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How to keep your staff when the economy recovers



*article by
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Article at a glance

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The crisis is looming

Almost every week now I see a new report featuring the results of a survey of employee engagement and staffing prospects for the year ahead. They are remarkably unified in their analysis: people are still nervous of being retrenched and value job security. But they're also feeling worn out, abused and overworked, and are planning on looking for a new job just as soon as the economy starts picking up.

A few high profile studies will prove the point:

Deloitte.

[Deloitte's fourth annual Ethics & Workplace Survey](#) (July 2010) concluded that one-third of employed Americans plan to look for a new job when the economy gets better. Of this group of respondents, 48% cite a loss of trust in their employer and 46% say that a lack of transparent communication from their company's leadership are their reasons for looking for new employment at the end of the recession.

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[BlessingWhite's global Employee Engagement Report 2011](#) also highlighted the importance of trust in the senior Executive team, similarly indicating that 39% of employees worldwide plan to leave their employer in the next year. (Their report breaks this number down by geographic region, and this shows that the number is even higher in Europe, Australia, New Zealand, China and the USA. India and SE Asia balance out the average. They do not show results from Africa).

SHRM
SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

In a 2010 report by the [Society for Human Resource Management](#) (SHRM), 30% of employees said they were likely to look for work outside of their organization. Of those surveyed, 28% indicated they were less satisfied with their jobs given the economic climate in 2010, up a drastic 6% from 2009.



ROBERT WALTERS



The [Towers Watson 2010 Global Workforce Study](#) found that while “mobility is at a decade-long low point, and many are sacrificing career growth for a secure job”, the workforce of 2010 was “recession-battered, with lower expectations, increased anxiety and new priorities.” They suggested a new employment proposition which I will come back to below.

This affects some industries more than others. In February 2011, recruitment firm [Robert Walters](#) reported that around 60% of IT professionals are currently looking for another job.

And it is also not consistent around the world. According to the [Manpower Employment Outlook Survey](#) released in March 2011, employer hiring plans for the second quarter are strongest in emerging markets, such as India, Brazil and Turkey, compared to their more developed counterparts in the global labour market. In fact, the Manpower data shows demand for employees in India is at its strongest level since the survey began there in 2005. In contrast, hiring plans from employers in countries such as Canada, the U.S., Norway and France, while generally positive, are more subdued and demonstrate the various speeds of recovery within the global labour market.

What’s Causing It

It seems obvious that the tough economic conditions of the last few years are the ultimate culprit here - raising stress levels and uncertainty, as companies have been forced to restructure, cancel bonuses, retrench and freeze headcounts. People have been working harder, in tougher trading conditions, for less reward. Some managers have compensated for this by increasing recognition, providing more support and being sympathetic to more flexible arrangements. But many have not. Many managers have simply piled pressure upon pressure, with little thought for the long-term consequences of their treatment of people.

But it’s probably useful to be a bit more specific about the precise causes of dis-ease amongst your staff. The best thing to do is just ask them. But there are two problems with this approach: (1) they might not know what is really causing their stress, and might not be able to accurately provide the right diagnosis, and (2) even if they could, they might not be honest with you, especially if they perceive the question as coming from a disconnected management team. I still suggest you do find a way to poll your staff on this issue. But let me suggest a few probable causes of potential employee turnover in the next 18 months:



Exhaustion - While many companies reduced headcount as a direct result of reduced operations during the recession, many others simply took advantage of the economy to reduce staffing costs by cutting down on staff more dramatically than business operations required. Either way, remaining employees were left with a higher workload than before. Add to this the stress that many families have been under over the last few years, and it is no surprise that staff feel exhausted. Some of your staff will look to move just to reduce workload, hours and stress. A few of your employees may also be forced to resign in order to care for a family member who has significant health issues. You probably can't do anything about an employee quitting for health reasons - but you can help to keep your workforce healthy and safe.



Remuneration - Many companies have frozen pay rates, cancelled bonuses and put a stop to promotions for the last few years. While in many cases these solutions kept companies afloat and were necessary, very few companies have made it a priority to recognize and reward employees in other ways. It may surprise some employers to know that compensation is not the number one reason employees leave a job. In fact, in most surveys, compensation ranks more than half way down the lists of reasons to leave. But, while it may not be the biggest reason employees leave, non-competitive compensation can be a deal breaker for your staff.

New opportunities - When companies begin expanding and looking for new talent, they will not favour the currently unemployed. They will prefer to hire new staff from other companies, and they will not be constrained by industry boundaries either. So, your staff will be getting head hunter calls soon, and most will be willing to take the calls.



Greener Pastures - For many of your employees - especially the younger ones - there will be thoughts that "anywhere is better than here". They may be willing to move just for the sake of change. This is even more true for those who may not have had an opportunity to work in different companies or different industries. Knowing why someone is working for you is a critical first step in helping them find greener pastures within your own organisation.

Retirement - Employees planning to retire over the past few years may have delayed their retirement due to their financial losses and also because they had to unexpectedly support family members during the recession. As the economy starts to recover, those employees will prepare for retirement once again.

Changes to spousal circumstances - During the downturn, many people who had not previously been working - most notably stay-at-home spouses - went back to work, as their spouses were retrenched or were forced to accept reduced hours and/or salaries. Some of

these people may be happy to stay in the workforce now - probably with increased flexibility in terms of their hours. Others may decide to go back to staying at home. You need to know not just the circumstances of the individuals working for you, but also something of their family and home situations too. As the economy picks up, you may also be affected by spouses of your employees who are relocated by their companies. The family then has to decide which career takes priority. If the spouse working for you sacrifices their job, there is nothing much you can do about it, but it would be good to know if it is likely to happen.

