



## Employer Breakout Session

### Employee Retention: Reduce turnover and retain your greatest asset, your people!

Talent retention seems simple: hire qualified people, treat them well, pay them fairly, and they'll stay for life, right? Not in today's employment market. Today we are facing record low unemployment rates and workers with multiple options for employment.

Turnover costs time, money, and other resources. According to the Society for Human Resource Management (SHRM), research suggests that replacement costs can reach as high as 50-60% of an employee's annual salary. Once you add in other transition costs such as lost productivity, impact on morale, etc., the total costs associated with turnover can range from 90-200% of annual salary.

Actively working to retain top talent is the answer, yet according to a recent study, only 53% of organizations have a talent management initiative in place. An employee retention plan does not need to be extensive or expensive.

**10 Low-Cost Employee Retention Strategies** - Retention goes beyond competitive salaries and benefits. There are a number of strategies you can implement today for little to no cost.

- 1) **Hire the right people - Retaining your workforce begins with hiring the right people.** To reduce turnover risks, seek people who are interested in developing their careers and are a good fit within your company culture. Identify 5-10 key personality characteristics and skills of your top performing long-term employees and seek similar traits as you add to your team.
- 2) **Provide opportunities for learning and development** - Train new employees well and continue to provide ongoing personal and professional development opportunities. Identify your emerging leaders and focus your development initiatives on them. Provide experiences they would not otherwise have, such as interaction with senior leaders or a learning project where they are asked to resolve a real-life business problem. Employees benefit by expanding their skills and you benefit by gaining a productive, skilled workforce. It's a win-win!
- 3) **Provide a career development plan** - Employees are more likely to stay if they have a long-term vision of their role within the company. Provide new employees with a well-defined career path so they understand what it will take to progress through the company. Have your managers meet with employees on a regular basis to discuss the trajectory of their careers and how your company can help them grow and advance. This conversation will also help you identify training needs. Highlight employees who have been promoted within your organization and share their stories.
- 4) **Invest in your management team** - People often don't quit on their jobs, they quit on their boss. Check in with your management team often and provide ongoing leadership training to ensure that your employees have managers who are professional, fair, and good communicators. Promote employees to management roles, not only because they do a good job, but because they have demonstrated an ability to lead people.

- 5) **Open lines of communication** - Build trust by being transparent in decisions related to rewards, recognition, and employee development. Maintain an open door policy so that your employees feel comfortable voicing their opinions and ideas. Likewise, check in with them from time to time to provide your feedback. Implementing your employees' ideas will create a sense of ownership and responsibility.
- 6) **Create passion for your brand** - Identify employees who are your culture and brand champions and have them share their stories via internal communications and social media sites. There is influence in story-telling – so let their stories be heard!
- 7) **Recognize their efforts** - Ask each employee how they prefer to be recognized. In many cases, taking the time to provide a simple 'thank you' goes a long way. This is especially true when employees are praised in front of their peers. Take this act of gratitude to the next step by providing a hand-written thank you to acknowledge your employee for their efforts. Appreciated employees are loyal, hardworking employees.
- 8) **Make work meaningful** - People want to be a part of something that has significance not only to themselves, but also their communities. This is especially true for Millennials. Help employees see how their work positively impacts the team, department, organization, and society at large. Create meaningful experiences by backing a cause and providing ways for your team to contribute. For example, schedule time for employees to volunteer at your local food shelf.
- 9) **Provide work/life balance** - To achieve high levels of employee satisfaction, you need to recognize the overlap between life and work. If possible, provide flexible work arrangements so that your employees can take care of their personal and family needs and put their full attention to their work while on the job.
- 10) **Conduct "stay interviews"** - A stay interview is an informal review in which the manager and staff member sit down to review progress, ideas, and feedback. It allows you to learn what really matters to your top talent. Stay interviews boost engagement and reduce the likelihood of turnover. If a star employee has an issue, wouldn't you prefer to have a chance to fix it before they give you their two weeks' notice?

#### **Sample Stay Interview Questions**

- What keeps you here? What would entice you to leave?
- What is the type of impact you are looking to have while working here? Do you feel as though you are making a difference in the organization and beyond? Are we fully utilizing your talents?
- Are you receiving the regular feedback you need to do your job well? Do you feel as though you are being fairly recognized for your contributions?
- What specifically would you want to change about your current role if given the chance? How do you want to widen your professional horizons?

