

Published by ASTD

# Hiring and Retaining Top-Performing Employees

Business Skills

## Info-line

The *How-To* Reference Tool for Training & Performance Professionals



Association for  
Talent Development

AUTHOR



**E. Stewart Hickman, SPHR**

ASTD Human Resources  
1640 King Street  
Box 1443  
Alexandria, VA 22313-2043  
Tel: 703.683.8102  
Fax: 703.299.8723  
E-mail: eshickman@astd.org

Throughout his 23 years in the field of education, Stew Hickman has practiced strategic and integrated HR/OD with the aim of helping organizations become more productive and satisfying places to work and learn. He has trained and consulted on a range of topics, from empathic listening and MBTI to organizational culture and change management.

**Editor**  
Cat Sharpe Russo

**Managing Editor**  
Sabrina E. Hicks

**Production Design**  
Barbara Greene



*Linking People,  
Learning & Performance*

# Hiring and Retaining Top-Performing Employees

## Business Skills

<b>A Problem of Retention</b> .....	1
Start With Outcomes .....	2
Proactive Hiring .....	6
Toward a Culture of Retention.....	9
<b>Proactive Steps</b> .....	9
<b>References &amp; Resources</b> .....	15
<b>Job Aid</b> .....	16

Association for  
Talent Development

**Come visit *Info-line* on the ASTD Web site: [www.astd.org](http://www.astd.org)**

For help or inquiries about your subscription, please call the ASTD Service Center at 1.800.NAT.ASTD or 703.683.8100, or you can contact us via email at [subscriberservice@astd.org](mailto:subscriberservice@astd.org).

Printed in the United States of America.

## A Problem of Retention

The manager was not surprised at first when Siri showed up in his office Monday morning. Siri was a bright, eager employee who was constantly looking to refresh her skills and take on something new. The manager expected she was fishing for a new assignment or checking in on any promotional opportunities.

But that was not the case. After a few false starts, she came around to her point: “I have been here for two and a half years. The work is good, but something is missing. I need a chance to grow. I don’t mean a sexy assignment now and then. I mean all the time, every day, or at least most days. I feel like I have so much to offer, to the team, to the organization, to my boss. So I have taken a job at a high-tech start-up across town.” She handed in her resignation.

How did he miss that one? Siri was the last employee he expected to lose, and the one he could least afford to lose. Were those professional development opportunities not enough? Mentoring that new hire last year? What could he have done differently for Siri? And who was next?

Few managers would argue against the fact that retaining employees is a big problem getting bigger. Employers are saying, “We can’t get these people to stay. The first better offer that comes along—they’re out of here.” The specifics vary, but the themes are the same: Organizations are worried about high turnover and frustrated that techniques used previously—such as giving more pay or bestowing a promotion—currently do not buy much time and are very expensive. The employer incurs the cost and winds up losing the person anyway. Employees are saying, “We have needs we want met from our work, from our bosses, and from our organizations. If our needs are met, we will stay. When things start to slide, we head toward the door.”

Why is the retention of top performers so important? Two reasons:

1. The costs associated with turnover are high and can be sustained by only the most robust organizations under the best circumstances.
2. The value of longevity is high.

Typically, the value of top-performing employees to the organization increases dramatically over time. Often referred to as “intellectual capital,” this value is the technical knowledge of the performer, as well as the organizational knowledge he or she has accrued over the years: how processes work, who to turn to, what has worked before, how to get things done.

Unfortunately, the importance of these two principles of retention is lost on many organizations. They underestimate the cost of turnover. Some costs of turnover are visible (placing an ad in the paper or hiring a recruiter), but many are hidden (such as the effect of departing staff on productivity and morale or the time spent on the many logistics of the interviewing and selection process).

The problem with the value of longevity is that few organizations know how to measure it except through salary. Yet, we all know intuitively that the worth of a top-performing employee with years of experience and knowledge about the organization is measured only in part by that person’s salary. We feel the loss of that value when the person walks out the door, taking all that knowledge and experience with her.

We can sum up the dilemma facing managers as follows: Employees are shopping for good places to work. They want to sell their skills to a place that will meet their needs. Organizations are shopping for talent and are coming to the realization that they better have something to “sell” that employees want.

Both the employee and organization are looking for “fit.” This *Info-line* covers the basics of how to make fit happen for the top-performing employees so that your organization can excel and compete in a global economy. Some of these basics will apply to hiring and retaining employees in general, but our focus is on top talent, the key employees who constitute your competitive advantage.

## Start With Outcomes

Responsibility for recruitment and retention is shared. Human Resources (HR) might own the processes and play a key role in hiring, but all managers have to buy into the strategies behind hiring and retaining key talent. The first step in getting buy-in is to agree on the outcome.

What outcomes do you want? Before you start down the path of improving hiring and retention practices, it is critical that you keep in mind the end state you want to want to achieve. There are three basic outcomes:

1. **Financial.** Part of your job is managing your company's assets—human, technological, intellectual, and physical. How well you manage these affects, to a significant extent, the bottom line: the financial measures. Hiring and retention practices are just one way of managing human assets.
2. **Performance/productivity.** While any good employee is a valuable asset, the top performers play a key role in organizational performance. Top performers are the stars who often set the pace for others. They are also often the champions for new ideas and initiatives—the source of productivity gains.
3. **Workplace quality.** The outcome of retention is also a means for retention: Employees tend to stay with organizations they perceive as having a good work environment. Satisfied employees tend to be more productive and happy, which leads to enhanced workplace quality—one of the main sources of employee satisfaction.

The following hiring and retention strategies drive back to these three general outcomes.

