

A Rich Menu of Retention Practices

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The following article is based on a panel presentation at The HR Network, which is sponsored by The Five O'Clock Club. The HR Network is a vendor-free venue for HR professionals to meet informally and hear discussions of important issues of the day.

The panelists were Ron Thomas, VP, Organizational Development, Martha Stewart Living Omnimedia; Joe Maiorano, Executive Director, Human Resources/Workplace Solutions, KPMG; and Robert Rigby-Hall, SVP, Human Resources, Lexis-Nexis, a 12,500-person research and publishing company.

A Different Workplace Landscape

Once upon a time, in the middle decades of the last century, it was the norm for people to remain with one employer for the long haul. Even today, the Five O'Clock Club is sometimes asked to provide outplacement help for employees who have been on staff for 25 or 30 years; these folks are the slim remnant of a dying breed. No doubt most of us cast a nostalgic eye on the good old days of stable employment: how nice it would be *not* to be compelled to search for a new job every few years! No one likes to

job hunt—and not too many of us would claim to be really good at it. But these days the average American remains in his or her job less than five years, which means that most of us, on a recurring basis, face the distress and discouragement of looking for work.

But what about the distress and discouragement on the *employer* side? Job churn may be unwelcome for working men and women, but corporate managers and planners aren't so thrilled about it either. Whose *fault* the churn is—how did it come to pass that job tenure has been chopped so drastically?—isn't within the scope of this discussion. Suffice it to say that there's enough blame to go around (e.g., greed, selfishness, short-sightedness on the part of both workers and employers), but in recent times there has been increasing interest, especially on the part of employers, in reducing turnover.

While job hunters may yearn for the good old days when people stayed put for decades, employers are realizing, too, that it's not such a bad idea. We may never go back to very long tenures, but greater stability—greatly reduced churn—is now seen as a worthy goal. There are multiple reasons for wanting to retain employees: recruiting and train-

ing are costly; the loss of valued employees can wreak havoc with succession planning and undermine morale; and a company may be damaged in the marketplace if valued employees end up working for the competition. High turnover is often a symptom that something is seriously wrong with a company. Management would do well to worry if jumping ship has become a pattern.

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Getting a Grip on Retention

But what to do? At the same time that mergers, downsizing and outsourcing have become the stuff of everyday headlines (and we wonder if we'll just have to get used to looking for a new job every 4.5 years!) a lot of people who worry about the bottom line—and corporate health in general—are adopting policies and practices aimed at boosting employee satisfaction and loyalty. One high level HR specialist has stated the case eloquently: "Retention is an outcome of policy. If you have a successful company where people enjoy working and feel challenged and rewarded, it's a good bet that well-thought-out retention strategies are in place. These may be cash based or not, but in my mind they are simply part of the cost of doing business."

Starting at the First Date: What to Do During the Interview

"Salary negotiations," we remind job hunters, "begin during the first interview." Of course, *money should not be mentioned*. What we mean is that the job hunter should, at the outset, position him or herself at the level appropriate for the money expected. In other words, you've got to make the case: what do I bring to the table to be worth the money I'm asking for? In truth, the



200 HR executives get to know each other before the program starts.



Joe Maiorano, Executive Director, Human Resources/Workplace Solutions, KPMG

job hunter is trying to land a position that will be satisfying in the long run. Likewise, at the outset the HR officer or hiring manager should be concerned about achieving a long-term match. The organization, the job and realities about the career path should be positioned correctly. Nothing can undermine retention as much as misunderstandings and flawed negotiations at the beginning of the relationship.

“Miscommunication during the onboarding process,” warns one HR expert, “will strain the relationship between the new hire and the employee during the first few months. We usually hear this during exit interviews from employees who resign within a year.”

