

Turn the Tables on Employee Turnover

Five keys to maximum employee retention

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Each time an employee permanently leaves your organization, he or she is adversely affecting your company's bottom line. Consider this: according to the U.S. Department of Labor, it costs a company one-third of a new hire's annual salary to replace an employee. Using a modest annual salary of \$35,000, a company can easily spend \$11,550 for each new employee hired.

This figure comprises both direct and indirect costs. Direct costs include advertising expenses and headhunter fees, as well as management's time involved in recruitment, selection and training. Indirect costs include overtime expenses and possibly decreased productivity while current employees pick up the slack until the new hire is up to speed.

So what's a company to do? The most obvious solution is to retain each and every qualified employee who currently works for you. However, for many companies, retaining employees is easier said than done. Competing organizations may attempt to sway your employees away with offers of more money or more perks. Or your employees may willingly seek employment elsewhere when they no longer feel important to your organization.

No matter what the reason for your employee turnover, there are ways to strengthen your employee retention figures. Below are five employee retention tips that will keep your employees happy and eager to be a part of your team.

1. Build Strong Relationships with Every Employee

While your employees may be your subordinates, they're also an integral part of your company's success and deserve to be treated with kindness and respect. Unfortunately, even though an employee may do a stellar job, you may not particularly like him or her as a person. When that happens, you still need to develop a strong business relationship with the employee. This assures there will always be a smooth flow of information. If you don't build relationships and share information with your employees, they may feel unimportant and unappreciated, and may become disgruntled enough to leave your employ.

The best way to develop relationships with your employees is to find some common ground and build connections from there. The next time you're in an employee's office or cubicle, look around and find one item you can comment on that has relevance to your own life. For example, suppose your son is involved in Little League baseball, and your employee has a photo of his or her child in a baseball or some other team uniform. By commenting on the photo and stating your relevance, you've just established a common bond and made your employee feel a connection to you. Do whatever possible to find something you have in common with each employee.

2. Offer Praise Freely

As often as possible, you need to give your employees compliments about their work. Praise them whenever you can and preferably in public. This not only builds their morale, but it also shows that you care about their self-esteem and that you're on their side.

When you think about it, don't you want to be around people who praise you and tell you good things? Of course you do. You most likely seek people like that out and want to do things for them to show your appreciation. Your employees are no different. They need to feel appreciated for a job well done.

In addition to praise, always defend your employees when necessary. If they make a mistake, don't berate them or act harshly towards them, especially if in public. Let your employees know that while mistakes aren't desired, you anticipate them and treat them as training expenses. When your employees aren't fearful of your wrath, they'll be more apt for creativity and out-of-the-box thinking, which can greatly increase your bottom line.

3. Truly Listen to Employee Feedback

Your employees will gladly tell you their needs and job-related issues. You simply need to listen to what they say and not dismiss their thoughts as wishful thinking or unimportant. Listening involves so much more than simply not talking. It's a matter of understanding your employees, giving them your full attention, and making them feel important. To know if your listening skills are up to par, ask yourself these questions, "Does my mind wander when I'm listening? If so, how do I bring it back?" "Do I make silent judgments about the other person?" "Am I thinking of what I am going to say next or am I truly listening?" "Is the other person talking more than I am?" Your honest answers will help determine where your listening skills can be improved.

When you listen and learn your employees' motivations and goals, you can better sell them on future concepts and projects by using their own motivations. For instance, should an employee want P&L responsibility, but you know the person is not ready for that task yet, give him a project that has a distinct budget around it and let him work with it. Be upfront that this is a learning step needed towards meeting the P&L goal. By doing this, you make the employee feel as if he's advancing professionally, while you delegate one of your tasks and create the time to focus on other projects.

4. Keep the Mood Light

One of the easiest ways to retain employees is to create a fun work environment. People naturally want to sense a feeling of belonging, and having fun in the workplace goes a long way toward making people feel a part of things. When you get people to laugh with you, you've formed an instant bond. The fact that you were able to let down your guard and laugh breaks down rank barriers and builds camaraderie.

Studies have shown that humor also helps alleviate stress. And when your employees are less stressed, they're more willing to put in extra hours and get the project done. To foster humor in your organization, post appropriate jokes and funny stories on the company bulletin board or via email. You could also initiate theme dress days to lighten the mood. Or if you're feeling more daring, don a clown wig

and red nose for your next meeting. Your employees will appreciate the chance to laugh their stress away.

5. Continually Strengthen Your Team

Your company is only as strong as your weakest employee. Keep developing your team to make your unit as powerful as possible. If you initially hire second-rate candidates, you can expect high turnover. However, when you strive to hire those people whose strengths are your weaknesses, the entire company benefits.

Always remember that one bad apple can spoil the whole bunch. If your employees sense that one person isn't pulling his or her fair share, they will feel resentful and be more apt to goof off. Whenever you hire additional help, do whatever possible to make sure the new hire meets your criteria for a long-term, productive employee.

Since the current unemployment rate suggest that it's an "employee's marketplace," employers need to do whatever they can to retain their current staff and attract the best possible candidates for future employment. When you transcend typical employer stereotypes and create a work environment that fosters creativity and success, your company will benefit. The end result will be a workforce that stays with you and a business that thrives.

About the Author

Laura Michaud is an author and owner of The Michaud Group, a firm dedicated to bringing personal and business success to their clients. As the former VP of Sales and Marketing for Beltone Electronics, Laura managed a staff of over 300 employees. She now helps corporations and associations learn the best ways to retain qualified staff members.

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