Developing trusting relationships with one's coworkers provides a significant emotional compensation for employees. While organizations pay close attention to the loyalty workers may feel toward the company, the best employers recognize that loyalty also exists among workers to each other. Great managers allow time and opportunity for these relationships to flourish.

Managers know that they need to attract and retain talented people in order to succeed in the competitive workplace. And they also have to find ways to get workers to improve performance. People usually don't think of themselves as performers, but as individuals with certain strengths and talents. Workers must know that the manager cares about them on a human level before they are going to be motivated to make extra efforts.

There is no one-size-fits all retention formula. Here are some of the ingredients:

1. Honest communications in all directions
2. Supervisors who invite workers into all facets of work and help them to see the big picture, that is, the corporate value of their contributions
3. Workplaces that encourage experimentation and learning.

There are no new tricks. It is the same old story: there is a great need to engage and enable the hearts, minds, and yes, even the soul of people at work. This engagement is far more important than bonuses, perks and even chair massages. It is primordial to retaining talented people.

### **Measuring Strong Retention Factors**

The Gallup Organization has released the results of their massive in-depth study of great manager across a wide variety of industries in a book, "First Break All The Rules: What Great Managers do Differently," by Marcus Buckingham and Curt Coffman (Simon & Schuster). This research generated thousands of different survey questions on employee opinion.

Finally, using sophisticated statistical analysis, they produced 12 questions which work to distinguish the strongest departments of a company. This essential measuring stick provides the link between employee opinions and productivity, profit, customer satisfaction and the rate of turnover.

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1. I know what is expected of me at work.\*
2. I have the materials and equipment I need to do my work right.\*
3. At work, I have the opportunity to do what I do best every day.\*
4. In the last seven days, I have received recognition or praise for good work.
5. My supervisor or the person I report to seems to care about me as a person.\*
6. There is someone at work who encourages my development.
7. In the last six months, someone at work has talked with me about my progress.\*
8. At work, my opinions seem to count.
9. The mission/purpose of my company makes me feel my job is important.
10. My associates (fellow employees) are committed to doing quality work.
11. I have a best friend at work.
12. The last year, I have had opportunities at work to learn and grow.

According to the results of years of Gallup Organization research, these 12 questions are the simplest and most accurate way to measure the strength of a workplace.

\*Further analysis revealed that five of these questions are linked to retention: numbers 1, 2, 3, 5, and 7. When employees score highest marks for these five questions, the company has a strong retention factor. As a manager, if you want to build high retention, then securing high marks to these five questions is a good place to start.