Recruiting should be viewed as an investment—the costs, indeed, can be staggering—so organizations should be concerned with the return on that investment. And one of the key measurements is *retention* (to avoid a repetition of the recruiting cost anytime



Ron Thomas, VP, Organizational Development, Martha Stewart Living Omnimedia

soon). One senior interviewer advises, “Our recruiters are expected at the first conversation to shape candidate expectations about the opportunities. This includes a detailed discussion of the job description and expectations.”

What to Do from Day One: Strategic Onboarding

Of course there are the trauma and exhilaration of being interviewed and getting an offer. And these feelings are commonly matched by the trauma and exhilaration of the first day on the job. Some people have nightmare first-day stories, but HR—as a part of retention strategy—can do a lot to reduce onboarding stress. The deck will be stacked in favor of retention if new employees, during the first few days on a new job, receive a thorough tutorial on what it’s like to work here—on *multiple* levels.

At many organizations, getting the new employee settled commonly has meant little more than filling out forms, introducing the new employee around, and clearing the first huddle with the new boss. But astute employers have established extensive on-boarding orientations. One HR manager elaborates: “We take the first hour and a half to get rid of the paperwork—we just want to get that out of the way. Then we devote *two days* to a through explanation of the company culture and structure, and to a description of how performance is measured, and how the new employee can expect his or her role to evolve for the next year or two. This kind of roadmap can be a very strong motivator. The new hires can get a grasp of how they will fit in and contribute.”

On-Boarding: Getting a Head Start at the Executive Level

Some companies undertake accelerated on-boarding—and at a meaningful level. This appears to increase chances of success and lays the foundation for greater retention. Accelerated on-boarding means establishing key deliverables for executives during the first hundred days of employment, and actually work-

ing on the deliverables before the start date. If this is working as it should, a new executive can call a meeting of her direct reports and say, “In the two weeks before I joined I met with five customers and five potential customers, and these are the things I’m hearing in the marketplace.”

This can energize subordinates, who move from saying, “This is just a new boss,” to “This is someone who actually did research and is starting off with standards.” A senior HR manager who helped create this kind of on-boarding reports: “Ordinarily if we ask ‘What did you do on your first day?’ we hear, ‘Well, I filled out forms, got settled in my office and met a few people.’ In reality, this adds absolutely no value. So we put procedures in place to help executives truly hit the ground running. I have talked to more than forty people in the last six months who we have put



Robert Righy-Hall, SVP, Human Resources, Lexis-Nexis

through this executive on-boarding, and the feedback has been very encouraging. They have found it a tremendous process.” One of the strong underpinnings of retention is success on the job, hence, it is vital to create strategies that promote success.

What It’s Like to Work Here: the Corporate Culture

The job hunter who has won the race—that is, aced the interviews and outclassed the competition and got the offer—probably already has some sense of the corporate culture based what was said during the interviews (and what a



Kate Wendleton moderated this lively discussion.

little snooping on the Internet can reveal). But during the orientation program HR can describe the corporate culture in depth. “The overwhelming majority of our time on day one,” says one HR officer, “is devoted to a discussion of our culture and the values of the company. We describe our people and talk about how we try to manage talent. We describe the history of the company, and its community involvement. And while we do discuss the top management structure, we also try to describe the ideal manager-employee dynamic that we aim for.”

**What It’s Like to Work Here
Helping the Employee Get Ahead**

The cliché interview question, “Where do you see yourself in five

years?” may or may not elicit helpful information. The candidate who has done much reflection or self-assessment can probably come up with a credible answer, but it is up to a new employer—one who is concerned about retention, that is—to prod the new employee to think seriously about what the future holds, short and long term. If the employer really does provide substantive help envisioning the next five or ten years in the workplace, there’s a much greater chance that employees will want to stick around.

Most employees probably do have a fear of getting stuck in a rut, and new hires have a right to wonder “How long will it take to get promoted?” and “When will I get a raise?” These questions should be anticipated and answered *during orientation*. Employees are commonly disposed to view these questions from a **calendar perspective** when will it happen? The employer usually has a **performance perspective**. One HR manager states his approach this way: “We talk about performance management. We explain what his or her department is trying to accomplish, and the competencies that are required—and how we use the competencies for measurement. We come at promotions from this angle. We let it be known that

tenure does not do it. We want people to know what they can expect—we want them to connect with our goals right at the beginning.”

