

June 28–July 1, 2009  
New Orleans, Louisiana



**SHRM**

SOCIETY FOR HUMAN  
RESOURCE MANAGEMENT



**The Time For Retention is NOW**

(Make yourself a HERO!)

**Dick Finnegan**

June 29<sup>th</sup>, 2009

SHRM 61st Annual Conference & Exposition

**FINNEGAN | MACKENZIE**  
THE RETENTION FIRM<sup>SM</sup>

Copyright Finnegan Mackenzie, 2009  
All rights reserved

# Today's Map

1. **Data:** Employees' quit patterns during the 2008 recession
2. **Processes:** The most powerful missing ingredient in retention programs
3. **Solutions:** A research-based, process-driven retention model you can use with principles, strategies, and tactics
4. **Continuing communication offer**

**“Recovering HR director”, head-bobber by training**

**Founded 1996...We Cut Turnover!**

**Clients include Hilton, GE, Johnson & Johnson...Siberian banks, African gold mines, the CIA**

**Headquarters is Orlando FL**

**Author of** **Rethinking Retention** **available in October, 2009**

**in Good Times and Bad**

**Breakthrough Ideas for Keeping  
Your Best Workers**



**RICHARD P. FINNEGAN**

# 2008 Wear and Tear

## Mid-year 2008 vs year-end 2007

- Stock market dropped 14%
- Inflation increased over 4%
- Gas prices up an even dollar
- The Consumer Confidence Index fell 44%
- Layoffs increased by 22% compared to the same period of '07 and had put nearly 1 million out of work

## Fall 2008

- Financial system collapsing, \$1.4 trillion in bailouts
- Obama: "We could lose millions of jobs next year"

## Year-end

- Layoffs up 43% over '07
- Unemployment 7.2%, a 26% jump over '07

## Quiz: U. S. Workers React to Recession

1. **What % did job openings drop from '07 to '08?**
2. **By what factor did applications increase for openings in '08 vs '07?**
3. **How much did voluntary quits drop in '08 vs '07?**
4. **Did layoffs freeze survivors in their jobs or cause more of them to quit?**

## Quiz: U. S. Workers React to Recession

- 1. What % did job openings drop from '07 to '08?**  
**18%**
- 2. By what factor did applications increase for openings in '08 vs '07?**  
**3 X**
- 3. How much did voluntary quits drop in '08 vs '07?**  
**11%**
- 4. Did layoffs freeze survivors in their jobs or cause more of them to quit?**  
**More quit...1% layoff = 31% quits increase among Fortune Top 100 applicants**

# Conclusions to Recession Quiz

1. **Jobs were much harder to find in 2008**
2. **Many employees still quit...your chances of losing a good worker in the 2008 recession were 89% as strong as in the booming economy of 2007**
3. **Layoffs lead to losing muscle after fat**

**Therefore, it is likely that *your good workers can always find jobs and they are the ones who are leaving...*and it's a great time to fire poor performers**

# Losing Muscle After Fat

- **Lean departments cut to bone, can't assign extra work**
- **Survivors look to high-performing peers and might follow them out the door**
- **Poor-performers take up a chair and are tolerated due to "no hiring" policies**
- **Re-assigned managers take on new, larger teams and need support of best producers**

