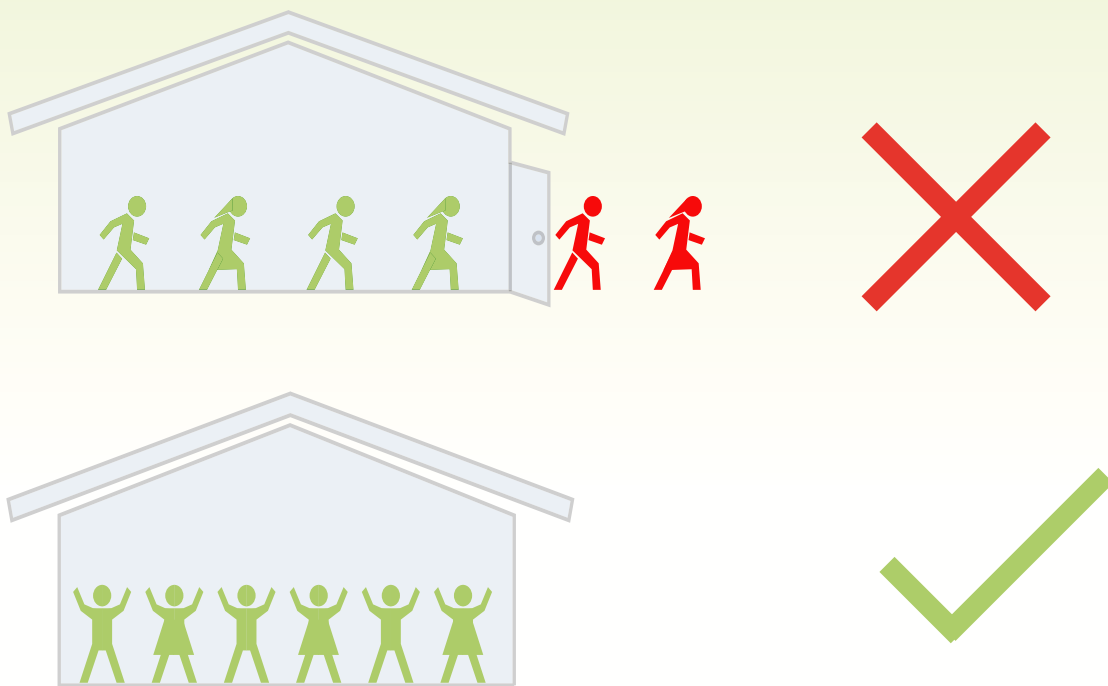


Solving the Employee Turnover Problem



A proven framework for retaining a world-class team

How much does turnover cost at your company?

Loss of Productivity

At least 50% of the lost employee's weekly pay for each week they are gone

\$

Cost of Training

How much did your organization spend on training this employee? And their replacement?

\$

Loss of knowledge, skills, & connections

Usually about 50% of the person's yearly salary

\$

Hiring Costs

Costs of interviewing, recruiting, and all functions of hiring

\$

Total:

\$

Why Retention Matters

Consistency breeds success. Imagine you're blindfolded trying to walk through a maze with a partner. Your partner has access to a map of the maze, and has been studying it for weeks in preparation. She knows the ins-and-outs, and you are making good headway. How would you feel if your partner was suddenly switched out for someone new? All you have to go off of is your limited knowledge of the map that you've picked up from conversation. The work that your previous partner spent studying the maze is now a complete waste of time, and your progress is halted. You'll have to turn back, have your new partner study the map, and try again another day. If your first partner stuck around, there's a good chance you'd already be done. Avoiding situations like this in the business world is tricky, but very doable with the right tools.



The True Cost of High Turnover

The drain that employee turnover has on an organization cannot be overstated. Onboarding someone new and getting them to the performance level of the previous employee not only wastes time and resources, it can cost up to 150% of that employee's yearly salary depending on the position. New employees need guidance, and autonomy follows competency. The process of hiring, onboarding, and training a new team-member drains momentum by effectively stopping progress in its tracks.

Financially, low employee retention is crippling. To put it in perspective, think about a specific position at your organization. You can use the worksheet to the left to calculate the cost of turning over that employee.

