



# Employee Retention in Hawaii:

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## Strategies and Insights for Small Businesses

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## Hawaii's Retention Problem

When an employee leaves his or her job to take a new opportunity, **it normally costs the company 20% of that departing employee's salary<sup>1</sup>** to find a replacement.

In Hawaii, where we already have a limited labor pool to start with, low unemployment, the high cost of living, and the pull of the mainland, make keeping staff on board a real challenge.

Furthermore, societal norms are shifting. While employers used to be able to count on fresh recruits for the entirety of a forty-year career, recent trends point to more “churning and burning” than in years past. Millennials, the generation of young employees who are vital to a business' long term success, **are more likely to hop from job to job<sup>2</sup>** than previous generations.



Employee turnover can be a particularly large and disruptive expense. So how do employers solve for retention?

## Addressing the Issue

The answer seems simple, right? You just need to pay employees more money.

It turns out that, while important, money is the not deciding factor for many employees who elect to leave their company. Often, work-life balance, work relationships, recognition, and a lack of growth or advancement are even more important.

For employers, prioritizing these factors can boost employee engagement, satisfy personal needs, and keep employees around longer. We sought out 5 local employers to share their insights and strategies on employee engagement and retention.

<sup>1</sup> “There Are Significant Business Costs to Replacing Employees.” 15 Nov. 2012, [www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf](http://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf). Accessed 17 Jul. 2017.

<sup>2</sup> “Why Do Millennials Keep Job-Hopping? - Business News Daily.” 21 Aug. 2014, [www.businessnewsdaily.com/7012-millennial-job-hopping.html](http://www.businessnewsdaily.com/7012-millennial-job-hopping.html). Accessed 17 Jul. 2017.

# Meet the Panel

Our panel of employee retention experts are comprised of presidents, CEOs and other executives. Though their industries vary, they are all challenged with how to attract and retain the best local talent. Their experience has revealed valuable insights on how to make smart hires, keep employees engaged, and handle employees who are inclined to look for new opportunities.



**Mark Babin**  
*MMI Realty Services, Inc., President*



**Christine Lanning**  
*Integrated Security Technologies, President*



**Brian Donahue**  
*Pacific Allied Products, CFO*



**David Randall**  
*Hongwanji Mission School, Head of School*



**Dennis Brown**  
*Big Brothers Big Sisters, President*

# Mark Babin

*MMI Realty Services, Inc., President*



Treat employees at every level like you would want to be treated. It's crazy how simple that is to do and how well it works.



MMI Realty Services, Inc. is a commercial property management and leasing company that specializes in shopping centers and office buildings. Mark Babin has been with the company since it first opened its doors in 1984, and has worked his way from controller to president.

## General Retention Philosophy

Mark's strongest belief about employee retention is that it happens every day. Fighting to retain employees at the last second is like refusing to throw a punch and then trying to win a boxing match in the final round.

Retaining employees for any serious stretch of time requires continuous, active engagement by management to ensure that employees are satisfied.

## Company Culture

"Culture is not a top-down phenomenon. It's important to listen to the boots on the ground. That's where it all happens."

## Keeping it Simple

"Early in my career, I wasn't proactive about employee retention and I lost a really great one, the kind you remember. I tried to fix it, but it was too late. Now, I want to do that ahead of time and avoid the situation altogether."

Mark emphasizes a simple ideology: "Utilize the Golden Rule. Treat employees at every level like you would want to be treated. It's crazy how simple that is to do and how well it works."

Mark avoids the use of any "official" retention programs, preferring instead just to get into the thick of things. "It's far more informal for us. Here, employee retention happens by walking around and listening to employees. This works for us and avoids the formality you find other places."

The informality of Mark's retention strategies sacrifices certain measurable data, but offers employees a direct connection with upper management. Spending time around the operation, speaking with those who do the work, and listening to their opinions strengthens the connection between employees and the company.

### Finding Employees Who Fit

"People stay when they feel that they've found a home. When they feel appreciated, the money's right, and they're comfortable. They stay when there's a fit. When there's balance."

### It's Not All About the Money

"We try to minimize turnover and think that respect really helps." Mark believes that letting employees know what is expected of them, that their work is appreciated, and what their future with the company looks like, shows them respect and lets them know they are valued.

Though a central tenet in his retention philosophy involves proactive engagement, Mark still understands that not everyone will stay. He strives to retain employees for the length of their tenure, but by the time they're ready to leave, he is usually ready to let them go.

"If the turnover is the result of dissatisfaction with money, so be it. Money is a short-term motivator. We're trying to be proactive in providing a satisfying work experience."

