



*By Rick Dandes*

# PROBLEM-SOLVING

## *Reducing Turnover and Keeping Top Performers*

**A**s the global economy recovers from what many economists believe was the worst recession in decades, companies will experience an employee engagement crunch of epic proportions, particularly as it relates to high-performing knowledge workers. So, how a company's internal culture and reward and incentive programs can work to attract, engage and retain top talent—its human assets—can differentiate it from competitors and be key to gaining a competitive advantage in a fierce marketplace, according to several HR and incentive industry experts.

"While most organizations claim people to be a strategic asset," said Brad Callahan, manager, business solutions, Marketing Innovators, of Rosemont, Ill., "many fall short on talent management fundamentals, from recruitment to retention to retirement."

It's ironic, he continued, that organizations spend enormous amounts of time and money to ensure that the right people are in the right seats on the bus, but fail to adequately support them by investing in a holistic human capital infrastructure grounded in growth, recognition and trust.

"We all know top performers usually have options," Callahan said, "regardless of the economy. So whatever their financial state, organizations must provide their workforce with the necessary support to stay committed and focused."

CRYSTALPLUS.com

Awards.  
Trophies.  
Gifts.

Visit Crystalplus.com **FREE** ARTWORK & ENGRAVING  
48HR EXPRESS SERVICE

tel 1-888-779-8803 service@crystalplus.com

Write 115 on reader inquiry fax card



## LOSING A TOP PERFORMER

According to The Hay Group, a global management-consulting firm, the cost of turnover can be up to 150 percent of a new employee's salary, and that can have tremendous impact on a company's bottom line. [On a wider scale, the Gallup Organization has cited a 2011 disengagement number of about \$300 billion annually that costs the U.S. economy.]

Besides the obvious financial impact, frequent turnover often affects company culture, added Derek Irvine, vice president, global strategy, Globoforce, Southborough, Mass. "A high level of turnover creates unrest and a sense of unsettlement among employees," he said. "And with frequent turnover, there is no true feeling of company values or community among co-workers or management. The sentiment of teamwork and 'all for one' is lost. This leads to non-productive working relationships that can have significant impact on productivity and profitability."

Other problems associated with poor retention include lackluster performance, impaired productivity and poor quality of work.

In a knowledge-based economy, said Mike Ryan, senior vice president, Madison Performance, New York City, "when you lose good people today, you're losing so much of your company. Chances are that your best employees have been an important part of your corporate culture. They've been good role models, good coaches, and they might even have been intermediaries when teams had disagreements."

So, when you lose them, you are losing somebody who knows the ins and outs of navigating your company; somebody who really understands the needs and expectations of customers; and somebody who understands the competitive industry set.

Companies need to be sensitive to how cultures may have shifted recently, from being highly cooperative places to work, where information and best practices flow freely, to competitive environments where employees are afraid of losing their jobs and are less likely to help somebody else get ahead.

Your best people, your strongest performers, aren't as concerned about their standing in the company, and therefore they tend to be more cooperative with their interaction with other people. "Lose them," Ryan said, "and you lose that spirit inside of your culture."

Patty Saari, vice president, client services-business loyalty, Aimia, of Montreal, Canada, agreed that losing a top performer affects the internal culture significantly.

When you see or hear of individuals making a choice to leave an organization, other employees might start questioning the viability of the company or the viability of management within the organization, and their ability to lead.

"The cultural impact of all this is really difficult to quantify," Saari admitted, "but in this economy in particular, I am seeing employee hiring practices and retention practices utilized, scrutinized and revamped to make sure that high potentials, in particular, are really safeguarded."

Another thing to consider is this: When you lose a top performer, that

Employees want to be part of the solution rather than being shielded or safeguarded from bad news. They want to participate in the problem-solving process.

employee is not going to start their career all over, meaning they are not going from one business model to one that is entirely different. They are probably going to a competitor. Imagine, then, the great advantage that can be to your competitor in the marketplace.

## IMPROVING RETENTION

In this era of cost containment, companies have been so focused on dollars and cents that many have lost sight of some basic human needs that employees have when they are in a workplace.

"One of the things we see clients forgetting is to give employees a voice," Saari said. When business is down, oftentimes companies retrench and senior management will insulate themselves into thinking they alone need to buckle down and figure this problem out in order to survive. But employees want to be part of the solution rather than being shielded or safeguarded from bad news. They want to participate in the problem-solving process.

"As millennials are becoming a larger contributing force to the workplace, they really want to have a connection to corporate strategy," Saari continued. "They want to feel like there is purpose in them showing up and clocking in day in and day out."

Organizations can improve retention of those performers by understanding, developing and refining their human capital strategy, in the context of both employee engagement as well as employee disengagement.

"Focus," said Callahan, of Marketing Innovators, "on the human elements that drive or negatively impact engagement, relative to an employee's discretionary effort, emotional connectivity and accountability."