# Lowest Unemployment?

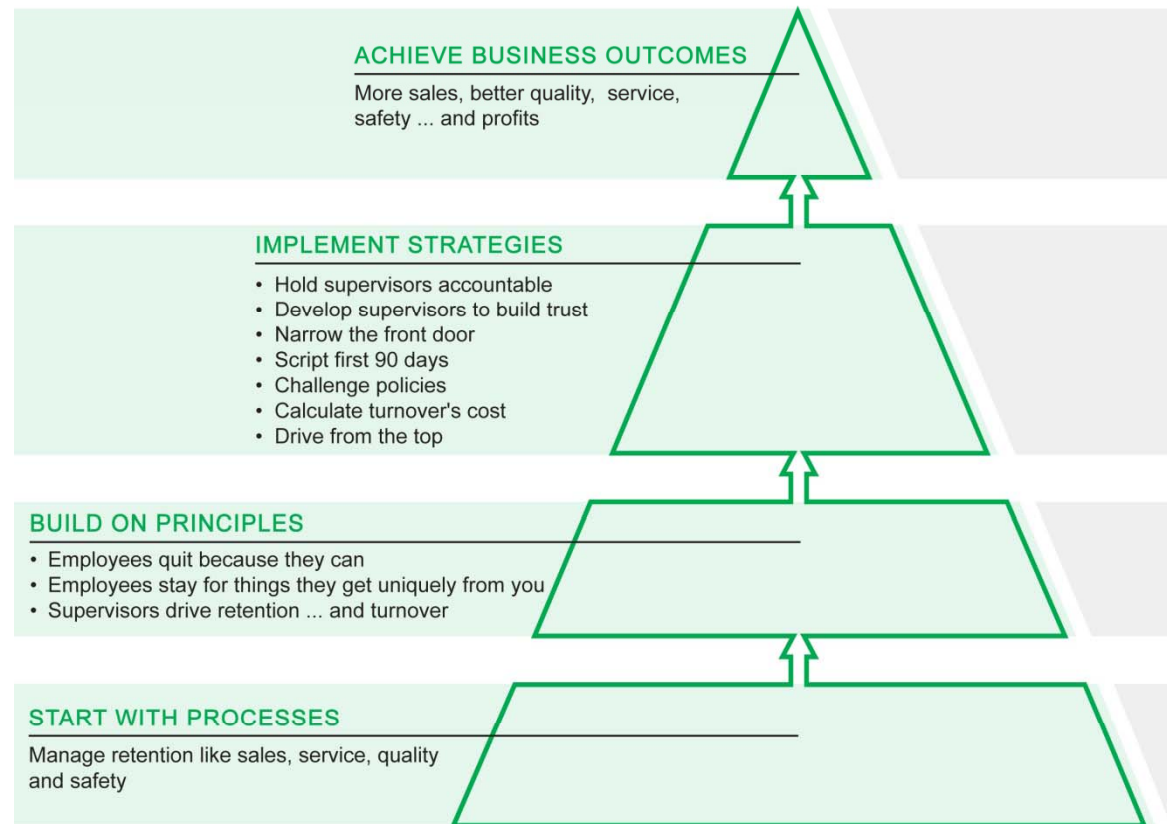
- 1. Hospitals 1.6%**
- 2. Utilities 2.6%**
- 3. Mining 3.1%**
- 4. Health Services except hospitals 3.6%**
- 5. Professional/Technical Services 3.8%**
- 6. Financial Activities 3.9%**

# Healthcare Labor Crisis

- **BLS: Healthcare 2008 net job gain of 419,000**
- **Healthcare most rapid job growth 2006-2016; need 233,000 new nurses each year; only 200,000 passed exam in '08**
- **1<sup>st</sup> year nurse voluntary turnover 27%; are least satisfied of all hospital employees**
- **Executives responded *staffing* to top challenge, most important initiative, greatest obstacle to patient care**
- **Also shortages of doctors, pharmacists**