"I think you have an obligation to the company and to your team to try and keep employees, but not exclusively at their exit interview. If we can talk with them and we learn that we're overlooking something – for instance, they don't know where they're going here or their role is undefined – we'll work to make that right. But I'm not comfortable making a counter offer based exclusively on pay. I'll address other issues – like support and career path – but I'm not laying down more money."



### The Bottom Line

Employee retention is about respect and awareness. You don't need systematic procedures in place to open an ongoing dialogue with employees. Know what is going on in your company and learn what keeps employees motivated. If it turns out that their sole motivator is money, it's okay to let them go.

# Christine Lanning

*Integrated Security Technologies, President*



Mediocrity is infectious,  
but so is excellence.



Christine Lanning and her husband have been running Integrated Security Technologies, a company they started together, for 17 years. The company offers physical electronic security technology, such as CCTV and intercoms. Christine is IST's president, and recently began pushing a new set of core values.

## General Retention Philosophy

The primary factor in Christine's ability to retain employees is fit. The most important thing is finding employees that jive with the company's core values and existing team. It's more important than work history and even more important than a potential employee's skills.

## Giving Employees a Voice

"After I read 'Factions,' and began implementing some new ideas, there was distrust. The employees didn't know what was up. They weren't used to being asked about their feelings or their goals. We pressed hard with core values, team-building, and lots of prompted sharing. It took a few months to earn the trust of the blue collar guys, but when they realized that we weren't out to get them, they felt comfortable sharing their ideas, voicing their complaints, etc."

## Starting on the Right Foot

If you ask Christine, she'll tell you that employee retention begins even before day one. "Hiring is incredibly important to us," she explains, "especially because we tend to hire for personality over skill." Why personality over skill? "Mediocrity is infectious, but so is excellence. If we hire the personalities who will fight for us, that spreads."

Because new hires at Integrated Security Technologies may not come in with the required skill set, they are often given hours of development and training. That comes with a serious cost.

“Our training spend is double the national average,” Christine explains, so hiring is an expensive process that increases the importance of retention. The process doesn’t end at employee orientation, however. Once employees are hired, “it’s so important to make everyone feel part of the team. That keeps them from moving elsewhere, even for money.”

### Hiring and Firing

“My one piece of advice would be this: hire slowly and fire quickly. I know that we’re not for everybody and everybody’s not for us. Knowing that was okay sooner in my career could’ve saved me a lot of trouble.”

### Integrating Retention into Daily Operations

In order to obtain that feeling of team, Christine has implemented a number of practices to bring employees together. Among the most important were the introduction of:

- Company core values
- All hands meetings on Monday mornings
- Regular team-building activities
- Daily huddles between sales and operations

When it comes to culture, Christine is adamant: it cannot simply be something you say. “You have to constantly practice it. You have to emphasize it 100 different ways, from every angle. Every day. It’s really so easy to do, but it takes effort. We try lots of different stuff and we just keep on using what fits.”



### The Bottom Line

Birds of a feather flock together. Be willing to sacrifice some time and money to train the right new hires and you can forge a team that works well together and gets along on a personal level. Continue to encourage partnership with some team-building activities and you’ll have a work environment that people won’t ever want to leave.

# Brian Donahue

*Pacific Allied Products, CFO*

“At its core, employee retention is cultural.”



Brian Donahue has been with Pacific Allied Products as their VP of Finance and Administration since 2011. He is responsible for all financial aspects and human resources, providing strong leadership and tremendous insights on the company’s operational and strategic initiatives.

### General Retention Philosophy

Brian’s strategy for retaining employees is two-fold. First, companies need to attract employees worth hiring. Brian believes this starts with the compensation package.

“You need to start with a competitive base salary and add benefits over time, as the company grows. It really is important to be competitive at that base level and to have a richer portfolio of benefits than the competition.”

Without a compelling salary scale and benefits package, it can be difficult to gain the interest of the hard-working employees who know their value. Once employers do find some worthwhile employees, the challenge moves from keeping them compensated to keeping them happy. “At its core,” Brian asserts, “employee retention is cultural.”

### Filling New Positions

“One thing that we definitely embrace culturally is promoting from within. Nearly all of our management team rose through the ranks. That tells a strong story to the other employees.”

### Bringing Family Values to the Workplace

Second, Pacific Allied Products works to create an atmosphere where the employees and the management team feel a sense of trust and responsibility to one another.

“Some of the ways we make sure to let our employees know that they are valued is to celebrate birthdays, work anniversaries, and job performance,” Brian remarks. Informative live screen monitors in the breakroom and a team that collects employee feedback on daily operations also reinforce ohana, by keeping employees informed, giving them a voice, and demonstrating a willingness to address their concerns. These simple measures say “everyone has a part in this family.”