Four steps for hiring winning talent

1. Define what you're looking for



2. Plan for effective interviews



3. Conduct successful interviews



4. Make personnel selections



The Hiring Process

Companies who are able to retain talent are generally very good at selecting the right people to hire. There are a number of reasons why some people mess up the hiring process, but most issues are easy to fix. There are four basic steps to [hiring winning talent](#):

- 1: Define what you're looking for
- 2: Plan for effective interviews
- 3: Conduct successful interviews
- 4: Make personnel selections

1. Define What You're Looking for



How you go about the first step, defining what you're looking for, is the most important factor in whether or not you hire an employee who will last. Oftentimes, organizations fall short in their recruitment because they fail to develop [the correct vision](#) for who they see filling the relevant role. By outlining clear-cut traits and skillsets to look for in a candidate, recruiting becomes more focused, and it's easier to decide who is worth interviewing. It is far easier to imagine someone filling a role if you can recognize specific strengths they possess that align with the position in mind. This can also serve as a valuable opportunity to assess the position itself, and add or subtract functions based on what has changed since the last time you defined it.



2. Plan for Effective Interviews

Using the results from your first step, develop questions which you plan to ask all interviewees. Although free-form conversational interviewing can be effective in gauging the personality of a candidate, [consistency is important as well](#). If each interviewee is asked the same set of basic questions, comparisons can be made to determine who fits the mold the best. In addition to standard questions, use each candidate's resume to craft a few personal questions to dig deeper into their qualifications and skillsets.

Keys to a successful interview

Do your research

- *It is critical to scrutinize your candidate's resume prior to the interview.*
- *Knowing more about the interviewee prepares you for what questions you might like to ask, and legitimizes your interview process in the eyes of the candidate.*

Keep it consistent

- *Comparisons are far easier when you ask everyone the same questions.*

Let the candidate ask you questions

- *This gives you the chance to see what's important to the interviewee, and can help with your judgement of why they want to work for*



2. Conduct Successful Interviews

Since you've planned so well, conducting successful interviews will be pretty straightforward. To ensure that you get an accurate representation of the candidate, make them feel comfortable. This could mean some pre-interview friendly conversation ([although, there is a school of thought against this practice](#)), or simply conducting the interview in a bright, welcoming environment. Treating the interviewee like they are already part of the team also has some major benefits as well. Not only can this reduce nerves, it also gives the interviewer a good feel for how the applicant will fit in with the rest of the team. Taking your time, and really making an effort to get to know the candidate is important, and can help you decide who is worth hiring, and ultimately keeping around.



3. Make Personnel Selections

There are a few factors that come in to play when selecting the right person for the job. These are all things to consider when making your decision:

- They meet all required qualifications and have the correct skillset
- You can easily imagine them getting along with other employees in their department
- They exemplify the organization's core principles and values

If someone you hire feels that they don't mesh with the organizational culture, don't expect them to have longevity with the company. People who feel like they belong are more likely to want to come to work every day which will lead to commitment as opposed to compliance.

Setting S.M.A.R.T. goals for your team

S

Specific

- *Describes EXACTLY what needs to be done.*

M

Measurable

- *Specific quantities are defined.*

A

Attainable

- *Expectations are ambitious, but realistic.*

R

Results-Oriented

- *Stated in terms of output.*

T

Time-Based

- *There is a definite completion time.*



Commitment vs. Compliance

Having committed team members with a common goal is essential to creating [a culture of retention](#). When people are along for the ride, they tend to lose interest unless they are helping steer. If someone has no skin in the game and feels that they aren't fully committed to the organization, leaving is easy and doesn't take second thought. Making sure your employees have a reason to stay is the first step in ensuring that they do.



One way to increase commitment is by letting team members know that they make a significant contribution to the success of the organization. This can be done by expressing genuine appreciation for their work on a regular basis. People like to feel wanted, [but they love to feel needed](#). In research conducted for the book "[Winning the People Wars](#)", two thirds of respondents stated that a general lack of appreciation caused them to leave their given organization. Eliminating any possibility of work going unnoticed is a crucial factor in the success of any retention initiative.