# Research-Based, Process-Driven

## THE RETHINKING RETENTION MODEL<sup>SM</sup> A Process-Driven Approach to Keeping Your Best People



# The Lesson of the 3 Ps

**People? Products? Processes?**

**Examples are sales, service, quality, safety**

**Operations-led performance toward goals  
or HR-led programs?**

## Process- Or Program-Driven?

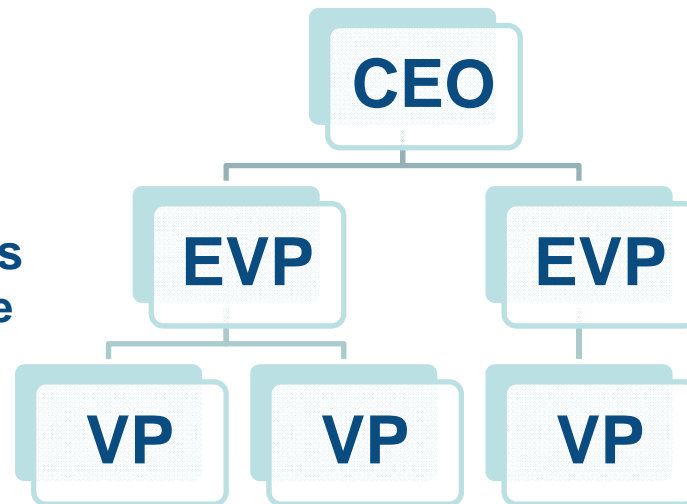
- If **process-driven** = operations accountability, recognition, consequences, training, and coaching...
- If **program-driven** = usual HR tools such as hiring, performance management systems, newsletters, and employee appreciation week...
- **Which way does your organization operate? Or lean?**

# Is Retention Process-Driven? Probably Not

	Sales	Service	Quality	Safety	Retention
<b>Accountability,</b> tops-down in Ops	Y	Y	Y	Y	N
<b>Recognition</b> company-wide	Y	Y	Y	Y	N
<b>Consequences,</b> good and bad	Y	Y	Y	Y	N
<b>Training,</b> skill-specific	Y	Y	Y	Y	N
<b>Coaching</b> for improvement	Y	Y	Y	Y	?

# Process- Or Program-Driven?

Retention processes driven by executives from the top like sales, service, quality, and safety?



Retention programs driven by HR from the side like hiring, performance management, others

# The Rethinking Retention<sup>SM</sup> Model

## 3 Principles

**Point #1. Employees quit jobs is because they can**

**Point #2. Employees stay for things they get uniquely from you**

**Point #3. Supervisors build unique relationships that drive retention...or turnover**

# The Rethinking Retention<sup>sm</sup> Model

## For supervisors

**Point #4. Hold supervisors accountable for achieving retention goals**

**Point #5. Develop supervisors to build trust with their teams**

## For people management processes

**Point #6. Narrow the front door to close the back door**

**Point #7. Script employees' first 90 days**

**Point #8. Challenge policies to ensure they drive retention**

## For top management

**Point #9. Calculate turnover's cost to galvanize retention as a business issue**

**Point # 10. Drive retention from the top, as executives have the greatest impact on achieving retention goals**

## Pt. #2: Employees Stay for “Unique”

**Corporate Leadership Council: companies that developed and managed *employee value propositions* attracted more, paid less, and had greater early loyalty**

**What makes your company unique? Pay? Benefits? Schedules? “Culture”? Probably not**

**CLC studied 38 EVP attributes and only 3 drove attraction and commitment: *development opportunities, career opportunities, and respect*; employees also want to know about *helping and bonding***

**Company example: *Hard Rock Cafe***

**Tip: Get a credential! *F100 chances 1 in 4***

**Best way to learn EVP content? Supervisors conduct “*stay interviews*”, then leverage their responses...and aggregate them to form grist for EVP**

# Sample Stay Interview Questions

**Structured questions delivered by supervisors that focus on what supervisors can control:**

**When you travel to work each day, what do you look forward to?**

**What parts of your job are most enjoyable...even fun?**

**What are you learning here?**

**Who do you believe you are helping?**

**What can I do to help you stay longer?**

**Aggregate answers to have grist for your EVP**

## Pt. 4: Hold Supervisors Accountable

**“Butterfly effect”...only 11% companies say they hold supervisors accountable**

**Poor supervisors trump good benefits and training**

**Best value: It changes the conversation**

**Surprise company that enforces goals...Wegmans**

**“I’m only asking for 10%”**

**How can you implement real retention goals? Who must you influence to “Drive Retention from the Top”?**

## Can Supervisor Accountability Work in A Hospital?

### From “Hardwiring Right Retention” by The Healthcare Advisory Board...

“Performance pay, better communications, on-site child care, and flexible scheduling are ‘nice, but not about turnover’”