Although Pacific Allied Products is making an effort to integrate ohana into their company culture, it isn't just about the processes that upper management implements. Culture is determined by the day-to-day attitudes that are woven into the fabric of the company, and is demonstrated best when something unexpected occurs.

### Departing Employees

"We're willing to fight for our great employees."

"If an employee is made an offer from another company and they're someone that we really want to keep, we'll make a counter offer. We won't do it for everyone, but we'll definitely do it for the best of our team. If they're that important to us, then we want to make sure that we compensate them fairly."

### Ohana in Action

Brian recalls an instance where his company's ohana was put on display front and center. One of the employees was enduring a personal hardship as his loved one's illness was drawing him away from work, eventually draining all of his paid time off.

Because he had to continue missing time even after he stopped being compensated for absences, his colleagues became worried about whether his finances would begin to suffer. When the employee was unwilling to accept a cash donation, the ohana decided to try something new: a PTO donation program. This worked beautifully, as employee after employee signed up to donate their PTO.

Brian recalls the impact that this solution had on the staff. "In that scenario, the primary purpose was simply to provide assistance to one of our own. All of the employees, not just the one in question, saw that we really do care about our employees as a result. That was really good for overall morale."

People want to know that the company they work for has their back. "We believe that having happy employees is important," Brian explains, and authentic displays of strong company culture breed that happiness.



### The Bottom Line

Start with a base salary and benefits package that will attract the kind of employees you want. Once you've hired the right employees, retain them long-term by making them feel like they are part of the ohana.

# David Randall

*Hongwanji Mission School, Head of School*



We are responsible for each other's success!



David Randall has been the Head of School at Hongwanji Mission School (HMS) since 2012. HMS is a preschool through 8th grade Buddhist school that holds classes year-round. Their aim is to make every HMS student an able, willing, and responsible learner, and every eighth grade graduate capable of enrolling and excelling in any private or public high school.

## **General Retention Philosophy**

For David, employee retention involves satisfying the individual needs that all employees have. Taking care of these often-ignored essentials greatly reduces the motivation to go elsewhere and keeps his team intact.

## **Prospective Employees' Work History**

"Length of tenure has some impact on our willingness to hire. It's important that we have people who are committed to our school. We're looking for employees who will stay with us for five years or longer, ideally."

## **Little Things are Big Things**

Some employers treat money as the end-all, be-all when it comes to retaining employees, but money only goes so far. Employees have certain needs that exist independent of work and paychecks. Successful employers realize this and strive to create a workplace that enables employees to meet those needs.

At Hongwanji Mission School, this happens in a variety of ways. First, David encourages all employees to use their paid time off. "There's no overt or covert dissension towards employees who take time off," he insists. "People need time away from work to get revitalized and to spend with family." David further promotes this by including the idea that employees are expected to care for their families first in the company's policies.

Other retention-boosting considerations include the fact that HMS covers almost the entire cost of healthcare. Also, teachers are granted autonomy over certain classroom-related spending in addition to their regular supplies. If you think that's not a big deal, just ask a teacher. When employees are permitted to address the things that concern them most (family, health, and personal autonomy), then they have a more satisfying work life. It also makes it unlikely that employees will look elsewhere.

### Employees Eyeing Other Opportunities

When it comes to employees who are actively searching for another job, David is pretty relaxed. He knows that sometimes people just need to know what's out there.

"If you don't look, you don't know," he says. Often, when he learns that employees have been looking, he invites them to stay, reminding them that "now you have solid footing to negotiate on."

### Working Together

"You need to make your employees feel valued and that they have a place in the decision-making process in your company. It's all about collaboration."

The idea that the entire staff is a single team is deep-rooted. David even makes the assertion in his email signature, which reads "We are responsible for each other's success!"



### The Bottom Line

Employees are people, and finding ways to give them what they really need is satisfying in a way that a restrictive job can never be. If you can figure out what makes your employees tick, you can create a work environment that satisfies their needs. Once you can do that, there's rarely a reason for them to leave.

# Dennis Brown

## *Big Brothers Big Sisters, President*



When people know they're being heard, it makes them feel empowered.



Dennis has spent the past 19 years as the president and CEO of the Hawaii chapter of Big Brothers Big Sisters. Initially, his chapter served only Honolulu, but it is now responsible for the entire state.

### **General Retention Philosophy**

Dennis' main belief about retention is that employees should be well-respected. Respect for employees is best demonstrated by providing them with an outlet to thoroughly, frequently, and honestly speak their minds. He believes it is important to promote a culture of transparency, fairness, and comfort by giving employees a voice.