This is a partial list, but should be enough to convince you that there is a very real problem looming. In some companies (and some industries) it is not overstating it to say that it is a crisis in the making.

It's Going to Cost You!

Employee turnover is costly. Once you've taken into account the direct expenses, including recruiters fees, training, new office setups and more, and factored in costs such as lost productivity, lost relationships (with clients, suppliers and industry networks), and also considered the impact of staff changes on culture and climate, staff turnover can cost anywhere from one to three times the cost of an employee's annual salary. But it's not just a financial cost. When you lose an employee, you lose their experience, skills, relationships and knowledge. It also impacts team dynamics and often the job satisfaction, engagement and stress levels of co-workers and other staff - especially if they have to pick up the slack when a colleague leaves.

This issue of a potential staff exodus is therefore going to put a huge strain on your organisation. What can you do to try and ensure it doesn't happen to you?

How to Make it Stop

You can't control every reason why employees leave. Knowing why they leave, though, can help you change things so that you can do as much as you can to keep your employees happy, engaged and satisfied in their jobs. There are no silver bullets to ensure that this happens. But here are some tips that might help you avert a disaster.

- *Do something NOW* - you need to put this issue firmly on senior leadership agendas and possibly even appoint someone to head up a task team to make sure it's a genuine organisational priority. You need to start pre-emptively working to keep people - it will be too late when the actual exodus begins.





- *Know who you need to focus on* - Take care of top performers and critical teams. As the heart and soul of your business, they are vital to your future plans. Identify them and target them for special attention. Communicate one-on-one with these key people, and let them know how much you want them to stay. Ask them what they would like to be offered in order to do so. You'll be surprised that most will not put money at the top of the list (if they do, you might want to consider whether they belong in the "vital to keep" category of staff).
- *Help your staff understand how much the world has changed* - help them see that the grass is not necessarily greener elsewhere, and also help them to see the increasing value of longevity and depth of experience. Many workers still assume there is a 'normal' we're going to go back to after the recession. That's just not true. It will probably be best to get an external person to bring this message to your team.
- *Hold managers accountable for retention* - When times are tough, companies typically encourage leaders and managers to focus on short-term financial performance at the expense of everything else. But now, your company must make a deliberate effort to hold leaders and managers responsible for retention - and support them with the right tools and training. This means measuring and rewarding (and punishing) them for it.
- *Don't kill survivors by overloading them with extra work* - If you have let people go, in some instances you must just accept the fact that some of the old work simply won't get done. Set clear priorities that are realistic and support those who's job descriptions must change.
- *Get your compensation right* - It's not the most important issue, but if you get it wrong it will be a deal breaker. You probably need to start restoring pay or merit increases to pre-recession levels as soon as possible. You'll do great damage if you start doing this for senior leaders before the rest of the workforce. Make sure those earning the least feel the most benefits soonest. And don't forget that you need to be wooing your most talented staff to stay (even as you might be wooing talent from other companies to come and join you).
- *Ensure you provide non-financial benefits as well* - it's not all about the money.
- *Ensure you know why people are working for you* - ask them. It really can be that easy.



- *Help people realise the value of the work they do* - Be sure to encourage your staff in their day-to-day activities and show them they're making a difference. Find ways to challenge them, and help them develop. Ask for their input to make work more exciting and relevant. The more valued and effective your employees feel, the more engaged, motivated, and happy they'll be.
- *Tell the truth, and tell it as soon as you can*
- *Fill up your talent tank* - 'Human resources' (I use that phrase deliberately) are now as cheap as they're ever likely to be. Make sure you fire up your recruitment engines before your competitors do.

Change Your Mind(set)

We're going to have to deal with a more mobile, more globally minded, more demanding, more flexible workforce in the next few years. We need all of our people, at every level of our organisations, to understand that this is an absolutely critical survival factor in the next few years. And we need our senior leaders and team managers in particular to understand the contribution they can make to keeping staff - and keeping them engaged.



Many companies pay lip service to the value of their people, without demonstrating it by their actions. Those companies will pay a hefty price for the negligence of their staff over the next few years. But those companies that ensure they're great places to work at will get the reward of not only keeping their existing staff, but also having the pick of the mobile talent in their industry.

This issue will be the most important and disruptive issue most business face in the next two years.

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Dr Graeme Codrington is a business strategist, keynote presenter and thought leader on the future of work, and attracting, retaining and engaging talented staff and clients, across the generations. His inspiring keynote presentations and workshops get teams geared up for immediate action and long-term business improvement. Contact him at graeme@tomorrowtoday.uk.com

About TomorrowToday

TomorrowToday is a consulting company focused on the new world of work. We use keynote presentations, workshops, training, consulting and the provision of resources to help our clients understand the key trends shaping the world, and show them the keys to success in four critically important areas:

- Strategy development and execution
- Leadership and team development
- Attracting, retaining & engaging talented staff
- Improving customer experience and retention

Our core skill is our ability to track trends and map the world of tomorrow, especially trends related to people - their needs, desires and expectations, and how they will shape the new world of work. Our core business is to help our clients gain tomorrow's competitive advantage today, by understanding the drivers of people's behaviour and attitudes and showing them how to influence others.

People are central to business success, but often the connection between management and staff or customers falters. We have processes that strengthen the connection that companies have with people and are able to deliver immediate value and performance improvement.

With ten years experience in these areas we can show you how to get more from less - more productivity, more sales, more profitability.

Please contact us to request an appointment with us - we'd love to meet with you and tell you more about who we are and what we do.

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