

RETENTION

Retaining key employees is corporate America's number 1 problem. A solution means more profitable companies, happier, more productive employees, and more satisfied customers. Losing employees is also expensive. Studies have found that the cost of replacing lost talent is 70 to 200 percent of that employee's annual salary. There are advertising and recruiting expenses, orientation and training of the new employee, decreased productivity until the new employee is up to speed, and loss of customers who were

power and responsibility they have—and then give them the tools or tune-ups they need. Some managers are natural retention experts; others need help. Most of all, they need to become conscious of their critical role in retaining talented employees. They need to be held accountable for building a retention culture in their teams and in their departments.

Which way did they go?

If it's the job of HRD professionals to lead retention efforts through line management, the first step is to find out

Retention: Tag, You're It!

By Beverly Kaye and
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How to build a
retention culture.

The Gist

- ❑ Retention is corporate America's number 1 challenge.
- ❑ Of 50 identified retention factors, pay is the least important.
- ❑ HR has to lead retention efforts by making managers the owners—responsible and accountable for keeping good employees.

loyal to the departing employee. Finding, recruiting, and training the best employees represent a major investment. Once a company has captured talented people, the return-on-investment requires closing the back door to prevent them from walking out.

We believe that the key role of HRD professionals is to lead the war for talent on behalf of their organizations. They must be the designers of systemic retention processes, and they must be strategic thinkers. They must see the big picture and then identify and point out the ramifications and real cost of talent loss. The day-to-day responsibility for keeping talented people, however, falls to line employees, who must recognize their powerful role in the talent battle. HRD must lead the process, not own it.

The particular challenge for HRD professionals is to wake up managers to the

where line managers stand on the issues. Are they already savvy about why people stay and what entices them away? Do they have stellar retention records? If so, your job may be just to reinforce what's already going well. Be certain that excellent retention managers are rewarded and their stories are used as examples.

But if your organization is more like the norm, there will be line managers who are clueless about what people really want and what makes them vulnerable to talent theft. According to the *Harvard Management Update* (June 1988), nine of 10 managers think people stay or go because of money. We know that's not the case. Money and perks matter, but employees tell us again and again that what they want most are challenging, meaningful work, good bosses, and opportunities for learning and development.

A 1999 Hay Group study of more than 500,000 employees in 300 companies found that of 50 retention factors, pay was the least important. Our research of more than 2,000 respondents from diverse industries and functions shows similar results. Here are the most common reasons respondents gave for wanting to stay with a company:

1. career growth, learning, and development
2. exciting work and challenge
3. meaningful work, making 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, sense of control over one's work
9. flexible work hours and dress code
10. fair pay and benefits.

Ninety percent of the respondents cited at least one of the first three items as primary. We tested the list with about 250 ASTD members, and the highest ratings also went to the first three items.

Once people attain a certain level of material comfort, they care most about what they do every day and who they do it with. They care about the content of their work and whether there are opportunities to stretch and grow in the job

and in the organization. They want feedback, recognition, and respect from their bosses.

So, research tells us one thing and line managers often believe something else. Find out what your line managers think. Do they view people as overhead? As capital assets? As easily replaced, or as resources to guard and protect? What do they think keeps people? What do the line managers think their role is regarding retention? Once you know their views, you can design your retention strategy. You need to diagnose gaps and design critical support structures, prepare managers to become owners, and build evaluation and accountability systems. Each is critical in its own way; each requires the attention of an HRD professional in order to achieve a substantial ROI.

Diagnose gaps, design critical support structures

What do you want? What do you have? Where is the gap? How do you close it? As basic as that sounds, that's where you need to start. Decide what to assess, and lay out a plan to conduct the assessment.

Step 1: Collect and analyze all turnover and exit-interview data. Just remember that exit-interview information is valid only if the departing employee trusts the interviewer. Run some numbers, and assess the cost of losing

key talent. Use that list as a starting point, and add to it.

Step 2: Conduct a survey. To learn organizational beliefs about retention, including role and accountability, ask managers at all levels. Then, compare what mid-level managers think to what supervisors or senior leaders think.

