

# Who Moved My Employees?

The Changing Maze of Employee Recruitment and Retention

by Bonni Carson DiMatteo

Ask any business leader what the down side is of low unemployment and they will break into a chorus of "We can't find employees." In New England, where we are living with an unprecedented 2.4% unemployment, finding and keeping employees is one of the greatest business challenges. To make matters worse, there is even a shortage of recruiters.

Of the Fast 500, 55% of the CEOs say that "finding, hiring, and retaining quality employees was their greatest challenge," according to a recent survey by Deloitte and Touche Technology.

Every employee that walks away costs a company between \$10,000 and \$12,000 to replace, and untold intellectual capital usually estimated at one and a half times the employee's annual salary. A Kepner Tregoe report in 1999 cited in a recent survey by the American Society of Training and Development (ASTD) found that the three reasons people leave a company are lack of recognition, ineffective career development and non-existent financial rewards. The runaway bestseller *Love 'em or Lose 'em: Getting Good People to Stay* by Beverly Kaye and Sharon Jordan Evans reinforces the notion that career growth, learning and development are among the top reasons employees stay with their employers. Another is management and company culture that is long on appreciation, recognition, professional growth and a feeling of connection and accessibility to company leaders.

A new Gallup Organizational Poll called "Employees Speak Out on Job Training" revealed those who receive employee sponsored training are more likely to stay at their jobs and be satisfied with them. In my consultation work on employee morale and satisfaction, the single most consistent complaint by employees is a perceived lack of respect and appreciation by Management. This is true of public as well as private companies, large and small.

A joint study by the ASTD and the Society of Human Resource Management evaluated employees' satisfaction and turnover in successful businesses like Dow Chemical, Edward Jones, Great Plains, Lens Crafters, Sears Roebuck and Co., South African Breweries and Southwest Airlines. The study found that hiring good people and giving them continuous development and support were the best ways these companies link their recruitment and retention strategies to their business strategies. Southwest Airlines has a simple recruitment strategy: hire for skill and attitude and give them continuous development.

Helping employees achieve greater longevity and satisfaction is good for the bottom line. ASTD has found a positive correlation between an organization's investment in training and professional development and a higher stock market return. This is echoed by a recent study by Watson - Wyatt Worldwide who found that companies with loyal employees tend to do better

in the stock market. There is a dotted line between loyalty and investment in employee development that cannot go unnoticed. How do you attract and retain valuable employees in this economy when company loyalty went out with downsizing in the early 90's? X-ers watched their parents reel from the shock wave of downsizing and are reluctant to commit their loyalty as a result.

Many companies assume it is the money and benefits that attract and keep the right employees. That is only partially true. A recent Psychology Today article asked people what they wanted in a job and the overwhelming response was "That it makes me feel good about myself as a whole person." Some of the things that make employees feel good about themselves are a realization they can make a difference, that they will be recognized for their contribution and that they will eventually be better than when they began in the company. All because the company will have invested in their professional development.

Ford Motor gives every employee a home PC for full speed Internet literacy. Virgin Atlantic supports and incubates enterprising employees who develop businesses that support the mother company. Recently an employee developed a new business, Virgin Bride, which bolstered sales for Virgin Atlantic and became a multi-million dollar enterprise for the employee, an X-er with a vision. Asahi-America, one of our Forum members, has developed a tuition assistance program that allows up to a 4% contribution from employees that will be matched by Asahi-American with 25% of the total savings according to Peter Schwartz, Executive Vice President.

In another study it was the culture and its position on work/life balance, its flexibility, and its openness to having employees make an impact that attracted new recruits. What's In It For Me (WIFM) is the byline for many of the "X-ers," and they control a large portion of the job market.

Leaders and managers take note: the best way to reduce your recruitment efforts is to increase your retention efforts. The major key to attracting and keeping employees is to develop a company culture that provides:

- An opportunity to make a difference
- Training, coaching and professional growth and development
- Encouragement for creativity, innovation and enterprise
- A management team that is accessible and that knows how to lead effectively
- Team connection and a family feeling
- Flexibility

continued on page 6



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## **Who Moved My Employees?** *continued from page 5*

- Unique benefits
- A shared return in company success through ESOPs, stock options, bonuses
- A strong work/life balance ethic
- Rewards, and recognition of contribution
- Respect for, and fair treatment of employees
- Alignment of individual or team goals to company goals, and bonuses that reflect achievement or cost saving innovation
- A giving back to the community

Finding those employees and enrolling them is the first challenge. Most agree that the least effective way to find employees is to advertise in large newspapers and use recruiters. Those who do advertise in newspapers find the local ones more responsive. Location, location, location. The Internet job sites are often more effective than newspapers. More effective yet is getting your name in print as a company that is growth oriented, socially responsible and employee friendly.

Another recruitment strategy is in your own back yard. Your employees are your greatest advertisement for an employee friendly company. Satisfied employees can attract qualified colleagues and friends if they are well compensated for their efforts and results. Some companies offer signing bonuses for referring employees and new recruits; others offer dollar rewards or access to lotteries where the winner drives away in a Mercedes for a year. When you consider the price of replacing an employee, it's a bargain.

Companies are always discovering innovative ways to retain their employees and recruit new ones. Here are some that have been well

received:

- Education or language competency, distance learning
- Concierge services
- Onsite childcare and chefs
- Pets on campus
- Meals to go
- Company outings to exotic places
- Vacation condos that reward employees with getaway trips
- Play and exercise rooms
- Ambassador opportunities for international or high prestige assignments
- Creativity releasers like nap-times; yoga; zen zones, music rooms
- Rewards for utilized ideas and innovations
- Recruitment rewards
- Action teams that address areas of concern
- Scholarship and tuition assistance

Most executives who are struggling to find valuable employees are still shocked by the attitude of the recruits - WIFM to work here and how can you develop me? We need to revisit Who Moved My Cheese? The landscape has changed and the cheese has been moved. It is our imperative not only to explore new ways to find new cheese, but to create a maze that is more conducive to keeping employees and keeping the cheese hardy.

Take a big step back. Would you want to work for your company? Use the perspectives of the other companies in your Forum to pose the question: What would make my company a more attractive place to work?