### Strategy 1: Address Turnover

What causes turnover? Everyone has an opinion on the major contributors to turnover. Roger Herman, who has been studying the retention issue for years across a spectrum of organizational types and

sizes, discusses turnover issues in his book *Keeping Good People*. He came up with this list of sources of job satisfaction and retention based on conversations with staff at all levels:

- appreciation
- stable and secure work environment
- accountability
- greater responsibility
- autonomy
- involvement in decision making
- empowerment
- listeners who listen and act on suggestions
- continual learning
- freedom to experiment
- supportive work environment
- information about what is happening in the company
- rewards based on performance
- the opportunity to make a difference

ASTD and the Society for Human Resource Management (SHRM) took another approach to studying the issue of why people stay. Their consortium benchmarking study focused on the importance of training and development in the retention equation. A detailed study of seven exemplary organizations uncovered some striking similarities in organizations that have a good track record in retention. These organizations had the following in common:

- valued their workers
- tied workforce initiatives to organizational strategies

## Turnover

There are two types of turnover: planned and unplanned. Unplanned turnover is typically more expensive because the organization has not had time to find or prepare a replacement. You have two ways to calculate turnover:

1. If the number of people who leave is low, and your metrics are in place, you can track the overt and covert costs and add them up.
2. To get a ballpark average, use benchmark figures. Research by the Saratoga Institute and Corporate Advisory Board suggests losing and replacing a person cost anywhere from 6 months to 2.5 years of the person's salary.

The total cost of turnover is a combination of hard costs and soft costs. The easily quantifiable costs (hard costs) include the following:

- severance payments
- advertising
- retaining a search firm
- temporary staffing
- time taken for screening and interviewing candidates
- signing bonus or moving costs
- time required to orient and coach new hire

The soft costs are less easily measured, but you can factor them in to a total reckoning of turnover costs:

- loss of productivity
- lost efficiency
- loss of institutional knowledge
- increased supervisor stress
- increased staff workload
- loss of morale

These soft costs are obviously influenced by the specific person who leaves, the nature of his or her job, and the circumstances under which he or she leaves.

Quantifying and tracking costs in all the above categories is difficult. As an alternative, many organizations use benchmark amounts to estimate turnover costs. To calculate the turnover for your organization for one year you will need the following:

- a. the average salary of the people who left
- b. the number of people who left in the year

a times b times .5 = the low end of the cost of turnover

a times b times 2.5 = the high end of the cost of turnover

For example, an organization has 34 people end employment in one year, and the average salary of the people who left is \$45,000. You can calculate the replacement cost of those individuals somewhere between \$765,000 and \$3,825,000.

$$\$45,000 \times 34 \times .5 = 765,000 \text{ low end}$$

$$\$45,000 \times 34 \times 2.5 = 3,825,000 \text{ high end}$$

This kind of data is useful in two ways. The first is shock value: Managers and executives confronting these costs for the first time are usually alarmed at the price of turnover. Second, when organizations begin to strategize ways to reduce turnover, the cost of planned measures can be compared to the cost of the status quo.

## ► Hiring and Retaining Top-Performing Employees

- understood their own identity and culture and used that information to hire right
- understood the importance of employee growth and development
- linked training to HR and operations
- provided training and development for everyone
- used competencies
- tracked, measured, and evaluated their initiatives

Each of the seven companies studied has lower turnover and higher employee satisfaction than the average for their respective industries. And they all attribute this in part to the investments they make in their employees, especially through growth and development initiatives.

Organizations also attribute high job satisfaction to the key role that all managers play in the retention of key talent. Beverly Kaye and Sharon Jordan-Evans in their book *Love 'Em or Lose 'Em: Getting Good People to Stay* echo the need for managers who can, among other things, perform the following:

- enrich the jobs they offer
- support career growth in a variety of ways
- hire for fit
- provide recognition
- listen for understanding

Growth and development in supportive work environments seem to be increasingly important themes in retention discussions.

### Strategy 2: Address Other Causes of Distress

The elements on the list of causes of turnover are usually very similar to major contributors to other organizational distress (such as declining financial performance, declining market share, lagging productivity, compounding employee grievances, and increasing absenteeism). The things that cause turnover are the same things that plague organizations in other ways. Implementing a perfect retention strategy may not get you where

you need to go if you do not address other root causes. Following are four common root causes of organizational distress.

#### ■ **Conflicting Goals**

The goals of the organization are in conflict with the goals of the individual (or are perceived to be in conflict). An employee might decide at any time, “This is not the place for me.” The decision might be based on a stated strategy of the organization (“Over the next two years, we plan to outsource your function.”), or it may be based on rumor. The employee may also base a decision on perceived values: “I have different priorities than this organization; I want to find a place that better fits my values set.” In either case, you have an employee heading for the door, and you may or may not want to lose this person. Effective communication of strategy and of values can solve the problem of miscommunication and rumor.

#### ■ **Organization at Odds**

The organization is at odds with itself. This imbalance might be manifested in an unclear strategy, conflicting priorities, turf wars, dysfunctional leadership, or any lack of alignment of strategy, operations, and the organizational structure, culture, and processes.

Company ABC wants to turn its age-old hierarchy into a matrix of cross-functional teams. The strategy calls for this change to take place. The structure is put in place, and everyone is clear about how his or her job is changing and why. Two years later, Company ABC abandons its matrix. Why? Lack of alignment. The reward system did not acknowledge team contributions but focused on individual heroics. The leader encouraged cross-departmental fights, believing that internal competition was healthy. The information system did not provide reports needed to enable effective matrix decision making. You can address organizational misalignment through a process of self-study in which the organization looks at all aspects of the organization—primarily structure, processes, people, and culture. From here, you can determine how best to align these elements to get the work done.