**Their recommended solution: Hold nurse managers accountable to retention goals**

**One hospital reduced nurse turnover by 41% as a result of setting retention goals for managers, compared to peer hospitals that offered usual program solutions**

## Pt. #5 Develop Trust

**Most important supervisory skills? Communication?  
Feedback? Career coaching? **Worthless without  
trust****

**Solid research from TalentKeepers, Leadership IQ,  
Sirota, Pennington**

**Where does trust-building appear in your  
supervisory hiring criteria, reference checking,  
training, coaching, employee surveys?**

**Trust-building is about behaviors vs character traits**

- Communication 33%
- Competency 21%
- Consistency 20%
- Character 19%
- Courage 7%

## Pt. #6 Narrow the Front Door

### Pre-hire assessments should answer:

1. Can they do the job?
2. Will they do the job?
3. Will they stay?

Hiring-for-retention tactics include employee referrals, realistic job previews, hire older workers, hire workers who are attracted to your EVP

**Destination Hotels and Resorts:** half jobs filled via referrals, stay 20-30% longer

**BLS:** “The length of time a worker remains with the same employer increases with the age at which the worker began the job.”

**Tip:** Hold all involved in early retention efforts accountable including HR, training, and vendors

## Pt. #7 Script Employees' First 90 Days

**A University of Florida study...1,000 professional employees across 7 organizations...intended to stay average of 7 years, but many left sooner because of opinions they began forming in *their first month on the job*...disagreements with supervisors and co-workers as well as re-assignment of projects.**

**“We had originally thought it was going to be a personality factor, that people would have a kind of “leaver” personality...but from the personality measures on the survey...we realized personality didn’t seem to matter”**

**Compare your tipping point to the length of your onboarding process...do they align?**

**3 onboarding tips...reinforce your EVP, design processes for on the job, design processes to build relationships**

**Code employees for staying power for the first 90 days**

**Conduct “new hire interviews” to build glue**

## Pt. #8 Challenge Policies and Practices

Employees want more **TIME**

Flexible schedules and telecommuting are most important perks... *Career Builder and Robert Half*

Telecommuting, compressed workweek, flex-time have highest impact on retention... *WorldatWork*

Best Buy, IBM, Sun Microsystems offer various flex options...productivity up and turnover down

1. Can we accommodate good performers who get unfavorable schedules?
2. Can we provide 4 x 10 schedules?
3. How can we make schedule-swapping easy?

