

## Are You Worrying about Retention During the Recession? You Better Be!

Is retention an issue for your company? Recently when I've asked this question of folks, their immediate response is a loud "NO" quickly followed by "employees are lucky to have a job right now. We don't have to worry about retaining them. They aren't going anywhere." In a sarcastic tone, I quickly retort with something like, if you were to lose a **good** employee right now, what would that turnover cost you? After they try to calculate it and get crazy numbers that are so far off base, I'll share the simple rule of thumb of 50 – 150% of the employee's annual salary. Can you afford that expense to hit the bottomline right now just to lose one employee? If that isn't enough to make you think about retention right now, let's talk a little more about the impact of losing even more employees when the economy picks up and the labor market is short skilled workers. Perhaps at that point, you'll be ready to listen to some inexpensive solutions.

What you do right now for your employees while times are tough will have a direct impact on what they will do when the economy does pick up. In a recent survey released in February 2009 by Salary.com, 65% of employees admitted to passively or actively looking for a new job already. Employers are blind to what is happening and believe that they are in power. In this survey, Salary.com found that 80% of the employers believe their employees would **not** begin a job search in the next 3 months; at the same time, 60% of the employees said they plan to **intensify** their job search in the next 3 months. What generally happens in these circumstances is the top employees that you can't afford to lose can find jobs **now** and even the good / average performers will find jobs at least when the economy picks up. If this happens, you will be left with those that can't find employment elsewhere. If they haven't left yet, you may still have time to show them that you care about them and have a great place to work if you begin investing in retention now.

Just in case that isn't enough...recruiters are finding out that replacing employees isn't as easy as you might think it would be when unemployment levels are at 7 – 9%. Companies that are actually recruiting now are reporting receiving as many as 1500 or more resumes in response to an ad on the national job boards. After spending countless hours screening these resumes, we continue to hear the same message "where are all the good candidates?" We have high unemployment but we are still in a labor / skills shortage; plus employers' expectations are very high given the crunch on keeping expenses down. Filling a position is not an easy task now; nor will it be when the economy picks up. Your best recruitment tool is going to be retention. Spend your money keeping your employees and training them to do the jobs you need them to do. You are likely to spend more money recruiting from the outside and not find the right skills, knowledge, and commitment than what you could spend on retaining and training the employees you already have.

Finally, studies also show that not only is your bottomline impacted by the turnover costs but also a decrease in productivity and customer satisfaction. The more dissatisfied employees become and the less focused they are on doing a good job for you, the less productive they are on the job and more likely they are to impact customer satisfaction. According to Karen Campbell the vice president of human resources and director of the People Management Resources Division at SMC Business Council "Good retention practices go hand-in-hand with customer satisfaction and employee productivity."

Convinced? I hope so...

So, where do you begin in trying to retain your current workforce? You need to start with your employees. You need to find out what your employees feel are the characteristics of a great company. You can do this through exit interviews (if you are having any turnover) performance reviews, employee opinion surveys, and casual conversations. Think about what you hope to gain by asking them. What are some reasonable questions and steps that you could take to improve the workplace? Don't ask questions about things you can't change or you set yourself up for failure. But, also make sure you are asking questions that will give you actionable results. Once you've gathered the feedback, determine the actions you can take and create a plan. If you are short staffed, involve your employees in implementing the plan. Most importantly, communicate the plan to employees of what you are going to do based on their feedback as well as what you aren't going to be able to do now or later and why. As long as you are communicating AND with sincerity, you'll be surprised at the employees' responses. Some of the best retention plans simply include asking employees, involving employees, communicating, and taking action.

Don't try to copy the retention programs that others do. Figure out what will work in your company and that might even start with a culture change. Often the solutions are simple and not too expensive so don't hold back because you are afraid of what employees may ask for. Some of the response and solutions we've seen have included:

- Training and encouraging managers to give more regular feedback
- A more formal reward and recognition program
- A little more fun in the workplace (i.e. boss flipping burgers on a Friday)
- Show employees how they fit into the goals of the company
- Flexibility in the hours (i.e. set core hours)
- Employee development and training
- Improve company communications (even when it is bad news)
- Alternative benefits (i.e. concierge services, dinners to go)
- Competitive compensation (i.e. yes, even during these times of cutback)
- Mentoring and coaching solutions
- Skill development (i.e. job enrichment)
- Respect

Now I ask, is retention an issue for your company? I hope it is a priority!

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