#### ■ **Ignoring the Marketplace**

When an organization loses touch with its competitors, trouble soon ensues. New product research and development delinked from the customer voice soon loses its relevance. Marketing campaigns based on intuition and “what felt right last



year” instead of on a solid base of market research is bad business. The same competitiveness applies to the war for talent, which, we all know, is fierce.

What makes your shop special? What differentiates you as an employer from your competitors in the war for talent?

- Is it that you lead the pack in terms of pay?
- Or is your culture of innovation and experimentation particularly attractive?
- Is your cadre of excellent managers your competitive advantage?

Take some time to try to define how your organization stands out from the crowd.

#### ■ **Reactive Recruitment**

The organization has adopted a reactive approach to recruitment and retention. Organizations typically see the recruiting process as triggered by a job opening, rather than as an ongoing process of developing a pipeline of viable talent and a network that one can activate when needed. Similarly, organizations scurry to make a counter offer when a valued employee is heading out the door, when it is usually too late. The reactive manager asks, “Why did he leave?” A better question is, “Why did he start looking?” The best question is, “How do we identify and address organizational dissatisfiers on an ongoing basis, as a matter of business?”

All four of these root causes of organizational distress are relevant to the issue of retention. Each impacts the outcomes you might be seeking: financial, performance/productivity, or workplace quality. Each root cause helps determine the extent to which the organization is attractive to employees and viewed as a place to stay and grow and learn. Or unattractive, in which case the employee will spend some portion of each day wondering: “What else is out there in the job marketplace?”

So, we have identified the outcomes we want, have looked at various lists of what employees are looking for, and we have postulated some root causes of turnover. Our focus now turns to developing a proactive approach to hiring and retention, to keep talented employees and attack any possible causes of their dissatisfaction.

## Hiring Checklist

Hiring a top performer is the culmination of effective human resource (HR) planning, recruitment and advertising, interviewing, and selection. The following four areas cover the basics of the process.

### Area 1: Requirements

- Focus on the few key attributes you are looking for this time around.
- Have an HR plan. You must see how HR needs link to the strategic direction of the organization.
- Look for *organizational* fit—not just job fit.
- “Spec” the job. Be clear about what you are selling.

### Area 2: Hiring System

- Have a hiring system that is customer-friendly.
- Eliminate unnecessary duplication of questions, practice your approach, and test your questions beforehand.
- Make the interviewing balanced in terms of talking/listening and open-ended/closed-ended questioning.

### Area 3: Basics

- Give information in advance.
- Be a good host.
- Make sure the process is clear up front.
- Hone your interviewing skills, and review the EEO/AA guidelines.

### Area 4: Value-Added System

- Relate interview to values and vision, not just to job experience.
- Meet across functions with people who will work with this person.
- Have a way to compare meaningful notes afterwards.

## Proactive Hiring

Each organization has its own way of sourcing potential candidates for job interviews. You must carefully word your advertisement and you should place it in multiple locations: Internet, newspapers, journals, and newsletters. By casting your net wide enough, you ensure a diverse pool of candidates, and you elicit responses from individuals who closely match what you are looking for.

Where organizations struggle repeatedly is not so much with the logistics of sourcing good candidates but in the four areas that deal with planning and interviewing:

### Area 1: Requirements

**Know what you are looking for.** Often we have heard (or have said ourselves), “I will know the right candidate when I see her.” But good hiring has to be more deliberate than that.

**Start with a human resource plan,** which outlines, even in general terms, how HR needs link to the strategy of the business:

- What technological changes will impact the type of people you need and the jobs you design?
- Where is the business growth likely to be, and what are the people needs for those areas?
- What new skills will Department A need a year from now that it does not now have, and how are you going to fill that gap?
- What are your options for outsourcing, obtaining temporary help, or hiring full time?

**Look for organizational fit,** not merely job fit. Few jobs these days operate in a vacuum. The person you hire for a particular position or department is part of a whole organization and has to fit into the culture—the shared behaviors that define how things are done in your organization. Would you like most of your staff to possess certain key competencies? Should candidates have conflict resolution skills so that fewer problems get “escalated” for upper management to solve? Ability to

negotiate for scarce resources? Flexibility to respond to changing priorities? Be technologically savvy? Take some time to identify the key competencies that make your organization unique and successful.

**Focus on the few key attributes** you are looking for this time around. It is impossible (though many try) to interview looking for 20 or 30 characteristics that will make up the perfect employee. Focus on four or five, and structure your interview around those key attributes.

**“Spec” the job;** be clear about what you are selling. Organizations sell jobs. Some jobs are of good quality, some dubious, but very few are sufficiently clear to the employee. Be as clear as you can about what the job entails, and identify key internal relationships.

### Area 2: Hiring System

**Have a hiring system that is customer-friendly.** The customer in this case is the prospective employee. Too often organizations design interviewing processes that fit the needs of the organization at the expense of the needs or comfort of the interviewee.

**Eliminate unnecessary duplication** of questions. While having the candidate meet with several people is a good idea, subjecting the candidate to the same battery of questions multiple times is not. If the manager and one or two staff are to interview the candidate, divide up the questions beforehand to determine who will ask what. For instance, have the manager query the candidate on his or her technical skills and past experience relevant to the job. The staff, then, might focus on cultural fit, experiences working in teams, and conflict resolution skills. Practice your approach and test your questions beforehand.

**Balance the interview** in terms of talking/listening and open- and closed-ended questioning. If the candidate does all the talking, he or she is not hearing from you information about the organization that will help him or her make a decision. (Remember in interviewing, your goal is find out about the candidate; the candidate’s goal is to find out about you. Should the process advance to the stage of a job offer, both parties will want to make an informed choice.)