## NEVER UNDERESTIMATE THE POWER OF THE KITCHEN



The center of every home is undeniably the kitchen. It is the place to congregate for family, friends and party guests. Quality products always make a positive statement and often become family heirlooms. What better items to have in your next incentive program?

20/20 Special Markets is the industry's specialist featuring only the finest kitchen products. We exclusively distribute All Clad, Zwilling J.A. Henckels, Emerilware, Bodum, Staub and J.K. Adams. They all come in a range of prices that can bring these fine brand names to any award or incentive plan.

To find the 20/20 Special Markets sales rep in your area, please visit our website. Now you can motivate your clients with "The Power of the Kitchen."



bodum



www.2020specialmarkets.com 513-561-9920 "THE POWER OF THE KITCHEN"

Engaged employees by their very nature are willing to go the extra mile.

— Mike Ryan,  
Madison Performance Group

## UNDERSTANDING THE DISENGAGED EMPLOYEE

Employee disengagement is one of the biggest, yet most often neglected, threats to employee retention. Disengaged employees can cause productivity and company morale to drop, and even destroy a company's culture.

Mike Ryan, of Madison Performance, said, "One of the things companies need to be very concerned about is a collective level of frustration in the workplace—and this might even describe the mindset of good, engaged employees."

Over the past couple of years, Ryan explained, companies have let people go and didn't replace them. Then, they asked people who stayed with the company to do even more.

"Engaged employees by their very nature are willing to go the extra mile," Ryan said. "They understand the organization's mission. They take the organization's success personally, and they didn't get frustrated with the extra workload demand of them. But they get frustrated when they personally cannot do everything that's on their plate. So what happens is you get a mind shifting, a feeling of helplessness, that you're overwhelmed, that you can't get everything done ... that your job has literally gone from mission critical to mission impossible."

All this begins to wear away at that collective sense of alignment that indicates the top performer and management are both moving in the same direction.

"I think what has happened," Ryan said, "is that good people have gotten very frustrated lately. Companies would be very smart to use their recognition programs as a way to help top performers understand what the priorities of the organization really are, because otherwise everything becomes a priority and therefore, in a sense, nothing really is."

Irvine agreed with Ryan. He said that to re-engage employees, one of the proven strategies used by successful companies today is an effective employee recognition program.

Research has shown that by consistently recognizing and acknowledging employees for accomplishments that align with corporate objectives and values, they will understand their value to the organization and become more engaged and energized in their daily work. This increases the likelihood they will want to remain part of the company, as they feel part of the culture the recognition program built.

## PROGRAMS HELP TO RETAIN TOP PERFORMERS

No business thrives without its top performers.

"They are like every other employee in that they crave appreciation and acknowledgement from their employer," Irvine said. "Bonuses and simple pay raises aren't enough. They want to feel vested in the company and want the affirmation that the company is vested in them as an employee."

When they leave their job, it's often because they feel undervalued or the corporate culture is weak.

Employees today are constantly evaluating their situation: Is this the right place for me to use my skills? Is this the right place for me to learn and to grow? Do I really like the people I work with? Does this company reflect my values, both professionally and personally? They want to have a voice and feel like they are an integral part of achieving higher business goals.

"Having an internal culture of appreciation, reward and recognition," Callahan said, "appeals to top performers because it showcases their success." It also brings import to their contribution by connecting their activities and behaviors with business strategy and organizational objectives; provides an environment for performance management, personal development, and reward and career advancement; and drives a high-performance culture that many top performers want to be part of.

Once people have a better sense of what their priorities are and what their role is in helping their organization achieve those goals, they are going to be locked in again, Ryan added.

The basic mechanics associated with recognition, he explained, "are well suited to helping remove a high level of frustration in a work environment where everything is a priority, everything needs to get done right away, and we've moved from doing more with less to doing more with nothing."

Recognition is sometimes looked at as an individual function, but the reality is that when you recognize someone, either an individual or a group of people, you are reinforcing the values of the organization and helping to exchange ideas and information to other people within the organization.

Applying that strategy to employee recognition through continual positive feedback events, which recognize and acknowledge employee accomplishments in alignment with company objectives, shows employees they're highly appreciated and valued.

This leads to retained talent—especially at the top. In fact, Irvine said, "this approach can break the cycle for employees who are sitting tight until bonus time, to then flee the company."

