

## Retention Strategies That Respond to Worker Values

By Thomas J. Fuller

What do employees value? If you know that, you have the key to building a retention strategy that doesn't rely solely on raises.

**F**inding and keeping great employees has never been so critical, but the way to get the job done has changed dramatically in the past few years. That's because employees view their work differently than they used to, a fact that has given rise to an overall shift in workplace values. Understanding this shift is essential to building a strong company while saving on payroll. Ignoring it will cast you on the other side of the divide.

Why bone up on employee values? Because if a heated-up economy in the past decade helped thrust so-called knowledge workers into the driver's seat, a slowed-down economy isn't about to eject them. Four other factors have strapped them securely into their position of potency: the global market, worker empowerment, changing demographics, and a determination to make career sacrifices for a better work/life balance.

Traditionally, raises and promotions have been the incentives offered to workers to stem turnover. But with the rise of global competition and wages, combined with a collapse of hierarchies and the accompanying shrinkage in the promotion pool, HR directors have been forced to turn to a more organic crop of incentives. What they have learned is this: so-called soft benefits are not only less expensive but also more effective.

If the reward is cash, it generally takes 5 to 8 percent of an employee's salary to change behavior, according to the

American Productivity & Quality Center in Houston and the American Compensation Association. If the reward isn't cash, it costs about 4 percent.

As baby boomers retire, there simply won't be enough warm, educated bodies to fill all the positions available. Immigration is not the solution. Most other westernized countries are heading into their own skilled-labor shortages. And non-westernized countries are short on educated workers. Since 60 percent of boomers are planning early retirement, the skilled-labor gap will begin building to a crisis by 2005 even if the economic slowdown continues.

"Wise companies will not let any short-term downturn alter their efforts to become one of the most desirable places to work," says Thomas J. Fuller, an East-Coast based executive search consultant and retention strategist.

HR directors can't change demographics, but today's companies can respond to the fourth factor affecting the employer-employee power dynamic. As workers face a pace of change unprecedented in history, and as "empowerment" and the need for risk-taking coupled with longer hours and less leisure time have increased their risk of burnout tenfold, employees have begun to draw lines in the sand.

Studies show that today's workers resist tying up their self-identity with their work identity. Instead, they're exploring

ways to balance work and leisure, family and community time. Their values are shifting discernibly. What employees want isn't entirely new, but what they're willing to give up to achieve their goals is intensifying. All of which makes the following strategies highly appealing for finding, keeping, and engaging great staff:

### **Be proactive in offering employees a better work/life balance.**

Time spent on the job in a given year has increased by 163 hours in the last 20 years; that's roughly one month per year. At the same time, leisure has declined by one-third. Workers today are willing to sacrifice twice as much pay as they were just seven years ago to achieve a work/life balance. And 55 percent of 18- to 34-year-olds say the option of taking extended leaves or sabbaticals is a key workplace benefit.

Companies have found they can increase productivity, revenue, or both by 20 percent by simply implementing a work/life-balance program for staff. Likewise, experts in the

field say it's possible to reduce turnover as much as 50 percent by introducing any of the following: dependent-care leave, child-care subsidies, elder-care programs, counseling and referral, and flexible working hours.

### **Promote a sense of a deeper cause.**

Today's workers yearn to be motivated by more than a company's bottom line. Firms that are good corporate citizens or that rewrite their mission statements to promote a sense of a deeper cause have an edge—though only a small percentage of companies have paid attention to this reality. Merck, the pharmaceutical company, says it aims "to preserve and improve human life." Another loyalty-builder is allowing employees to volunteer in the community on company time. Surveys show that, faced with a choice of making more money or earning "enough" doing work that makes the world a better place, 86 percent of today's workers will choose the latter.

The corporate manifestation of a noble cause takes many

## About the Author



Thomas J. Fuller is the founder and General Managing Partner of Epsen Fuller/IMD International Search Group. Dedicated to serving the strategic human resource needs of Fortune 1000 clients as well as venture-backed, emerging-growth companies, the firm is widely recognized for their Performance Based Assessment approach in executing search assignments., giving organizations the ability to accurately assess the skill sets and leadership attributes of an individual, and make an informed strategic hiring decision. Tom is a frequent speaker on leadership and high-performance organizations, creative talent acquisition and retention strategies. While active in many civic and community organizations, Tom is the founder and President of Freedom Riders Cycling Club, a not-for-profit cycling team dedicated to Cancer research.