### Area 3: Basics

**Give information in advance.** In addition to the scheduled time and place of the interview, inform the candidate whom she will be meeting and about how long each interview will take (if she is to meet with several people). You might consider explaining what she can expect from the interview. For example, will she meet with two or three people at once, receive any applicable testing, encounter a formal question/answer session, or will the conversations be more informal? If the candidate needs to bring anything with her to the interview, such as writing samples or a list of references, let her know beforehand.

**Be a good host.** Courtesy, respect, comfort: these are simple items, easily given, but often overlooked by employers. Greet candidates on time. Acknowledge any discomfort they might feel. Offer water or a cup of coffee.

**Make sure the process is clear up front.** Reiterate the process. How long will this conversation last? What is the next step? Who else will they be meeting with? Who is the decision maker? When will a decision be made? How will the person be notified?

**Hone your interviewing skills,** and get up to date on EEO/AA guidelines.

### Area 4: Value-Added System

**Relate the interview questions** to the values and vision of the organization. Many managers focus solely on job experience, but the potential value the employee adds to the organization will be influenced to a great extent by how well the candidate's values are congruent with organizational values.

**Meet across functions with people** who will work with this person. More and more organizations are emphasizing cross-functional teamwork. You can make a good argument that teamwork begins at the time of hiring by involving people outside the candidate's department during the interview process. Ask these people to meet with candidates and assess their strengths, then listen to what they have to say.

## Sample Interview

For successful interviews, you need to strike a balance between talking and listening, and open- and closed-ended questions. In the following example, the hiring manager uses different elements to gather information about the candidate's experience on task forces. Note that the manager does most of the talking at the front-end of this segment, making sure the interviewee understands the question.

**Manager:** We use many temporary teams to accomplish projects across departments. Because we find this to be an effective way to get good minds together around a problem and build buy-in to the solution, we are doing this more and more. Have you ever been part of a task force that was brought together for a period of time and then disbanded when the project was over?

*This is a close-ended question, requiring a "yes" or "no" response. The manager set the context for the question. The candidate knows why the question is being asked and has some important information about a trend in the organization—the use of problem solving teams.*

**Interviewee:** Not really. But I have worked in teams.

*The manager could ask an open-ended probe at this point, such as "Tell me about a recent team you worked on," but the candidate might go down the wrong path. Instead the manager asks another close-ended question.*

**Manager:** Were these more or less permanent arrangements?

**Interviewee:** Yes. The department I was in worked as a team all the time. Everybody helped everyone else, depending on the need.

*This is not the area the manager wants to explore. In the following question, he restates the context of the question and follows with one further close-ended probe.*

**Manager:** That kind of teamwork is important here, too, so let's come back to that. The kind of team I am thinking about works across departments to solve a problem. The teams can be as large as eight or as few as three. But the key is that these people come together quickly to solve a specific problem. Have you ever been in a situation like that?

**Interviewee:** Oh, I see. Well, once I had to work with a person from IS and from marketing when we converted to a new software system. We had to resolve some high priority issues by the end of the year before the books closed.

*Now they are on the same page: the manager knows this would be a good instance to explore.*

**Manager:** Tell me about that.

*An open-ended probe. Now the interviewee is invited to go on at length to describe the experience.*

## Person Specification

Following is a sample person specification for a high-level research and development (R&D) position. It contains the job-specific skills, knowledge, and work experience a successful candidate would have (many of which might be gleaned from a resume, but might require more in-depth interviewing). The organization seeking a successful candidate has also come up with a list of generic competencies. Note that both of these lists (38 items in all) have been prioritized into a manageable number of job-specific and generic attributes. These are the “must haves”—the nonnegotiable characteristics this organization has decided to target in the interviewing process.

### Job-Specific

#### Knowledge

- research in areas specific to our business\*
- appreciation for technology
- knowledge of emerging trends

#### Skill

- ability to develop intellectual capital
- ability to manage processes that cross into other departments
- ability to manage projects from idea to implementation\*
- presentation and communication skills to a variety of audiences\*
- intellectual credibility

#### Specific Work Experiences

- published in recognized journals
- experienced in positioning research results in marketplace\*
- managed R&D function (minimum seven years)
- experienced in staff management (3 years)

\* Top job-specific criteria

### Competencies

#### Intellectual

- judgment/decision making
- strategic thinking
- risk taking
- achievement/results-oriented\*\*
- commercial/business awareness

#### Personal

- integrity
- initiative
- organization/planning
- self-awareness
- adaptability\*\*

#### Interpersonal

- listening skills\*\*
- customer focus\*\*
- team player
- assertive
- communication (written)
- negotiation

#### Management

- coaching/training\*\*
- goal setting
- performance management\*\*
- team building

#### Leadership

- vision
- building relationships\*\*
- problem-solving\*\*

#### Motivational

- energy
- enthusiasm
- ambition

\*\* Top generic criteria

## Proactive Steps

**Make sure you have a meaningful** conversation with the interviewers if you have several people interviewing the candidate. Even if different interviewers ask distinct questions, each will develop an impression of the candidate that can be compared with the others'. A solution to this problem is to start with a common list of what you are looking for. Take the key attributes list (from Area 1 above), and have each interviewer write down his or her assessment of each attribute. Then you can discuss the interviewers' assessments and see where you agree or disagree.

### Toward a Culture of Retention

So what does a proactive approach to retention look like? Here is a working definition:

*A proactive approach to retention is characterized by deliberate steps which, when implemented in their totality, result primarily in increased job satisfaction in the workforce overall but also in lower turnover of needed talent than would result if no steps were taken.*

The ultimate outcome of this approach is an increased ability by the organization to engage its workplan and, in turn, move toward strategic accomplishments.

