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Employee Loyalty – Building the Retention Environment

Is employee loyalty a thing of the past? Has the concept of retaining employees for the lifetime of their careers become an outdated model in today's business strategy? When trained employees leave your company, they leave behind more than an empty position to fill. They take with them a wealth of historical knowledge of your business, operational systems, contacts and customer relationships. That void may not always be easy to patch. The average time needed to get an employee "up to speed" in any industry is typically two years. Up until that time, the individual is usually being trained in company processes and procedures, cultivating relationships and generally building proficiencies necessary to be effective on the job. If that same employee leaves your organization after several years and you need to return to the labor market to replace them, what you have is a revolving door process with serious bottom line consequences.

In addition to the fiscal impact employee turnover creates, a company's reputation with customers can also be adversely affected by an impression of instability brought on by employee turnover. A profitable business depends on mutually beneficial relationships with customers. Customer relationships are sustained by individuals familiar with that customer's needs and preferences. It is difficult to ensure reliable customer service when a changing of the guard is the norm every couple of years. Customer confidence can suffer.

The current worker shortage has created an environment of high mobility. This "Grass is Greener" effect has produced a negative personnel balance in many organizations, requiring HR departments and executives to devote unprecedented hours in the pursuit of a stable workforce. Time spent attracting, training and orienting new recruits is expensive. The typical tenure of newly hired employees is now three years. What we used to label as "short-time" has now become the standard length of an employment stay. As we find ourselves competing for that next talented candidate, it may be time to explore a major shift in staffing strategy. Rather than continuing to look outward – it may be time to re-focus our energies and begin to look inward.

Companies can protect themselves from a highly volatile labor market and talent raids from other organizations. They can do that by investing in their current employees. Building a Retention Environment is a major shift away from the heavily competitive "loot and recruit" methodology of staffing. The highly competitive nature of the labor market today is creating a de-stabilization that does little to guarantee the success of your latest recruiting efforts. Think about it – if your organization is not invested in retention – then neither are your employees.

Here are some building blocks you will want to consider on the road to building a Retention Environment. Compare this list to the staffing strategy in your organization. It's never too late to begin the shift toward retention.

- **Ensure compensation and benefits programs are competitive for your industry.** It will be difficult for any company to maintain a skilled workforce if they are not compensating employees at current market levels. Regularly review and monitor salary surveys and Department of Labor publications on compensation statistics for your geographic area. Review salaries on an annual basis to ensure that compensation levels within your organization have not fallen below the norm. Benefits are another area in which companies must remain competitive. Some companies invest in the services of a benefits specialist in order to have access to information on the best benefit packages for the best rates.
- **Provide continued education, training and skill building opportunities.** Training raises the competency of all employees. Your employee's skills will improve with continued training and your organization will benefit from those skills. Employees who receive opportunities to improve and upgrade their skills tend to experience more of a connection to employers that invest in their training.
- **Invest in management training for your managers.** Front line managers are entrusted with the important responsibility of the daily management of your workforce. Make sure that they have the communication, management and interpersonal skills to do the job. There's an old saying that "people don't leave bad companies, they leave bad supervisors". Invest in your management team and provide them with the skills necessary to be effective supervisors.

- **Create a culture of appreciation.** Establish recognition systems at every level. Acknowledge employee efforts. It's easy and all too common to forget to thank employees for the extra effort that is often required to see projects and initiatives through to completion. After all, that's their job, right? Well, yes it is – but how do you want them to feel about their job? Employees that experience feelings of accomplishment around their job are happier, more productive and more engaged than employees whose efforts are rarely acknowledged. Which group do you want working for you?
- **Offer flexible work schedules.** Families have changed and employers need to offer a workplace that recognizes and supports that reality. Two income families and single heads of households are now the norm. That translates into a need for employers to be flexible around the definition of “work day” and “work week”. The 9 to 5 workday seems archaic in a world that is now 24-7. Employers now need to be willing to offer alternative work schedules to employees that need them. Knowing that an alternative schedule is an option mitigates stress and helps employees to remain productive.
- **Involve employees in as many decision making processes as possible.** Individuals who participate in deciding how work related situations will evolve are more prone to the buy-in of those initiatives. Try to solicit employee input whenever possible. Employees that help to define and direct a project will have increased ownership around the outcome. They will be invested in the results, and will experience a sense of greater control and commitment. Commitment breeds dedication and a dedicated workforce can overcome many challenges.
- **Commit to a culture of employee development.** This is not the same as a commitment to training. When you commit to an employee's development you are taking on the responsibility of helping them to succeed and grow within the organization. You identify opportunities and assist them in identifying a career path. You mentor them along their journey. This is how you grow the leaders of your company's future. This is how you retain your best and brightest.

Employee loyalty need not be written off as a thing of the past. Your decision to incorporate an environment of retention will lead to job satisfaction for your employees and greater stability in your workforce. What can your organization put in place to make certain that employees remain committed to their work and your business?

McLean, Koehler, Sparks & Hammond helps owners and business leaders become more successful by providing innovative financial, technology and management solutions for every stage of their organizations' life cycle. MKS&H's organizational consulting division, Tandem Partners, specializes in people strategies that drive business results. For more information on this article or MKS&H, please contact Melissa McDaniel at 301-662-2400 or via email: melissa@mksh.com.

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