HOW DO WE MAKE THE GRASS GREENER?

MICHAEL PICO
CHIEF HUMAN RESOURCES OFFICER
THE GRASS IS/ISN'T ALWAYS GREENER ON THE OTHER SIDE OF THE FENCE

There’s another quote that says, "The grass is greener where you water it."

To remember this is to find contentment...
HOW DO WE WATER THE GRASS?

• Why Employees Leave
  • Turnover
• Why Employee Stay
  • Retention
• Employee Engagement
• Call to Action
THE CHALLENGE AHEAD

• Employers believe some of the most challenging issues in the year ahead are:
  1. Attracting strong, competent management and dedicated, capable staff
  2. Offering competitive compensation and benefits
  3. High employee turnover
  4. Developing employees and future leaders for succession
  5. Managing the hiring process and tracking applicants
WHAT HAS CHANGED WITH EMPLOYEES OVER THE PAST TWO YEARS?
THE WAR FOR TALENT

- Twenty-one percent of American workers took a new job in the past 12 months, according to a Grant Thornton survey.
  - Of them, 40% are actively looking for another job.
- Such job-switchers may account for a large share of the labor-market churn in the near term as the Great Resignation continues.
- Workers are benefiting from a hot labor market in which job openings are near record highs and pay has increased at its fastest clip in years, as businesses are forced to compete for talent.
  - They’ve made the [recent] switch, and it’s proven to be very easy, so they’re willing to make that switch again.
WHY EMPLOYEES LEAVE
EMPLOYEE TURNOVER
HOW MUCH DOES TURNOVER COST?

The Cost Of Replacing An Employee Is Somewhere Between 90% And 200% Percent Of Their Annual Salary.

Researchers at Columbia University Pegged It At 150%, Depending On The Position – SHRM

An organization of 100 employees can expect replacement costs to be between $660,000 to $2.6 million annually – Gallup
THE COST OF TURNOVER BEYOND DOLLARS

• Unwanted turnover affects the performance of an organization.
  • Lower organizational morale
  • Lower organizational engagement
  • Lower organizational performance
  • Additional training for new employees
  • Loss of knowledge retention (aka “tribal knowledge”)
• As the availability of skilled employees continues to decrease, it may become increasingly difficult to retain sought after employees.
• Turnover costs can have a significant negative impact on a company's performance.

If you’re constantly recruiting because of high turnover, you’re stuck in a cycle of hiring instead of engaging and encouraging high performers.
TOP REASON EMPLOYEES MOVE ON

- Career advancement or promotional opportunities • 32%
- Pay/benefits • 22%
- Lack of fit to job • 20%
- Management or the general work environment • 17%
- Flexibility/scheduling • 8%
- Job security • 1%

100%

~ Gallup
WHAT CAN YOU DO?

At least 75 percent of the reasons for costly voluntary turnover come down to things that managers can influence
WHAT CAN YOU DO?

CAREER ADVANCEMENT

• Gallup engagement survey - were twice as likely to say they have opportunities to move up:
  • “There is someone at work who encourages my development.”
  • "In the last six months, someone at work has talked to me about my progress."
  • "My supervisor, or someone at work, seems to care about me as a person."
  • "At work, my opinions seem to count."

PAY/BENEFITS

• The strategy for dealing with pay and benefits as the likely sources for your employee turnover is not to throw more money or perks at them.

• Engaged employees are far more likely to perceive that they are paid appropriately for the work they do (43%), compared to employees who are disengaged (15%) or actively disengaged (13%).
WHAT CAN YOU DO?

LACK OF JOB FIT

• Putting people into roles that fully leverage their talents and strengths, where they’re emotionally connected to their work.

• When companies select people who psychologically fit their jobs, they’ll be efficient, effective, and fulfilled.

• Disengagement starts with having a confusing job, lack of equipment, and lack of transparency.

MANAGEMENT/WORK ENVIRONMENT

• Fixing turnover due to management or the work environment starts with managers setting clear goals and expectations.

• Management must communicate effectively when changes happen.

• Show people how their work and contributions impact the success of the entire organization.
WHAT CAN YOU DO?

FLEXIBILITY/SCHEDULING
- Explore flex time and remote options.
- 53% of employees say greater work-life balance and better personal well-being is "very important" to them.
- 51% of employees say they would switch to a job that allows them flextime.
- 37% would switch to a job that allows them to work off-site at least part of the time.