An organization adopting this generic definition would need to further define two terms:

1. What is "needed talent"? This might be a group of key employees, a particular level such as frontline supervisors, or other individuals the organization has determined "at risk" for leaving.
2. What are the "strategic accomplishments"? These accomplishments, however you choose to define them, determine the success of your retention approach.

Organizational leaders who take a proactive approach to retention find that the activities and actions they take help lead them to the business outcomes they require.

The following nine steps provide a logical sequence of activities to help you move toward a culture of retention. Find what works for your organization, and adapt these generic steps to your circumstances.

### Step 1: Make Strategic Assumptions

Base your retention approach on some working assumptions about the business market, the products and services you provide, and the organization.

Business market assumptions might include the following:

- demand for talent in the area of Information Technology (IT) will continue to be brisk
- continuation of rapid change will characterize many industries

Your assumptions about products and services might have to do with the following:

- product areas you want to grow
- new technology you want to adopt

Organizational assumptions might include the following:

- planned downsizing or outsourcing of a function
- the trend to "do more with less" will continue

### Step 2: Determine Business Need

You want to determine business need and link an HR plan to it. What skills will your organization need later this year? Next year? In five years? Without some kind of planning horizon, organizations fall back on reactive hiring decisions. Linking business and HR planning usually involves five substeps:

1. Consider the business strategy—specifically those areas in the external environment or in technology that will have an impact on how work is done.
2. Consider the business workplan—specifically what work, tasks, or processes are likely to change?

## ► Hiring and Retaining Top-Performing Employees

3. Identify skills and competencies that you need to implement the future workplan.
  4. Take stock of the skills and competencies you have currently.
  5. Plan to close the gap between what you have and what you need. This is the essence of any HR plan and typically involves some combination of training and development (to grow or “build” the skills you need), recruitment (to “buy” what you need), or outsourcing (to “lease” the skills you need).
- How would you evaluate your own performance? How would others?
  - How would you rate the quality of supervision you received?
  - How would you rate pay and benefits?
  - How would you rate the training, coaching, or professional development you received?
  - How would you rate overall work conditions?
  - What would you change about this organization or your department to make it a better place to work?

### Step 3: Gather Data

Sometimes the data you collect goes against conventional wisdom about what people find satisfying or dissatisfying about a job or organization.

**Find out why people stay.** Data from an annual employee satisfaction survey is essential to provide a picture of what people find most satisfying about their work. In addition, survey data helps you identify issues that might motivate people to seek employment elsewhere.

**Find out why people leave.** Conduct exit interviews to gather information about why employees choose to leave. Salary is often given as a reason for taking another job, but there are often other reasons that influence a person’s decision to look in the first place. Following are some sample exit interview questions:

- What is the primary reason why you decided to leave?
- What did you like best about your job? About this organization?
- What did you like least about your job? About this organization?
- How did you feel about working with other employees in the department?
- In what ways did this job meet your career objectives?
- In what way did this job fail to meet your career objectives?

**Calculate the cost of turnover.** Turnover is defined as the employee loss over a period of time which needs to be replaced.

### Step 4: Get Buy-In at the Top

The data you gathered in Step 3 will help you build a case for the organization to take deliberate steps toward a culture of retention. The main question here is, “What is leadership’s intention concerning retention?” Are they willing to invest the time and effort needed to identify and address issues, and take steps to turn it around? Use the job aid located at the back of this issue to help you build consensus around issues and give the leadership team a common picture.

### Step 5: Articulate Your Deal

Identify your competitive advantage as an employer. What do you offer as an employer that you can “sell” in the marketplace of organizations looking for talent? What makes your organization different? Is it that your pay leads the market? Or maybe your benefits are top notch? Is it the flexible work schedules that attract potential candidates? Or does your organizational mission give employees a feeling that they are making a difference in the world? Organizations that are serious about their identity and culture find ways to advertise their “value-add” qualities in the employer marketplace.

## Sample Employee Satisfaction Survey

To what extent do you agree with the following statements?

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Not Sure</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
My job makes good use of my skills and abilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am given real opportunity to improve my skills.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am willing to work harder than what is required of me in order to see our organization succeed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am proud to be working for this organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Overall, how satisfied are you with this organization as a company to work for?

<b>Very Satisfied</b>	<b>Somewhat Satisfied</b>	<b>Neither Satisfied nor Dissatisfied</b>	<b>Somewhat Dissatisfied</b>	<b>Very Dissatisfied</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Overall, how satisfied are you with the department you work in at the present time?

<b>Very Satisfied</b>	<b>Somewhat Satisfied</b>	<b>Neither Satisfied nor Dissatisfied</b>	<b>Somewhat Dissatisfied</b>	<b>Very Dissatisfied</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Overall, how satisfied are you with your job at the present time?

<b>Very Satisfied</b>	<b>Somewhat Satisfied</b>	<b>Neither Satisfied nor Dissatisfied</b>	<b>Somewhat Dissatisfied</b>	<b>Very Dissatisfied</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. On a day-to-day basis, would you say you are \_\_\_\_\_?

<b>Extremely Motivated</b>	<b>Somewhat Motivated</b>	<b>Neither Motivated nor Unmotivated</b>	<b>Somewhat Unmotivated</b>	<b>Extremely Unmotivated</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. How likely is it that you will continue to work for this organization?

<b>Definitely Will</b>	<b>Probably Will</b>	<b>Might or Might Not</b>	<b>Probably Will Not</b>	<b>Definitely Will Not</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Would you recommend this organization to a friend or business associate as a company to work for?

<b>Definitely</b>	<b>Probably</b>	<b>Might or Might Not</b>	<b>Probably Not</b>	<b>Definitely Not</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. How would you rate this organization as a company to work for compared to other companies in general?