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forms—from showing videos about how important the company's service is to customers, to "going green." A Fairmont Hotels maid says it takes more time to recycle, for example, but "doing the recycling is the most important part of my job and makes me feel like I did something important in my day."

### **Offer opportunities for professional growth and development.**

The employee of today has little job security, is restless by nature, and lives in the era of personal growth. He or she seeks both personal and professional nourishment. The most successful information-technology companies spend 7 to 10 percent of their payroll on training, compared with the standard 2 to 3 percent. Mentoring is becoming ever more popular, not only because it is often more effective than training (up to 70 percent of employee knowledge is obtained informally on the job) but also because it can help revitalize older workforce members matched with younger employees.

A 1999 Gallup poll named the lack of opportunities to learn and grow as a top reason for employee dissatisfaction. FedEx/Kinko's took this information to heart and implemented a training program that gave coworkers a training path and career direction. The result? Turnover tumbled from 78 to 50 percent.

Even more impressive is the mid-sized insurance company that gives employees career-development accounts toward courses, personal coaching, or career counseling amounting to 2.5 percent of their annual salaries. A software consulting firm recently cut turnover 35 percent by sitting down with employees at the hiring stage and helping them determine realistic time frames for their career-advancement expecta-

tions. It also offered formal career-development discussions several times during an employee's first year.

"The work environment and sense of team spirit have subtly become more critical elements," says a top Hr Executive at Google, where turnover is almost nil. "Many companies do not realize that they have control of their retention issue if they take the extra step to ensure that their employees are working on interesting work, and feeling that they are adding value, learning continuously, and challenging themselves to do more."

### **Treat employees more like partners.**

While executives tend to believe that corporate hierarchies have been busted, employees beg to differ. A 1999 Watson Wyatt Canada survey indicated that 61 percent of senior managers felt that they treated employees as valued business partners, whereas only 27 percent of the employees agreed. The reality is that workers today are no longer satisfied with empowerment; they want a sense of ownership. That means they expect to make suggestions without regard to age or rank, be included in generous profit-sharing plans (team bonuses are especially effective), and work in an environment that is free of such symbols of entrenched hierarchy as rigid titles and executive offices.

Above all, they want regular feedback. A 1998 Gallup poll found that workers who felt that their opinions counted were the most likely to contribute their full energy and dedication to their jobs. Unfortunately, less than half of workers report receiving regular communication from their supervisors regarding work performance.

### **Help workers to find community in the workplace.**

Longer work hours, smaller families, later marriage, more mobility, and consumerism have all but squeezed out the traditional pillars of community—church, extended family, and neighborhoods. Meanwhile, technology, flexible work hours, and contract work have reduced the opportunities for chats at the water cooler. Workplaces that proactively accept the mantle of community building by creating more opportunity for interaction—from Friday night barbecues to "pool with the president" nights—will experience higher retention.

Businesses determined to woo the best talent today are metamorphosing into community centers, with recreational facilities and programs aimed at building community spirit. "People are reaching out more for a sense that the organization is a caring place that provides a sense of deep community," says Fuller.

It's not all just talk. In 1997, 40 employees of Baptist Health Systems in Miami who were confronted with personal crises received donations of paid time off from fellow employees. The effort was coordinated by the company. Marriott International has set up a 24-hour hot line to help employees with family and personal problems.

In another example a small community bank in St. Augustine, Florida called Prosperity Bank has built a strong culture, driven by the nature of the leadership of the company. They have a volunteer program: everyone in the bank can do four hours of volunteer work a month on bank time and get paid for it. The employees really like that, and they have a pretty high participation rate. And if you volunteer for 16 hours in a quarter for one organization, they'll contribute

\$100 in cash in your name to that organization.

### **Start rebuilding trust.**

Since the downsizing of the 1980s, fewer employees have positive attitudes about the workplace. Only 37 percent rate the level of honesty in their workplaces as high or very high. Only 14 percent agree that people trust each other. While 54 percent of senior managers think the level of trust between corporate ranks is good, only 27 percent of employees agree. They say that entrenched hierarchy is one of the key barriers to rebuilding trust.

Trust can come crashing down in an instant, but it takes years to rebuild it. The key factors of an ethical culture are leadership, consistency and fairness, open talk about ethics, and employees' perception that ethical behavior is rewarded.