



How to Solve the Staff Retention Puzzle: and Save Your Company Many Thousands of Dollars in the Process

Never before have companies been so severely challenged in the area of staff recruitment and retention. Not only are associated costs skyrocketing, and growth and development being hampered, but in some cases a company's very survival is at risk!

Please feel free to pass on this report to colleagues who may also be struggling with these challenges.

Executive Summary

"The single most important competitive advantage will be the ability of a company to attract, hold, and motivate workers."

Peter Drucker

It will come as no surprise to you to learn that 96% of employers say their biggest problem is recruiting and keeping talented people. 62% of business leaders say that not only are they concerned, but that they have "great difficulty" in this crucial area. Business is wilting under the mounting costs of rehiring.

Employee turnover and the retention of valued employees are major problems facing business in Australia. The average turnover rate is hovering at 17%. The costs associated with that turnover can be high – at least 25% of the individual's annual salary.

With unemployment in Australia at a 27-year low, and employee loyalty stretched beyond breaking point, it is critical to focus on strategies for keeping good employees.

Quick fixes and gimmicks do not work. Evidence-based approaches not only *do* work, but are capable of saving good companies many millions of dollars over the coming years.

This white paper sets out the reasons for the current challenges, as well as solid solutions that can put your company ahead of the competition.

The Problem

There is no doubt that in times of high unemployment, employees still leave for a variety of reasons:

- Lack of challenging and stimulating work
- Pay perceived as "unfair"
- Lack of tools and resources to do their job well
- Insufficient recognition for work well done
- Exclusion from involvement in decision making related to issues that directly affects them

In the current economic environment, employers are finding that meeting these basic needs is not enough. Often even paying patently unwarranted rates is not enough!

Along with a difficulty in attracting competent staff, and retaining them, are higher rates of absenteeism, or even "presenteeism" where employees are present but not committed to being productive, or constrained from being productive because of constant supervision or mentoring duties with new staff members.

The cost of this set of problems is not only draining Australian companies of financial resources, but is hobbling our ability to compete on the world market.

*"Trouble is only
opportunity in work
clothes."
Henry Kaiser*

Incentives for Change

Every employer should be galvanised into action by the sheer scale of the incentives for retaining good employees, and developing workplaces that achieve higher rates of productivity, more easily.

- Employee surveys show 75% of absenteeism is work stress related (ABS – 6342.0)
- The current conservative estimate of the annual cost is over \$9 billion (The Royal Faculty of Occupational Medicine: "Workplace Attendance and Absenteeism" 1999)
- The current cost of replacing an employee is an average of \$20,000 to \$50,000 dependent upon position (AIM Salary Survey)

It can be seen that employee turnover, and the conditions that produce employee turnover, are a direct drain on the bottom line. Put bluntly, keeping good employees increases profit, along with stability, and the ability to compete in an open market.



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Solutions

An attitude of "more of the same" (attending to the same old strategies you already have in place) or "wait and see if it gets better" just doesn't work.

Smart companies are discovering that solutions are more about how you treat employees than the financial or other tangible rewards that are offered to them.

The following are proven strategies for **Managing for Retention** by proactively reducing absenteeism and turnover with a shrinking labour pool in a competitive job market:

- Get the right people coming to you because you have an environment which is attractive to them in an holistic way -- it's not just about money.
- Recognise where your current employment strategy/process is and make sure you have a top-down commitment to improving it.
- Improve it step-by-step by getting feedback and responding appropriately at every stage.
- Ensure you have developed a comprehensive success profile which goes far and beyond the job description and remuneration. Do your KPI's and ensure these link strongly to underlying competencies and make these the foundation of your sourcing and screening process.
- Ensure that incoming candidates have a personality profile which is conducive to first-rate communication and co-operation with the existing team. This cannot be done in the interview process because the candidate is in "sales mode".
- Ensure that hiring managers, including HR, form strategic partnerships with expert recruiters so that you avoid pumping time, money and inappropriate candidates into a flawed process.
- Pay attention to on-going career planning and training in order to foster the **personal and professional** development of your employees, old and new.
- Have clear, written expectations of every employee, linked to task lists, procedures manuals, and KPI and other reporting.
- Foster a genuine relational environment where employees feel part of a strong community. People do not easily get drawn away from their community.

"If you get the right people on the bus, the problem of how to motivate and manage people largely goes away."
Jim Collins, author of "Good to Great"



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What to Do Next

When you fully understand and implement these steps, not only will you have a strong competitive advantage when it comes to selecting and retaining talented employees, but you will save your company many hundreds of thousands of dollars, and perhaps millions, over its lifetime.

Few companies can put these into effect without help. Professional recruitment agencies are very aware of the issues and the challenges, as well as the solutions. After all, it's in their interest also that your new employee stays!

As a first step to implementing successful strategies to reduce costs associated with turnover and absenteeism, simultaneously increasing both productivity and profit margins, consider taking advantage of an initial consultation, provided at no cost for companies committed to operational success.

To make a time for an initial consultation, please telephone the office on 61 8 9246 1977 (Australia).

"Excellent firms don't believe in excellence -- only in constant improvement and constant change."

Tom Peters

About the Author



Christine Sutherland is CEO of The Lifeworks Group Pty Ltd, and has over 30 years experience in business management and business training, including 15 years' experience in Quality Assurance and TQM.

She has authored several books, including "Take Your Team to the Top: How to Double Your Sales in 30 Days". The free preview of this book is available on www.speedbusinessnetworking.com, in the "Free Downloads" section of the site.

Quality systems make quality people look even better, and of course lead to quality profits!

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