<b>One of the Best</b>	<b>Above Average</b>	<b>Average</b>	<b>Below Average</b>	<b>One of the Worst</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Step 6: Know Who is at Risk

Perform this task at the department or work unit level. Engage management to help develop the picture. You may view a particular employee as “at risk” for any of the following reasons:

- The labor market is tight in her area of expertise or function, and she is in demand (and therefore would be expensive to replace).
- She has knowledge and experience that is of particular value to the organization.
- In addition to having particular value, she has said she is unhappy and why.

### Step 7: Communicate the Picture

When the organization wants to increase retention for employees, communication is an essential part of the retention activities. Employees need to understand what is being done, why, and for whom. The task of communication becomes slightly more difficult when certain employees are targeted for retention efforts and others are not.

This raises the obvious question: After you have identified your top-performing or at risk talent, how do you tell everyone who they are? The answer will depend on your organizational culture and practices.

A culture of open communication would suggest that people need to know not only the skills and competencies that your organization particularly values at any given time, but also be familiar with the local and global marketplace. The shortage of IT workers should be of no surprise to anyone. Likewise, hospitals nationwide periodically face shortages of qualified nurses, although certain localities face an even more severe lack of specialty nurses, such as critical care or oncology. The organization has a role in articulating the challenges of the marketplace (to help educate the employee) and also in clarifying the business challenges from which you derived the HR plan.

In another situation, however, where at risk employees may be a specific few individuals, it might be prudent to have a more focused communication plan, and not advertise to the world “these people are special and we are doing all we can to keep them.”

### Step 8: Have the Dialogue

The best way to find out what people are happy or unhappy about is to ask them. Having a discussion about what motivates your employee, what obstacles he faces, and what changes he wishes could be made is, in itself, a source of motivation for many. People like to be asked what they think and to have a sense that what they think matters to the organization and will be acted on.

### Step 9: Fix What You Can

The possibilities are endless, but here is a starter list of typical areas that impact retention.

#### **Organizational HR Strategy**

- What is “needed talent”? Do you have a definition of “top-performing employees,” and do you know who they are?
- Is there an HR strategic plan that links HR management with strategic goals?
- What differentiates you as an employer?

#### **Recruiting**

- Is the recruiting effort focused on finding good people or just a warm body?
- What is the profile of your ideal/great employee? Do you know and can you describe the set of attributes shared by many of your employees? And do you advertise what you are looking for?
- Is the recruiting process proactive and continuous, or is it only triggered by a job opening?
- Do you have incentives for referrals? (Some research indicates that referred employees typically stay longer and perform better than other types of recruits.)



### Interviewing/Selecting

- Do you take as long as necessary to fill an opening? Too often the pace of selection is determined by the “tyranny of the urgent” or by the need to “just get somebody in here.”
- Are you honest to candidates about your organizational strengths and weaknesses? Interviewing is the time to put your best foot forward—for the candidate and for the organization. Yet, questions commonly put to prospective employees include “What for you is an area for improvement?” and “What negative/corrective feedback have you received in the past year and how did you respond?” Your organization needs to be able to answer those same questions: What weaknesses is the organization currently addressing? What negative feedback has the organization received from customers, vendors, or employees? How did it respond? Savvy interviewees are asking these types of questions. Great employers are able to answer them.
- Do you hire for fit with your organizational culture? Fit with culture can be a huge source of job satisfaction. It encourages a sense of shared values, beliefs, and assumptions. Even as employers seek diversity (of race, gender, ethnicity, age, and so forth), they can articulate values (shared ways of thinking) and norms (shared ways of behaving) that determine the organizational culture. If these are not articulated, evaluating a hire is left to “gut feel” and vague statements of “chemistry.” If values and norms are articulated, you can formulate questions to determine the likelihood that the candidate is a kindred spirit.

### Orientation

- Do your new employees know where to go for help?
- At the end of their first week, do your new employees feel they made the right choice?

### Continually “Re-recruiting”

- Do you continue to sell the value of your organization beyond the first week?
- Do you check in with new hires to see to what extent their expectations are being met?

### Professional Development/Training

- Do you set people up for success through a deliberate program of training and development? Or do you fall back on the old adage: “They will get what they need eventually. It’s sort of learn as you go around here.” That may be appropriate under certain circumstances, but it is clearly not a recipe for job satisfaction. From the employees point of view “learn as you go” might feel more like “hung out to dry.”
- Can your employees answer “yes” to all the following: Am I learning? Am I challenged? Does the organization value what I can do? Does it value what I can become?

### Manager’s Role

- What role do managers feel they have for retaining their staff?
- What accountability should managers have?
- Does retention matter to managers?
- Do you ask, “What will keep you here?” (Or, “What’s the one thing that you would find intolerable?”)
- To what extent are managers consciously providing management services to their internal clients—their staff?

### Goal Setting

- Do you set stretch goals that challenge the growth of employees, which in turn means you can achieve your mission and business success?
- Do you have a process whereby strategic goals cascade into individual goals, so that every performer has “line of sight”?

### **Compensation and Benefits**

- Is your pay competitive?
- What do you say about what you pay?
- Is your benefits package competitive with what is in the environment?

Recruitment and retention is a complex set of issues and involves some common sense approaches. But the biggest difficulty is in challenging old assumptions about what motivates people and continually striving to identify the salient characteristics of your valued resource and competitive advantage in a rapidly changing economy: your top performers.

- Start with the outcome in mind. How can increased retention of top performers impact financial, performance/productivity, and workplace quality outcomes?
- Get a handle on turnover. What does it cost? What causes it?
- Address other causes of organizational distress that may be unrelated to recruitment or retention.
- Have a great hiring process. A good one will get people in the door. A great one will increase the likelihood of retention.
- Take a proactive approach.