Step 3: Organize and conduct a "Future Pull" session. Leap ahead to one year and imagine that your senior team is celebrating an ideal future state regarding talent retention. Brainstorm, and write down the projections. For example,

- "We've retained 95 percent of our top talent."
- "We're known as having a retention culture."
- "Good people are banging at our doors."
- "Customer retention rates have increased 10 percent in one year."

Encourage the senior managers to create a long list of descriptors. Then, lead the team in an analysis to identify the current organizational realities related to retention. Be sure to include numbers and costs wherever possible—such as, "We lose 15 percent of our talent a year," "We're constantly orienting and training replacements," or "An employee who left last year took a key customer, and we lost a \$50,000 contract." The gaps between future and current states become quite clear.

Help the team identify obstacles to achieving the desired future state, such as managers ill-equipped to be retention managers, lack of a retention mindset by the organization, or no development or career management programs. Last, have the team brainstorm a long list of potential strategies for closing the gaps. Step 4: Gather input and insight from focus groups and interviews. You might use the Future Pull approach with focus groups representing multiple levels and functions in the organization. The goal is to get input from numerous and diverse stakeholders.

You might ask these questions in either one-on-one interviews or focus groups:

- What do you feel is unique about your retention situation?
- What works for you, what works against you?
- What is your hunch about why people stay?

The Costs of Loss

Item	Cost
Newspaper ads	
Search firm	
Interview expenses: air fares, hotels, meals, etc.	
Manager's and team members' time spent interviewing	
Work put on hold until replacement is on board	
Overload on team, including overtime to get work done during selection and training of replacement	
Orientation and training time for replacement	
Lost customers	
Lost contracts or business	
Lowered morale and productivity, time spent talking about it around the water cooler	
Sign-on bonus and other perks	
Moving allowance	
Loss of other employees	

❑ Tell us a story about one person who left recently. How did it happen? What did it cost in money and other losses? Could anything have been done to prevent it?

❑ What keeps *you*?

Step 5: Compile and position data. Use all of the information from your turnover and exit-interview assessments, the line management belief surveys, the senior team meeting, and all focus groups and interviews. Give the senior team feedback, and present recommendations for the next steps.

While conducting your diagnosis and beginning to design retention strategies, you may want to consider putting some ongoing support structures in place. Two such structures are a retention champion and a retention task force. Either of those will help you make your retention process more sustainable.

Step 6: Tap a retention champion. As the retention dilemma grows, it's important to craft a new job position and place someone in charge of designing ongoing retention strategies. This retention champion would have the primary and ongoing goal of addressing retention issues and implementing a variety of solutions, depending on the needs of various client groups. The more that this person can interface with other professionals such as recruiters, coaches, and trainers, the better. And the more access he or she has to line managers as well as individual contributors, the more effective the retention champion will be.

An organization might appoint rotating retention champions in all departments or a retention tribunal made up of three key champions representing the retention issues of individual contributors, supervisors, and mid-level managers.

Step 7: Anoint a task force. Although HRD and other senior leaders sometimes feel they must manage the retention battle by themselves, it's vital to get help from a mixed group of managers and employees who can study turnover issues and work together.

Publishing a Retention Task Force charter in a company newspaper or distributing it to division heads and asking for recommendations might be all you need to do. The task force can turn the charter into a more tailored mission statement. In fact, those two items form an excellent agenda for the first meeting.

Prepare managers to become owners

Until you see line managers as the owners of the retention issue, they won't see themselves that way. They'll continue to point the finger at senior management and at you. They'll continue to abdicate their role and accountability for the talent that wanders out the door, costing the company thousands or millions of dollars every year.

You need to acknowledge and teach a new view that anyone who manages anyone is ultimately responsible for hanging onto that critical organizational asset. How do you do that?

The Retention Task Force

Mission

❑ to build and strengthen the retention of talent in our organization

Specs

- ❑ representation from multiple organization levels
- ❑ representation from all functions
- ❑ two year (minimum) tenure

ROI for Participation

- ❑ rotational assignment and cross-organizational exposure
- ❑ development opportunity or skill development
- ❑ visibility

Potential Activities

- ❑ Assess teams, functions, and departments for retention probability and retention risks: Design surveys, conduct interviews and focus groups, hold one-on-one meetings with key people who are at risk.
- ❑ Give feedback to constituents.
- ❑ Brainstorm solutions and retention strategies with constituents.
- ❑ Identify and implement programs and processes to build retention strength: manager training, individual coaching, career development, one-on-one coaching programs for high-retention-risk people, accountability mechanisms for all managers.
- ❑ Benchmark other organizations with high retention rates, especially competitors: Compile reports, disseminate information.

