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Secrets to Keeping Your Best Employees

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It will cost you at least 30% of an employee's annual salary to replace him or her. In today's economy where (as this article is written) the unemployment rate is 3.9% nationally, the costs are creeping above the 30% figure. It is harder than ever to replace good employees.

Today you will learn secrets from companies who retain good employees, who reduce turnover by creating high loyalty and morale.

Talented Coaches

Certain coaches consistently win more often than they should, given the talent they are able to recruit. My own alma mater, the University of Utah, is a good example. Rick Majerus coaches basketball there, and he consistently shows up at the NCAA tournaments. He is currently the 12th winningest coach in college basketball. Utah is not an easy university to recruit to, but Majerus is unusually skilled at getting better performance out of his players than we would expect.

Why did Roger Bannister break the fabled four minute mile barrier in May of 1954? There were other runners who were arguably as talented or perhaps more talented. American Wes Santee and Australian Tom Landy both had the talent. But they lacked the coaching. Santee felt he could crack the four minute barrier. His best mile time was 4:00.5. Wes' coach was determined to make the University of Kansas shine in relay, and discouraged Wes from achieving his dream. And Landy had become discouraged and broken with his coach and was training on his own. Bannister had his two friends and colleagues who supported him, Chris Eddington and Chris Brasher, as well as a wonderful coach. Leadership makes the difference.

Leadership makes a difference in retention:

When companies have asked me to consult with them about finding and keeping great employees, I like to look at their 'coaching staff,' the quality of leadership in the organization. Great leaders create workplaces that naturally retain employees. I find that the best organizations have three characteristics. They are:

- A *Vital Vision* of the company's contribution is in place, it is consistently referred to, and it is inspiring. Making money, market share, and beating competition are all interesting, but they are not inspirational. And keeping track of ROI, market share, and the like are useful but not the most vital thing. Vitality comes from the vision, the vision of being the best at something. All too often companies focus on shareholder value and profit/loss. I have yet to find a middle management or production line person who is truly inspired about improving shareholder value.

In a study in 1992, John Sheridan found that new hires stayed an average of 14

months longer in their first post-college position with companies that emphasized values of interpersonal relationships, when contrasted with companies that emphasized bottom line financial values. I have found the same thing. Emphasize the human values, the contributions you make to others. Profits and retention follow.

- *Employee Evolution*: The best companies are deeply involved in helping their employees achieve new levels of skill. One organization I worked with was in the transportation area. There was almost no chance that once one is a driver, there will be a 'moving up' in the organization. Many drivers had been at their jobs for a dozen or more years. But the ones with the highest level of loyalty were those who were learning new things all the time. Some transportation companies have moved into computers and Global Positioning Satellite technology. Those drivers were happier and more excited about their jobs. They stayed around. If you find out what excites your workers and help them to develop, they will stick with you.

In another industry I found there were classes offered before and after work. Not just classes about the job but classes on marriage communication, raising teens, English as a second language, plumbing and home repair, and even cooking. This company has a 2% annual turnover. The cost of offering the classes is more than offset by the savings in recruitment, selection, and training costs.

Today's Gen X workers realize that it is more important to be employable than to be employed. The best practice is to poll your workers and offer them development that is meaningful to them.

- *Participating Partnerships*: In the best companies, everyone feels a part of the game plan. There is much effort focused on celebrating the efforts of individual workers. When companies are on the lookout for great efforts, when they acclaim those efforts, work becomes an exciting place. It is fun to do our best, to find what is great, magnify it and even revel in it. For example, one company asked me to find ways to reduce turnover. We discovered that in this company, those who had developed informal mentoring relationships (since there was no formal mentoring in place) were far more likely to stay with the company. Employees participating and helping each other are employees who will stay around. Creating a formal mentoring program improves retention.

Another company saw retention improve after they created highly involved work teams. Each team tracked its quality and quantity, charted result, and met for an hour each week to discuss ways to solve production problems.

A 1997 study of nurses found that the best predictor of retention was in the ability of the managers / leaders to create involvement, recognition and consideration. This is where any company can do better and should. Leadership and involvement are never areas where you can rest on your laurels.

Companies who do those things attract great employees, just as they attract loyal customers. They retain their employees and save on the recruitment costs other companies are incurring. And the employees are growing, improving, and enthusiastic.

The Wage Myth

Sometimes I hear HR people say they cannot afford to improve retention, that they are already paying top wages and benefits. Wages must be competitive, but they should not be a retention strategy. A competitive wage attracts employees, but vision, development, and participation retain them. Wages attract, excellence in leadership retains. Work must vitalize and energize us; when it does, we stick with it. One woman told me she could make a lot more at a competitor, but she stayed with her company because she felt it was like a family, it was focused on customer service. She felt a genuine sense of purpose and joy from her job.

It is cheaper to make ordinary employees good and good employees great than to compete for a small pool of naturally talented workers. What are you missing that is right under your nose? Discover who does great things, how they do them, and you will have the tools to keep your best and lift the rest.

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Almost everyone is interested in classes. They don't really have to be directly related to the immediate job. Offer a variety of learning opportunities and your attrition will drop.

3. Catch Them Doing the Right Thing: Management by exception (focusing on what is wrong) is a high cost method. Do you have a company tradition of high levels of rewards for positive behaviors? Do you have a range of rewards that are high cost / low cost / no cost? Do you make sure you are telling stories about the good things people do in the company?

4. Reward people for staying. When you run the numbers, it is a lot easier to give people a financial incentive to stay than to find someone to replace them. Do you know at which point you are likely to lose an employee? Set a bonus just beyond that time, so that if you lose people in the first five months, give a six-month bonus. And don't forget the low-cost and no-cost rewards. Recognition and appreciation are free and are highly motivational.

If you are having turnover problems, please contact us for practical suggestions about how to reduce that and keep your best people.