It begins with knowing what you are looking for and becoming the best employer you know how to be. The outcome is a place where your top performers feel that they can be successful, make valued contributions, and stay on top of their field. Who knows? They might tell their friends, "You've gotta work here."

## References &amp; Resources

## Articles

- Arthur, Jodi Spiegel. "Holding On." *Human Resource Executive*, January 1999, pp. 59-62.
- . "Locked In." *Human Resource Executive*, June 1999, pp. 88-90.
- Barron, Tom. "Wooing IT Workers." *Training & Development*, April 1999, pp. 20-24.
- Bernstein, Aaron. "We Want You to Stay. Really." *Business Week*, June 22, 1998, pp. 67-72.
- Bernstein, David. S. "Satisfaction Guaranteed?" *Inside Technology Training*, April 1999, pp. 12-15.
- Branch, Shelly. "The 100 Best Companies to Work for in America." *Fortune*, January 11, 1999, pp. 118-144.
- . "You Hired 'Em. But Can You Keep 'Em?" *Fortune*, November 9, 1998, pp. 247-250.
- Clancy, John J. "Is Loyalty Really Dead?" *Across the Board*, June 1999, pp. 14-19.
- Cole, Joanne. "An Ounce of Prevention Beats Burnout." *HRFocus*, June 1999, pp. 14-15.
- . "The Art of Wooing Gen Xers." *HRFocus*, November 1999, pp. 7-8.
- . "De-Stressing the Workplace." *HRFocus*, October 1999, pp. 10-11.
- . "E&Y Creates Office of Retention and Turnover Rates Drop." *HRFocus*, April 1999, pp. 7-8.
- Conlin, Michelle. "Generation \$." *Business Week*, August 16, 1999, pp. 34-36.
- Conlin, Michelle, et al. "The Wild New Workforce." *Business Week*, December 6, 1999, pp. 38-44.
- Dobrian, Joseph. "Amenities Gain Ground as Recruiting/Retention Tools." *HRFocus*, November 1999, pp. 11-12.
- "Finding and Keeping: Can Training Hold Your New Hires?" *Training Directors' Forum Newsletter*, May 1999, pp. 1-3.
- Flynn, Gillian. "Job-Hunting Professionals Are Looking for Respect." *Workforce*, June 1998, pp. 46-52.
- Harkins, Philip J. "Why Employees Stay—Or Go." *Workforce*, October 1998, pp. 74-78.
- Herman, Roger E. "Stability Is Watchword for Effective Workforce." *HRFocus*, June 1999, pp. S1-S3.
- . "You've Got to Change to Retain." *HRFocus*, September 1998, pp. S1-S3.
- "Junior Women Mentor Senior Men at Procter & Gamble." *Workforce Strategies*, May 31, 1999, p. 5.
- Laabs, Jennifer. "The New Loyalty: Grasp It, Earn It, Keep It." *Workforce*, November 1998, pp. 34-39.
- . "Pick the Right People." *Workforce*, November 1998, pp. 50-52.
- "Leadership Shortage Bigger Than Y2K Crisis." *HR Reporter*, May 1999, p. 9.
- Olesen, Margaret. "What Makes Employees Stay." *Training & Development*, October 1999, pp. 48-52.
- Patton, Carol. "Answering the Call." *Human Resource Executive*, December 1998, pp. 31-33.
- Raimy, Eric. "Knowledge Networks." *Human Resource Executive*, June 19, 1998, pp. 15-17.
- Robert, Leo. "Career Counseling Works for Employers Too." *HRFocus*, September 1999, p. 6.
- Stum, David L. "Five Ingredients for an Employee Retention Formula." *HRFocus*, September 1998, pp. S9-S10.
- Sunoo, Brenda Paik. "Initiatives for Women Boost Retention." *Workforce*, November 1998, pp. 97-100.
- Trimberger, Lisa. "Deloitte and Touche: Retaining Women Means Success." *HRFocus*, November 1998, pp. 7-8.
- Vernon, Steve, and Charlie Commander. "Stay for Pay: A Retention Solution." *HRFocus*, September 1998, pp. S7-S8.
- Weaver, Vanessa J. "If Your Organization Values Diversity, Why Are They Leaving?" *Mosaics*, May/June 1999, pp. 1, 4-5.
- Williams, Valerie L., and Jennifer E. Sunderland. "New Pay Programs Boost Retention." *Workforce*, May 1999, pp. 36-40.

## Books

- Outlaw, Wayne. *Smart Staffing: How to Hire, Reward, and Keep Top Employees for Your Growing Company*. Chicago: Upstart Publishing, 1998.

## Other

- Axel, Helen. "Strategies for Retaining Critical Talent." *HR Executive Review*, volume 6, number 2 (1998). Report. New York: Conference Board.

**Job Aid**

## Questions for Weighting and Discussion

Indicate first the importance of the question. Next, indicate to what extent you feel you have an answer to it. This will help you identify leverage questions that are most important to answer.