**Tip: Best retention benefit beyond 4 x 10s might be concierge service**

## Pt. #9 Calculate Turnover's Cost

**Goal is to rethink turnover's cost in \$s rather than report it in #s and %s**

**HR Beware: Finance's job to measure turnover's cost, report it, tie to retention goals and gains**

**Finance will drive retention goals once they realize the potential gain**

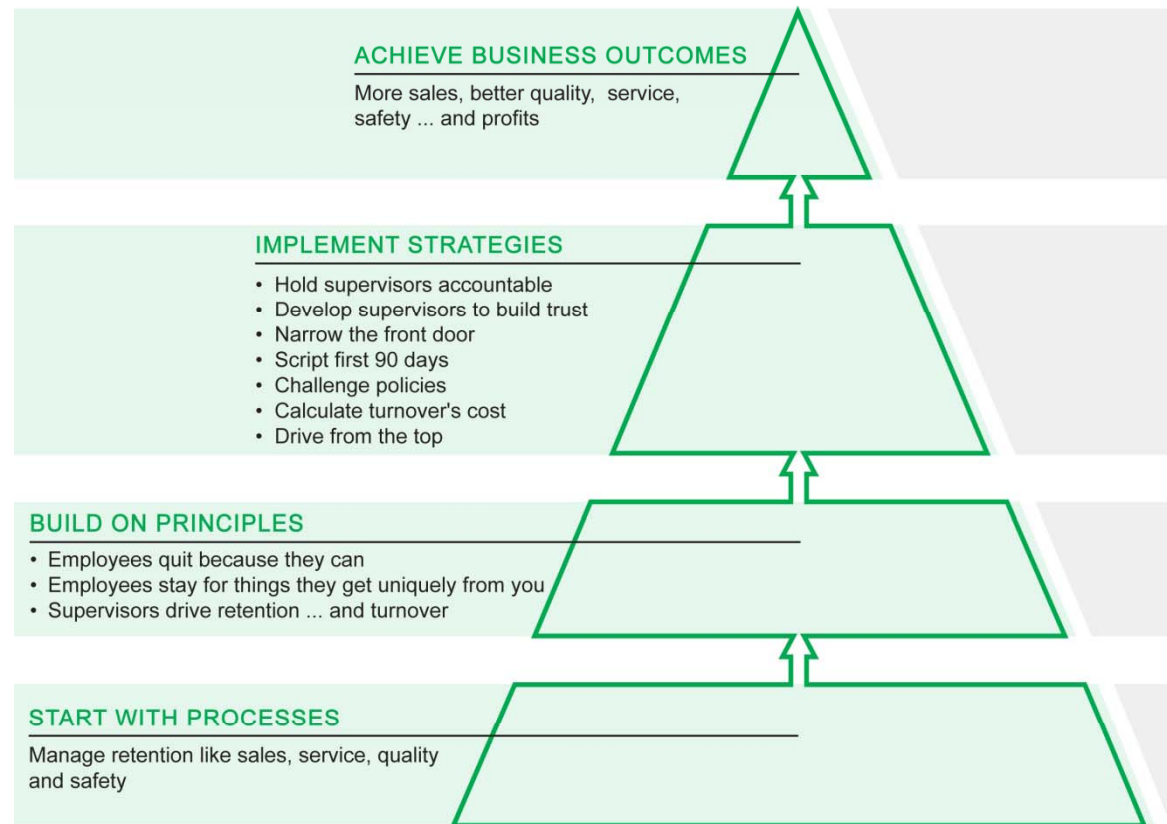
**In high-retention companies, the CFO reports turnover's goals, costs, and dollars saved monthly, analyzes retention gains and costs when considering new policies**

**Write and agree to specific retention roles for:**

- 1. Executives**
- 2. HR**
- 3. Finance**
- 4. Marketing**

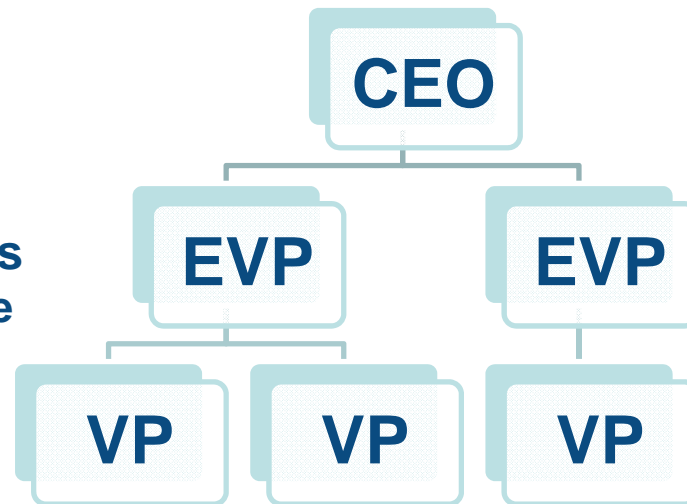
# Research-Based, Process-Driven

## THE RETHINKING RETENTION MODEL<sup>SM</sup> A Process-Driven Approach to Keeping Your Best People



# Process- Or Program-Driven?

Retention processes driven by executives from the top like sales, service, quality, and safety?



Retention programs driven by HR from the side like hiring, performance management, others

## A Continuing Communication Offer

**To be included in future retention updates and receive information on retention certification...**

**Please leave your business card!**

**Contact information is**  
**[DFinnegan@TheRetentionFirm.com](mailto:DFinnegan@TheRetentionFirm.com)**  
**PH 407.694.3390**