You can show managers the research about what keeps people. They'll quickly notice that many of the items are within their influence or control. They'll see that it's not just about money. Show them the numbers—what it costs to lose one talented member of their team. If anything sparks interest in line managers, it's finding a way to improve the bottom line.

You can teach managers to evaluate their strengths and weaknesses as retention managers and help them get stronger. Remind them of such simple things as showing respect, listening, and recognizing that they probably know how to do but have become too busy to bother with. Think about it: If they don't have time for those things, how will they find the time to replace people? Teach managers new skills—such as how to hold a developmental appraisal rather than a performance appraisal discussion with employees.

Retention managers have several characteristics in common:

- ❑ a selection and development mindset
- ❑ a management style that breeds loyalty
- ❑ a tendency to create a work environment that people love.

Each capability is a powerful retention strategy. When combined, they're a force that goes the distance.

A selection and development mindset. Managers who are successful at building strong teams always start by doing a great job of selecting people who fit well into the organization in terms of technical skills, leadership competencies, personal traits, and values. Getting the right person in the job in the first place dramatically increases the odds of keeping him or her.

Once the right people are hired, retention managers link arm and arm with employees to look constantly for ways to support their growth and to enrich and enliven the work. They mine opportunities with those people to learn new things or have them do more of what they love to do. Retention managers link their talented people to mentors or feedback providers, leaders up the ladder, and colleagues in other departments.

Retention managers help employees recognize multiple options for career steps other than up, and they serve as mentors in the strongest sense of the word. They model the behaviors they

want to see, they encourage and nurture daily, and they teach the real story about the organization. Their employees are more likely to stay and succeed because of the mindset and strong beliefs their managers have about people development.

A management style that breeds loyalty. Research from the Saratoga Institute shows that 50 percent of work-life satisfaction is determined by the relationship a worker has with his or her boss. It stands to reason that a manager's style affects retention in a big way. So, what are the elements of a style that breeds loyalty—especially in an era when corporate loyalty is supposedly dead?

Retention managers are truth tellers and feedback providers, in such a way that's honest and yet respectful. Preserving the dignity of others matters greatly to these managers. They also respect differences and value diversity on their teams. They tend to be great listeners. They ask probing questions and work hard to find out what might be troubling an employee or to help talented people find a solution.

Retention managers reconsider the rules when an employee asks for something new or outside of the policy manual. They think "outside of the box" much of the time, especially to accommodate the needs or wants of their people. Retention managers will give power and the spotlight to talented people without a second thought, and they look for innovative, customized ways to reward and recognize them. These managers also watch their own behavior under stress or when backed into a corner. They are the opposite of the managers that people think of as jerks.

A tendency to create a work environment that people love. A line manager has more to do with creating the work environment than he or she may realize. Retention managers create an environment in their own function or department or team that's nurturing and enjoyable. They create or at least support fun in

the workplace. People know they'll have some laughs and camaraderie when they show up.

Retention managers support work about which employees are passionate, and they'll partner with their people to adjust the work if it's missing the mark. They encourage employees to have balance in their lives and guilt-free departures at the end of a day. They care about workers' private lives (without prying) and ask about their hobbies, families, and life away from work. They encourage wellness and actually create less-stressful workplaces.

Retention managers communicate often and honestly to their people, and, in turn, encourage them to provide information and feedback. They care about employees' values and strive to align them with those of the team and the or-

ganization. Retention managers give employees freedom to work in their own creative ways.

Never has the pressure on managers been greater to give their talented people space to be self-directed, to manage their time and work, and to think in new ways. Space for people to design their own workplaces, take breaks, or have flexibility and freedom in how they dress or where they get the work done. A space-friendly assessment lets managers take a look at their own tendencies and begin to ponder space-giving strategies.