To retain people, create strategies that promote success on the job.

Getting Ahead: Training and Education

Sound recruiting is matter of finding the best possible fit for the job to be done today: the person who already has the skills, accomplishments and business acumen will get the offer. But we also usually look for candidates *with potential*: in a competitive, evolving market place there will be new challenges and the job is likely to grow. It’s in the company’s best interest, of course, to help employees grow with their jobs. Retention is favored if people realize that they are building their knowledge and skills. One career-management rule-of-thumb: if you can’t add new accomplishments to your résumé every six months, you may be stagnating. An HR professional who has played a major role in employee education programs explains the approach: “We have cataloged all of the experi-



At the HR Network, we entertain as well as inform — as can be seen by the audience’s reaction.

ences and accomplishments that are expected of individuals at all levels. To correspond to these we have created training programs or identified on-the-job experiences. We make it clear to people what is expected of them. They can go about getting the skills and experience that they need to do their jobs today and get promoted tomorrow. We make everything pretty clear.”

Some companies have moved in the direction of developing on-line courses available to employees. “We have our own on-line company university, so to speak,” one HR leader points out. “It is available to all employees 24/7.”

Employees stay longer when they are building their knowledge and skills.

Getting Ahead: Career Planning

Any boss who has a star employee doesn't want that employee looking for another job—right? But does any boss really want people on staff who don't have the desire to get ahead? People who are performing at high levels usually are attractive to other managers, both within the company and outside. Does anyone really imagine that star employees don't get calls from head hunters? The best strategy to keep valued workers is to *let them know that you're on their side in terms of career planning*, so smart employers actually offer help. When this happens, in fact, the employees are less likely to jump ship. In other words—and how counterintuitive is this!—bosses who help their employees *remain career-minded and attractive in the marketplace*, are more likely to *keep* them. Retention is enhanced by encouraging workers to plan their careers and strategize their next moves. If you're expending a great deal of effort to develop your employees and make them as valuable as possible, of course you want their next move to be *within* the organization. It might not always work out that way, but astute bosses should be willing to take the

risk.

According to an HR officer at a company leading the way in this area: “Our objective is to put employee career development on a par with how we treat clients

and customers. We want employees to take personal responsibility for their careers. We provide support in terms of tools and resources. Furthermore, we hold managers accountable for proactively offering this kind of assistance.” Another HR specialist, who has helped design online training courses, notes that one of the courses is on career development—and employees are urged to take the course: “We talk career development from day one. We want employees to know that if they feel like they're getting into a rut in their present job—and realize that they want more—they should come to us in HR. We offer guidance and we work with them to find a better fit.”

Other Management Steps to Enhance Retention

As a general rule, it pays for those in authority to listen carefully. Especially if a company has well-publicized problems and retention may become an issue, the internal rumors and rumblings may be worthy of attention. One company that had faced a spate of bad publicity—and employee morale might have been in jeopardy—decided to find out what the employees were feeling and saying. “During that time,” the head HR officer points out, “we had no turnover to speak of because of our approach—we took crisis management seriously. We held a lot of focus groups. We listened to the employees and found out the issues they were facing or were concerned about. We held town meetings with our CEO who talked about everything.”



Many HR professionals were reviewing their own organization's retention strategies in their minds while they listened intently.

But on an everyday basis when there are no crises on the horizon, it is valuable for management to find out what the rank and file are thinking. One HR officer insists that his staff spends part of every day *outside* the HR department. “We *do* want to take a measure of employee satisfaction. Of course we conduct surveys from time to time, but I want us to get face-time with employees regularly. So we walk the floor. We have several locations, and on any given day I want someone from HR to be there, visible and available. If there's a problem big enough to go to HR about, it might not be so easy to actually make that trip. But if HR happens to be walking by—well, communication gets easier. We don't want HR just sitting in the office.”