Employee retention does not need to be complicated or costly. To keep turnover rates low and your workforce happy, motivated, and productive, it really comes down to this: value your employees and – most importantly – let them know they're valued.

# Do You Know What Turnover is Costing Your Company?

How to calculate the cost of replacing an employee and improve your turnover rate



Not long ago, it was common for employees to stay with the same company for their entire career. Today's average worker stays at his or her job for 4.6 years, according to the US Bureau of Labor Statistics. Generational differences and a competitive job market play a role in this shift.

It's important for organizations to understand the costs of turnover and take steps to reduce it. While there is going to be turnover no matter what you do, not working to improve retention can be an expensive mistake.

## Calculate the costs of turnover

Unfortunately, many companies are in the dark when it comes to calculating turnover. Most realize that it is expensive, but many do not understand the *actual* costs. There are fixed costs, such as advertising fees to find a replacement and overtime pay to cover the vacancy, and these are relatively easy to calculate. Soft costs – such as the administrative time to find a replacement and lost productivity – are often overlooked.

Both types of costs make a big impact on the health of your organization – financially and culturally. To begin to understand the cost of turnover within your organization, use the following list:

### Separation Costs

- Administration processing, including paperwork, COBRA processing, and payroll changes
- Transition meetings, including exit interview and management meetings
- Overtime costs and/or temporary help to cover vacancy

### Recruiting Costs

- Advertising for replacement
- Interview time and expenses
- Background checks, credit review, drug tests, etc.
- Signing bonuses and other new hire perks

### Onboarding Costs

- Administrative costs to set up orientation
- Orientation time and expense for new hire and HR
- Training time and expense for new hire and trainers
- Lost productivity during training

### Turnover Replacement Costs

Estimates by Industry

- Construction: \$14,500
- Manufacturing: \$14,500
- Trade & Transportation: \$12,500
- Information: \$19,500
- Financial: \$18,000
- Professional & Business: \$15,500
- Education & Health: \$14,000
- Leisure & Hospitality: \$7,000
- Other Services: \$12,750

*Source: Employment Policy Foundation and US Bureau of Labor Statistics*

# Do You Know What Turnover is Costing Your Company?

### Hidden Costs

- Client issues due to turnover
- Missed deadlines
- Knowledge loss
- Disrupted operations
- Cultural ramifications

When you add up all of these expenses, you will have an idea of how much it costs for your organization to replace an employee. Multiply that figure by the number of employees who leave within a year to determine your organization's annual turnover costs. The figure can be quite shocking!

Turnover costs vary with each organization and position. According to the Society for Human Resource Management, research suggests that replacement costs can reach as high as 50-60% of each employee's annual salary, with total costs associated with turnover ranging from 90-200% of annual salary.

## Diagnose and resolve problems

Before you can create a strategy to improve retention, you need to diagnose the problems causing turnover and implement solutions. To reveal core issues within your organization:



- **Communicate with employees.** When employees leave, conduct exit interviews to learn how they perceive the culture and, most importantly, why they want to leave. Likewise, periodically meet with your current employees to gather feedback.
- **Review voluntary and involuntary turnover.** When looking at involuntary turnover, ask yourself: Could we have done a better job at hiring or training? Was it unavoidable (i.e. business necessity, layoffs)? For voluntary turnover, look for trends in why people chose to leave your company. Are there geographical trends? Did employees report to a common manager?

## Create a retention strategy

In addition to creating solutions to problems causing turnover, you need a proactive plan to achieve and maintain employee retention. Keep the following steps in mind as you create your strategy:

- **Benchmark your turnover rate** by reviewing how many people have left your organization within the last year. This will allow you to better measure the results of your retention efforts.
- **Determine what rate of turnover is acceptable** for your organization. Not all turnover is avoidable – and some can even be healthy for your organization. Set reasonable quarterly and annual goals.
- **Invest in your culture.** To attract and retain today’s top talent, you must cultivate an engaging, meaningful work culture. If you have a strong culture and a clearly defined career path to keep talent challenged, employees will be more likely to stay.
- **Use proven retention strategies.** There are a number of retention tactics you can implement today for little to no cost. It is also helpful to consult a hiring expert for personalized advice to suit your unique workforce.
- **Evaluate your results.** Track your progress and overall savings to determine if you are seeing a return on your investment. Adjust accordingly.