JOB SECURITY
- Employees need to feel the company they work for is on solid footing and are poised for growth.
- To demonstrate stability, share history of steady growth with specific examples of how they have survived tough economic times.
- Openly communicate their vision for future growth to all employees.
WHY EMPLOYEES STAY
TURNOVER VS RETENTION

- When you describe your organization do you lead with your turnover ratio or your retention rate?

- What’s the difference?
Employee retention rate is a helpful statistic for an employer to calculate—both as a benchmark and periodically (ex: quarterly or bi-annually).

The formula is simple. Divide the number of employees who left during a period by the total number of employees at the end of a period to get the percentage.
Effective practices in several areas can be especially powerful in enabling an organization to achieve its retention goals. These areas include:

- Recruitment
- Socialization
- Training and Development
- Compensation and Rewards
- Supervision
- Employee Engagement
WHAT CAN YOU DO?

RECRUITMENT
• Update job postings
• Hire for attitude – it is not trainable.
• Present applicants with a realistic job preview.
• Where possible, promote from within
• Panel or group interviews checking for a cultural fit.
• Hiring faster does not mean hiring better.
• Monitor social media

SOCIALIZATION
• Socialization practices—delivered via strategic onboarding —help new hires become embedded in the company.
• Check in with employees the first 30, 45, 90, and 180 days the first year.
• Assignment of more-seasoned employees (buddy or mentor) as role models for new hires.
WHAT CAN YOU DO?

TRAINING & DEVELOPMENT
• Assign role specific development plans.
• Link your organizations training curriculum to strategy and align with the business.
• Realize that development is a two-way street.

COMPENSATION & REWARDS
• Lead the market with respect to compensation and rewards.
• Tailor rewards to individual needs in a person-based pay structure.
• Share total compensation with employees.
• Explicitly link rewards to retention.
• Ask what kind of recognition employees want.
WHAT CAN YOU DO?

SUPERVISION
• Fair treatment by a supervisor is one of the most important determinant of retention.
• Focus on supervisory and management development.
• Train and practice management communication skill-building.

EMPLOYEE ENGAGEMENT
• Engaged employees are satisfied with their jobs, enjoy their work and the organization, believe that their job is important, take pride in their company, and believe that their employer values their contributions.
• Define and create an employee engagement plan or strategy.
EMPLOYEE ENGAGEMENT
Who's Sinking Your Boat?

Employee Engagement
en-gage-ment (noun)
the act of engaging or the state of being engaged.

• An "engaged employee" is one who is fully absorbed by and enthusiastic about their work and so takes positive action to further the organization's reputation and interests.
WHY EMPLOYEE ENGAGEMENT MATTERS

- 77% of employees agree a strong culture allows them to do their best work, 76% see the impact in productivity and efficiency, and another 74% draw a correlation between culture and their ability to serve their customer base (Eagle Hill Consulting).

- 14% of employees said the main reason they would change jobs is because they aren’t engaged (Achievers).

- 31.3% of employees who considered themselves engaged said their employer could do more to improve the employee experience (Achievers).

- Companies with engaged employees outperform those without by up to 202% (Dale Carnegie).
THE BENEFITS OF EMPLOYEE ENGAGEMENT
Drivers of Engagement

• Employee perceptions of job importance.
• Employee clarity of job expectations.
• Career advancement / improvement opportunities.
• Regular feedback and dialogue with superiors.
• Quality of working relationships with peers, superiors, and direct reports.
• Perceptions of the ethos and values of the organization.
• Effective internal employee communications.
TARGETED EMPLOYEE ENGAGEMENT STRATEGIES

- Define an engagement plan
- Know your metrics
- Understand diversity equity and inclusion
- Annual and mid-year employee opinion surveys
- Conduct town halls and focus groups
- “Know” your employees
- Conduct stay interviews
- Review communication strategies
- Conduct management/leadership training
- Explore work-life options
- Update job descriptions

- Meaningful employee events and communication
- Produce total compensation statements
- Explore bonus potential opportunities
- Expand your health and wellness options
- Review hiring practices
- Track internal promotions and employee referrals
- Develop a business aligned training curriculum
- Revisits company policies
- Define a recognition program
- Initiate a corporate citizenship program
- Give realistic job previews
CALL TO ACTION

WHAT WILL YOU DO TO “WATER THE GRASS?”
Questions?

Michael Pico
mpico@mhmltd.com