	<b>Relative Importance of Question</b>	<b>Extent to Which There is Clarity</b>
<b>Organizational HR Strategy</b> <ul style="list-style-type: none"> <li>● What is “needed talent”?</li> <li>● Is there an HR strategic plan that links HR management with strategic goals?</li> <li>● What differentiates us as an employer?</li> </ul>		
<b>Recruiting</b> <ul style="list-style-type: none"> <li>● Is the recruiting effort focused on finding good people or just a warm body?</li> <li>● What is the profile of our ideal/great employee?</li> <li>● Is the recruiting process proactive and continuous or is it only triggered by a job opening?</li> </ul>		
<b>Interviewing/Selecting</b> <ul style="list-style-type: none"> <li>● Do we take as long as it needs to take to fill an opening?</li> <li>● Are we honest to our candidates about our organizational strengths and weaknesses?</li> <li>● Do we hire for fit with our culture?</li> </ul>		
<b>Orientation</b> <ul style="list-style-type: none"> <li>● At the end of their first week, do our new employees feel they made the right choice?</li> </ul>		
<b>Continually “Re-recruiting”</b> <ul style="list-style-type: none"> <li>● Do we continue to sell the value of our organization beyond the first week?</li> </ul>		
<b>Professional Development/Training</b> <ul style="list-style-type: none"> <li>● Do we set people up for success through a deliberate training program?</li> <li>● Can our employees answer “yes” to all of the following: Am I learning? Am I challenged? Does the organization value what I can do? Does it value what I can become?</li> </ul>		
<b>Manager’s Role</b> <ul style="list-style-type: none"> <li>● What role do managers feel they have for retaining their staff?</li> <li>● What accountability should managers have?</li> <li>● Does retention matter to managers?</li> <li>● Do we ask, “What will keep you here?” (Or, “What’s the one thing that you would find intolerable?”)</li> <li>● To what extent are managers consciously providing management services to their internal client—their staff?</li> </ul>		
<b>Goal Setting</b> <ul style="list-style-type: none"> <li>● Do we set stretch goals that challenge the growth of our employees, which in turn means we can achieve our mission and business success?</li> </ul>		
<b>Compensation/Benefits</b> <ul style="list-style-type: none"> <li>● Are we competitive in what we pay?</li> <li>● What do we say about what we pay?</li> <li>● Is our benefits package competitive with what is in the environment?</li> </ul>		

# Order Selected *Info-line* Single Issues

	<b>Business Skills</b>	8502 Needs Analyst	9811 Fundamentals of HPI
Iss. No.		9408 Strategic Needs Analysis	9606 Link Training to Performance Goals
9907	Conducting Focus Groups	9808 Task Analysis	
9007	Cost-Benefit Analysis		<b>Presentations Skills &amp; Games</b>
0011	Hiring and Retaining Top-Performing Employees		
8806	Listening to Learn		Iss. No.
8710	Productive Meetings	<b>Management Development</b>	8411 10 Great Games
9004	Project Management	Iss. No.	8602 Alternatives to Lecture
9506	Time Management	8902 15 Activities for Creativity	8911 Icebreakers
		9508 360-Degree Feedback System	9409 Improve Your Speaking Skills
		9006 Coaching & Feedback	8606 Make Every Presentation a Winner
		8909 Coming to Agreement	8412 Simulation & Role Play
		8901 Creativity	8410 Visual Aids
		9011 How to Delegate	
		9402 Leadership	<b>Teams &amp; Quality</b>
		9904 Managing Change	
		8711 Management Development Process	Iss. No.
			0005 Call Center Training
Iss. No.	<b>Career Development</b>	9108 Motivation	9210 Continuous Process Improvement
9504	Career Advising	9005 Performance Appraisal	9111 Fundamentals of Quality
9410	Career Systems Development	9809 Scenario Planning	9906 Group Decision Making
0004	Mentoring	9710 Strategic Planning	9407 Group Process Tools
8708	Orientation Programs	9107 Visioning	9406 How to Facilitate
9312	Succession Planning		9901 Service Management 2000
	<b>Consultant's Series</b>		<b>Training Basics</b>
Iss. No.			
9515	Ethics		Iss. No.
9403	Outside Consulting	<b>Managing the Training Function</b>	9609 3-5-3 Approach to Creative Training
9613	Promoting Your Business		9209 Accelerated Learning
9513	Write A Business Plan	Iss. No.	8808 Basic Training for Trainers
9514	Write a Marketing Plan	0002 Outsourcing Training	9608 Do's & Don'ts for New Trainers
		9503 Core Competencies	8604 Effective Workshops
		8504 Facilities Planning	9911 Teaching SMEs to Train
		9913 Global Training Success	9909 Technical Training
		8506 Good Learning Environments	8804 Training & Learning Styles
		0007 How to Budget Training	9804 Transfer of Skills Training
		9603 How to Partner	
		8605 Market Your Training Program	<b>Training Technology</b>
		9708 OJT	Iss. No.
		9003 Training Managers to Train	9701 Delivering Quick Response IBT/CBT
		8705 Training with Partners	9607 Distance Learning
			9806 EPSS
		<b>Organizational Development</b>	9908 Evaluating Off-the-Shelf CBT Courseware
			0003 Implementing WBT
		Iss. No.	9802 Intranets
		9602 16 Steps to Learning Organization	9810 Job Oriented Computer Training
		9704 Action Learning	9902 Learning Technologies
		9807 Chaos & Complexity Theory	9905 Training Telecommuters
		9903 Knowledge Management	
		9306 Learning Organizations	<b>Workplace Issues</b>
		8812 Organization Development	Iss. No.
		9304 Organizational Culture	9912 Sexual Harassment
		0006 Storytelling	
		9703 Systems Thinking	
		<b>Performance</b>	
		Iss. No.	
		9910 Evaluating Performance Interventions	
		9702 From Training to Performance	

For a complete listing of all available *Info-line* issues, visit us at: [www.astd.org](http://www.astd.org)

See attached card for ordering information, or call 800.628.2783 or 703.683.8100



Association for  
Talent Development



*Linking People,  
Learning & Performance*

1640 King Street Box 1443  
Alexandria, VA 22313-2043 USA

Tel 800.628.2783 Fax 703.683.8103

[www.astd.org](http://www.astd.org)



250011