### **Company Culture**

"It's important to always be aware of what's going on, culturally, in your organization and also when you can benefit from changing. Places, people, things all change. If you're stagnant, people won't want to work there anymore."

### **Building a Strong Company Culture**

As the head of a statewide chapter of a non-profit organization that works with children, Dennis recognizes the influence that a unified corporate culture can have. Because agencies that work with children are held under such strong scrutiny, there can be no confusion as to what the mission, boundaries, expectations, and cultural norms are for individual employees or the agency as a whole.

"Culture matters so much for NPOs and [small and medium-sized businesses]" Dennis says, "One bad incident can take us down."

"Not that it's just about image, it's deeper than that. But image matters too. Unifying under a common culture helps maintain that image."

When it comes to building the type of culture that sustains such an important image, Dennis has one piece of advice: give your employees a voice. It's important to note that "voice" isn't some meaningless mantra, either. Big Brothers Big Sisters in Hawaii holds a monthly, statewide meeting that brings together everyone on their entire staff. In the meeting, every single employee is given

the opportunity to provide recognition, observations, and insights to the rest of the team. “When people know they’re being heard, it makes them feel empowered. ‘Empowered’ is a word that’s kind of overused, but when [employees are] permitted to speak, it’s a little bit more freedom and individuals value that. Plus, it keeps us together, especially for the guys on the neighboring islands.” Normally, this meeting is measured in hours, not minutes, but Dennis doesn’t care about that. “It’s definitely worth the time it takes,” he says. “Being heard makes people feel very happy.”

### Job Hopping

“[As an individual], you kind of owe it to yourself to move around, as long as you’re doing it for the right reasons (and those reasons are not always money). If you have many passions and want to work in them all, then you need to move around. If you’re a great fit in a company with people you love and work that is satisfying, then moving for a few extra bucks might actually be a mistake. There are lots of things to consider.”

### With Risk Comes Reward

In addition to his culture-strengthening efforts, Dennis believes in strengthening employees as well. That’s why he offers tuition reimbursement, even though he realizes that more schooling might motivate certain employees to leave.

“When it works perfectly,” he explains, “enabling employees to obtain advanced degrees with tuition reimbursement allows them to advance within the agency. The problem is that we’re small and so there’s not always a bunch of room for advancement.”

In an industry that values education, it would seem that every employee who Dennis assists with tuition would be motivated to quit and go elsewhere. In fact, the opposite seems to be true. “A majority of people stayed after obtaining their degrees, but I’d like to provide even more reason to do so by allowing for advancement within a position [instead of exclusively through a traditional promotion].”

When tuition reimbursement goes poorly, it can be very expensive. In addition to the cost of the tuition, an employer may end up bearing the costs of replacing the recently educated employee. Still, Dennis sees value in measuring years of service by quality and not just quantity. “The bottom line is this: I would definitely recommend tuition reimbursement to other small organizations. Sure, there’s a risk, but the reward is a better employee. Even if you only get the better employee for another two or three years, it might be worth the investment. Plus, many employees will appreciate the gesture enough that they’ll want to stay.”



### The Bottom Line

Employees need room to think, talk, and grow. For many people, these freedoms are as important as the paychecks they earn. If you can pay them *and* give them opportunities to grow, they’ll reward you with hard work and a long tenure.



## Three Key Takeaways

The members of our panel expressed different philosophies for retaining employees. Despite their differences, several themes appeared.



### Culture is Paramount

Vital to the success of each panelist's retention philosophy is a strong and defined company culture. Engaging employees on the things that are important to them creates a sense of community among staff. This unity makes employees comfortable, boosts their self-worth, and shows them that they are valued, all conditions that promote retention. Hiring employees that fit your company culture will greatly increase your chances of retaining top talent.



### Structure is Not Standard

Part of establishing a culture within your company means deciding if, when, and how you will perform certain tasks. While some executives, like Christine, appreciate the organization of a structured regimen (daily huddles, Monday meetings, etc.), others, such as Mark, prefer an informal approach.

What is important to recognize is that either can work, as long as it fits into the overarching culture of your company. Using long, formal electronic surveys to gauge satisfaction will not work if every other aspect of your communication is executed face-to-face. Find what structure works best for your company.



### People Love Freedom

Organizations need to recognize that employees are people. They require the same autonomy in their professional lives as they do in their personal lives. That means that they want to be able to speak their mind, make decisions for themselves, face new challenges, form meaningful relationships, and continue to grow.

Employers who limit their employees cannot be upset when those employees decide to leave.

Whether it is by enabling education, providing some control over the budget, or simply giving them an opportunity to speak their mind, employers can keep their team engaged and happy by increasing autonomy.



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