In some organizations, every request for freedom and flexibility would receive a positive response. In other organizations, each would get a negative response. None of the latter type get on outstanding employer lists and have great difficulty recruiting and retaining talented employees, no matter how well they pay. Ultimately, they lose their best people. HRD leaders need to engage managers about their ability to give space to their people.

Retention managers do something else quite well: They customize their retention remedies to each employee. How? They remember to ask "What will keep you here? What might entice you away? What matters most to you? What can I do to hang on to you?" It seems so simple, so obvious. HRD professionals can keep reminding managers to keep asking.

Build evaluation and accountability systems

As with any good organizational process or program, it's essential to stop along the way and evaluate how things are going. Is the task force working? What about the sponsorship of the senior team? Is the retention champion the right role or the right person? If any answer is *no*, it's time to go back to the drawing board.

What about accountability? Are your line managers held responsible for selecting and keeping talented people on their teams? If they lost a \$10,000 piece of equipment, wouldn't they have to answer to someone? Hold them

Hail the Retention Champion

Goal: To provide a resource to employees and managers as the organization strives to build and maintain a strong retention culture.

Experience and Competencies:

- Has strong interpersonal skills.
- Is trusted and respected in the organization.
- Is motivated to do the work.

Responsibilities:

- Roams the organization, watching and listening for signs and symptoms of retention risk. Brings that information to the Retention Task Force in order to brainstorm remedies.
- Looks for managers doing a great job of retaining talent. Brings that information to the task force for the purpose of rewarding those managers and learning from them.
- Researches new ways to retain people and brings that information to the task force.
- Asks a lot of questions of managers and employees. For example: What keeps you here? What would entice you away?
- Serves as a confidant to employees with complaints and concerns about their managers or the organization.
- Does all exit interviews or reviews them and reports on results to all divisions.
- Interfaces with recruiters to learn what new employees are asking and to coach recruiters with some retention-based questions.
- Provides interface between recruiters and managers to translate retention recommendations for new employees.

Space Friendly?

Read the following scenarios, imagining that you are the boss of this person. Think about your responses to the requests. Decide when you would say *yes* or *no* and why. Use the scoring box below.

1. I want to adjust my work schedule (for personal reasons) three days a week, to come in half an hour earlier and leave half an hour earlier.
2. I want to get this task done in a brand new way, not like you have ever seen it done before.
3. I want to complete the first five steps of this project before I have you review it with me.
4. I want to try a new technique, one that I'm more comfortable with, to increase sales.
5. Instead of taking that class you recommended, I found a mentor from whom I want to learn that skill.
6. I just took some great pictures on my vacation and want to put them on my cubicle walls.
7. I want to work from home two days a week.
8. I plan to work on Saturdays for a few weeks in order to get a project done on time, and I want to bring my well-trained dog to work with me.
9. I want to wear casual clothes to work rather than a business suit. I'm more comfortable and creative in my jeans and tennis shoes.
10. I know we've always done these projects solo, but I want to put together a team this time because I believe we will do a better job, more quickly.
11. I want six weeks off without pay to begin building my own home.
12. I want to bring my new baby to work for the first six weeks.

SCORING

Your Response:	1	2	3	4	5	6	7	8	9	10	11	12
"Sure, no problem."												
"No way."												
"Let me see what I can do."												

Count your scores across the columns, then think over those that fall in the "No way" box. How could you be more creative and give more space?

accountable for losing people assets worth that much and more. We know of a CEO who charged \$30,000 to a manager's operating budget because he needlessly allowed a talented person to leave. Now, that's what we call holding someone accountable.

We're not suggesting that managers be punished when their people are promoted or move on to learn something new. It's inevitable to lose some talented employees, especially as they pursue their career dreams. But we do recom-

mend that managers be held accountable for being good retention managers and for creating a retention culture—an environment where people feel motivated, cared about, and rewarded.

So, take a look at your accountability mechanisms. Your reward systems need to support a retention culture. Consider looking at line managers' turnover rates. Learn more about how managers are viewed by lower-level employees.

A company's greatest assets are its employees, and that will continue to be

the case in the foreseeable future. □

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