Plain and simple: turnover is expensive. It can’t always be prevented, but investing in employee retention and developing people within the organization is proven to be cost-effective. With a proactive retention strategy, you’re one step closer to a lower turnover rate and a more motivated, productive workforce.

## Create a Positive First Impression with an Employee Onboarding Plan

Congratulations! After an extensive search and interview process, you found the perfect candidate with the skills, experience, and traits to fit your company culture. Your next superstar employee is ready to hit the ground running. Are you? In other words, do you have an onboarding plan that will make a great first impression?

Onboarding is the process of welcoming new employees into the company and introducing them to colleagues, training, and the company culture. In addition to creating a strong start, an onboarding plan:

- Increases profitability by demonstrating how the new employee’s contributions directly impact the company’s financial goals
- Improves retention by lowering the risk of an unsuccessful or disappointing transition
- Engages the new employee by building relationships and setting expectations early and often
- Ensures that every new employee’s initial experience is similar, regardless of position or department

## 6 Onboarding Success Tips

The most effective onboarding programs are automated and have a defined process with checklists and a schedule. Planning for the first day and beyond ensures that new employees have everything they need to be successful. Here are six onboarding best practices:

### 1. Don’t wait for the first day

There are no second chances at making a great first impression. Onboarding begins before the first day on the job. Before new employees start, call or email to confirm logistics such as parking, expected arrival time, dress code, plans for lunch on the first day, and who to ask for upon arrival.

On the first day, create a welcoming, “we’re ready for you” environment to help new hires feel confident about their decision to accept the job. There are a number of ways you can prepare for new hires, including:

- Set up workstations, including computers and office supplies
- Print business cards and nameplates for the offices/cubes
- Have training materials and new employee paperwork ready
- Assign someone to greet new hires upon arrival

## 2. Acclimate new employees to the team

It’s important for new hires to create meaningful connections with colleagues, management, and direct reports. Personally introduce new hires to the team during the first week (depending on the size of the team, you may want to spread this out over a few days). A team lunch is a great way for everyone to get to know each other on a personal and professional level.

To encourage strong working relationships, help new hires understand how they contribute to the team’s success. Identify early successes to establish a sense of value and belonging from the very beginning.

## 3. Use the buddy system

Assign mentors to new hires. A mentorship program makes an onboarding program more efficient and effective, and demonstrates a company’s commitment to employee success. Mentors serve as resources for questions, help new employees build a network, and offer key information about the company culture.

## 4. Map out a training plan and schedule

Create personalized training schedules that outline tasks to learn and who will teach them. Share the schedules and learning materials with the new hires so that they can prepare for each day of training. Make sure that your trainers block their schedules so that they can give their undivided attention – no phone, email, etc.

## 5. Define expectations

The last thing you want is confused and unsure new employees. Make sure that new hires have a clear understanding of their roles within the company and job duties. During the first week, new hires should meet with management to discuss expectations on deliverables, timelines, and performance. Explain the roles of key team members, how the team works together, and the company’s processes and procedures. To boost productivity and help new employees feel engaged, assign tasks that allow them to quickly make positive contributions to the team.

## 6. Schedule regular check-ins

Above all else, your daily interactions and conversations with new employees are the single most important factor to a successful onboarding experience. To set the stage for giving and receiving feedback, ask insightful questions, including:

- How do you see the experience here fitting into your career development goals?
- How can I best help you be successful?
- How do you best learn?
- What motivates you?
- What type of management style do you work with well?
- What do you feel is important for me to know that I may not already know about you as it pertains to work?

Continue to check in with new hires on a regular basis to make sure the job fits their expectations. As a rule of thumb, check in every day for the first week and then weekly for the first 90 days. This will lay a foundation of trust and respect and establish open dialogue and communication with new employees from the very start.

Following these six onboarding best practices will help you guide new hires toward productivity and peak performance, while providing the resources they need to be successful. As a result, not only will you create a positive first impression, you’ll have a solid foundation to build lasting working relationships.

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