## AIDING RECRUITMENT

As the job market becomes increasingly competitive, organizations will be forced to draw from an ever-shrinking pool of A-players ideal for critical roles. "Understanding the distinctive engagement drivers unique to each company

AIR CLEANERS/PURIFIERS  
ALLERGEN REDUCERS  
BLENDERS  
BREADMAKERS  
BUFFET RANGES  
CAN OPENERS  
CARAFES  
COFFEE MAKERS  
COFFEE MILLS/URNS  
CORNPOPPERS  
DEEP FRYERS  
DRINK MIXERS  
ESPRESSO  
FOOD CHOPPERS  
FOOD PROCESSORS  
GARMENT CARE  
GRIDDLES  
HAND BLENDERS  
HAND MIXERS  
HOT POTS  
ICE CREAM MAKERS

## It's All About The BRANDS!



Contact: Richard Low, Hamilton Beach Brands  
4421 Waterfront Drive, Glen Allen, VA 23060  
804-527-7189 • Richard.Low@HamiltonBeach.com • www.hamiltonbeach.com

ICE SHAVERS  
ICED TEA MAKERS  
INDOOR GRILLS  
IRONS  
JUICE EXTRACTORS  
JUICERS  
KETTLES  
KNIVES  
OVENS  
PANINI MAKERS  
QUESADILLA MAKERS  
RICE COOKERS  
ROASTERS  
SANDWICH TOASTERS  
SKILLETS  
SLOW COOKERS  
STAND MIXERS  
TOASTER OVENS  
TOASTERS  
TRAVEL IRONS  
WAFFLE BAKERS



forms the basis for sustaining an effective employment brand,” said Callahan. “Failure to do so will produce long-term negative effects, such as high training, development, separation and re-acquisition costs, coupled with paltry performance and poor financial results.”

When a prospective candidate’s career path and sensibilities seemingly align with the company’s employment brand, they will naturally be interested and attracted to that organization, Callahan noted. And when the proper match occurs, the employee-employer relationship can evolve to higher levels of trust, commitment and loyalty if the culture proves to be authentic, open and purposeful.

Strategic recognition drives an engaged workforce and creates a dominant corporate culture where employees know their work has greater meaning and purpose and they feel valued and appreciated.

This type of culture often permeates the industry and is seen by outsiders as a powerful competitive differentiator. Prospective employees are drawn to this type of company, and the company is able to recruit and retain top talent in their space.

A word of caution: “Scores of companies have witnessed the exodus of high-performing workers during the downturn,” Callahan said. “But many more employees will leave, exponentially compounding the problem, as the psychological effect of recession diminishes.”

Indeed, said Louise Anderson, CEO and president, Anderson Performance Improvement, Hastings, Minn., “a Harvard Business Review research paper recently said 84 percent of employees planned to look for a new position because they have been overworked, they believe underpaid, and potentially under-appreciated. Exit interviews also revealed that the new job paid them even less or exactly the same as the one they were leaving. But, they felt like there was better opportunity elsewhere and there was work that they would be more challenged.”

## HOLDING ON TO TOP PERFORMERS

Pay, bonuses or commissions aren’t always the highest ranked reason why an individual would come to an organization. On the other hand, having programs in place that tout the impact of employee contribution is absolutely something that people are seeking.

A recent Globoforce Mood Tracker Survey conducted in September 2011, cited by Derek Irvine, reported that a startling percentage of employed Americans were considering leaving their jobs despite an uncertain economy with a lack of new job creation. The study revealed a direct correlation between employees’ intent to look for a new job and the level of recognition they receive at work. In fact, the survey, when compared with results from a February 2011 survey, showed some alarming trends in the U.S. workforce:

- 38 percent of employees are actively looking for a new job, up from 36 percent.

## Organizations that do not properly recognize and appreciate their workforce are at risk of higher turnover.

- 39 percent of workers don’t feel appreciated at work, up from 32 percent.
- 52 percent are dissatisfied with the level of recognition they receive, up from 41 percent.

The survey also revealed the connection between a lack of recognition and potential turnover, Irvine said. Organizations that do not properly recognize and appreciate their workforce are at risk of higher turnover.

“Companies right now are able to poach the best employees of their competitors,” Ryan said. “And a big part of that revolves around company culture. Because prospective employees are trying to figure out: Will I be respected here? Will I be recognized for what I do? And is value of this organization aligned with what I think is important in a workplace and in an employer-employee relationship? Organizations that use recognition are getting the benefit of those types of candidates.”

So, how can organizations foster loyalty and ensure that their employees will stay for the long haul? By giving employees consistent, authentic recognition, you show them they are truly valued, which results in a strong, desirable culture where talent wants to remain.

One of the things that companies should not hesitate to do is to go back in time to acknowledge people, Ryan suggested. “It is never a bad idea to go back and recognize someone for something they may have done a couple of months ago, when there might have been a crisis. When you have a high performer that you are sensing is disengaged and their contribution isn’t what it used to be, maybe it’s time to call and say, ‘I just want to take a moment to thank you for all of your efforts this last quarter or the last fiscal year to help us get beyond the last critical point.’” Also, talk about the opportunities that are there.

Start ensuring employee engagement applications are strategically aligned and functioning throughout the corporate culture, and embraced by all levels of the organization, Callahan said. How this gets done can start with letting employees know that they are contributing to meaningful work that makes a difference; enabling leadership communication, transparency and authenticity; providing leadership development training; and dismantling cultural, structural and process barriers that prevent them from doing exciting, challenging work.

PIP