Following the Lead of Others

Any company that is grappling with poor retention can do well to simply pay careful attention to the pace setters. What are other organizations doing to earn great reputations and keep people? It can be helpful to research those that have overcome the talent drain problem, or to look for guidance in the business press. The Great Place to Work Institute provides the data for *Fortune* magazine's annual list of the 100 Best Companies to Work For. It also partners with SHRM to compile the annual list Best Small and Medium American Companies to Work For. Are you in a management position with any of the companies listed? It's a worthy goal to move up on the list! On

these two lists you will find 250 companies that have worked very hard to make employees *want to stay*. Study their policies in detail—you'll find a rich menu of retention practices.

Invest in effective retention practices. Talent drain is expensive.

An analysis of employee-friendly practices at these companies may reveal programs that cost too much. But, as was stated earlier, paying for effective retention practices is part of the cost of doing business: talent drain is probably much more costly. And some of the best practices may not be exceptionally costly at all. For example, some companies build feelings of belonging and camaraderie by encouraging volunteerism—e.g., working on a community improvement program outside the office. One HR officer reports: “We had 30 people show up—all from our company, but some of whom didn’t know each other. It was great chance to meet and work as a team, and give back something to the city.” Of course it’s possible to calculate the number of man hours lost by letting 30 people out of the office for a day—but were those hours really lost; did productivity suffer? The employees probably *didn’t* fail to get tasks done, primarily because they felt good about contributing to a worthy program at the urging of their employer. Work-life balance efforts are probably effective—in terms of work output—for the same reasons: employees want to perform well when their lives *as persons* are taken into consideration.

Money and Retention

Where does money come into this picture? It may occur to many people that paying employees better can enhance retention. “That’s not rocket science, is it? If you increase salaries, people will stay!” And, of course, pay-

ing fairly and competitively in the marketplace must be a component of retention. But it would probably be a mistake to think that throwing money at people will make much difference, in the long run, in slowing defections *if other things aren’t right*. The golden handcuffs sometimes can work for a while, but not forever. If people don’t like their jobs, they *will* eventually leave to find a better environment or boss. Forging an effective retention policy is much more complex because people are not entirely—or even mainly—money motivated. The enticement of more money may prompt job-hopping, but fundamental satisfaction or happiness on the job usually means more to most people. Money can’t suppress the impulse to flee if the work atmosphere is toxic or indifferent to human values.

Here’s a morality tale to illustrate the point: Russell was the junior member of high-powered team of executives, and was earning well above the average for people his age. But it was a high stress, high-pressure environment, with no kind words or supportive messages—just unreasonable expectations and verbal abuse. Every evening he went home an emotional wreck; he dreaded coming to work every morning—and used weekends to recover from his job. In fact, Russell was being paid well to put up with a bad situation. In addition, his colleagues would occasionally hand him an envelope with \$2,000 or \$3,000 in cash—guilt money for what he was being put through. So his bank account was growing nicely—but he was

hoarding money to be able to make his escape as soon as he could. And when a good opportunity crossed his path, Russell moved on to a much greener, calmer pasture. Perhaps his colleagues thought that those envelopes of cash constituted their retention policy—but money cannot work magic. Even in less obviously egregious circumstances, money will have limited impact in buying loyalty. Kindnesses here and there—which are not part of consistent policy—cannot erase the pain of consistently getting a stick in the eye.

Employees are not mainly money motivated.

The correct tone for effective retention is anchored in the management’s attitude toward employees—not just their value as workers, but their value as human beings. If the right stuff isn’t there, percolating down from the top, retention will face an uphill battle. One HR professional has stated the case for retention succinctly: “Employee morale is our most important commodity.” ●



“My extensive, managerial experience tells me, Pendleton, that you’re a tad bit disgruntled.”