The best way to increase engagement, and to achieve commitment with your team is by having quality managers. [Manager quality accounts for 70% of variance in employee engagement](#). Without engaged employees, goals aren't reached, and it is more difficult to help team-members reach their full potential. Getting employees to want to come into work every day is a difficult task, and takes the right kind of training and experience.

The skills every leader should have

1. The ability to support change
2. Conflict resolution
3. Complaint management
4. Improving work habits
5. Effective discipline
6. Developing performance goals and standards
7. Good communication
8. The ability to coach and give quality feedback

The Role of the Manager

Management quality is one of the most important factors in whether or not employees stick around. Poorly trained managers hold team-members back from their full potential, and can often be a source of frustration for those they manage. A quality manager should have the following basic skills:



1. The Ability to Support Change

In most organizations, change is unavoidable. Being able to react to shifting tides is crucial to keeping on top of a changing world. Managers who can effectively support change are able to look to the past, present, and future for ideas on how to get through tough transitions. Taking input and feedback from their team is also important in getting “buy-in” in the organization.

2. Conflict Resolution

Conflict around the office is never ideal. Being able to recognize conflicts before they become an issue, using effective communication to resolve conflicts, and identifying the source of any friction is a skill that all managers need. [Happy employees are more productive](#), which means that conflicts actually effect growth and organizational health.

3. Complaint Management

No workplace is perfect. People complain, and oftentimes business leaders fail to listen. Having the ability to empathize with team members, consider their complaints as valid, and identify the root cause of their issue can help keep everyone content. Without complaint management, resentments fester and people feel like they aren't being listened to.



The skills every leader should have

1. The ability to support change
2. Conflict resolution
3. Complaint management
4. Improving work habits
5. Effective discipline
6. Developing performance goals and standards
7. Good communication
8. The ability to coach and give quality



4. Improving Work Habits

Someone can be exhibiting poor work habits, but still be high-performing. Distinguishing between these two concepts and recognizing issues with team-members' work habits such as poor communication or absenteeism is the first step in helping them make a change. Being able to coach others to improve their work habits can lead to tremendous increases in productivity, and might even open your eyes to bad habits you've been unknowingly exhibiting.



5. Effective Discipline

One of the most difficult things for any manager to do is disciplining team members. When done right, effective discipline can lead to positive growth experiences, and all parties can come out better for it. Managers who can encourage self-discipline, successfully deliver disciplinary actions to employees, and take steps to make sure the related actions don't happen in the future can help organizations immensely.

6. Developing Performance Goals and Standards

Without well-developed performance goals, team-members don't feel fully committed to anything. Making sure the organization has direction and set objectives is important to keeping momentum. Using the SMART framework for goal setting (Specific, Measurable, Attainable, Results-Oriented and Time-Framed) is an effective way to give your team something to strive for. Performance standards are a tool used to keep employees accountable, and when used right can help motivate them to achieve.



The skills every leader should have

1. The ability to support change
2. Conflict resolution
3. Complaint management
4. Improving work habits
5. Effective discipline
6. Developing performance goals and standards
7. Good communication
8. The ability to coach and give quality feedback

7. Good Communication

This includes listening to and considering the opinions of those they oversee, and making employees feel comfortable with coming to them for issues and clarification. Maintaining a level of transparency and trust between a manager and their team-members is critical to having an atmosphere of good communication.

8. The Ability to Coach and Give Quality Feedback

Telling someone whether they did a good job is easy. Giving that person constructive feedback, however is slightly more nuanced. A quality manager is able to pinpoint strengths and weaknesses, and keep team-members in-the-loop in terms of what can change, and what is going well with their work. Without knowing exactly what it is that's working or not working can make performance plateau, and effectively halt personal development.



Tracking Metrics to use in the Future

Improvement is far easier when there is a basis upon which to improve, which is why tracking your employee retention data is so important.

Simply keeping a spreadsheet on file with pertinent information about employee retention can make a huge difference in organizational efficiency. [Important data to track](#) are overall retention rate, overall turnover rate, voluntary vs. involuntary turnover, high and low performer turnover rate, and turnover costs for each position.



Tips for tracking metrics

Keep it clean

- *Since these stats will be tracked for long periods of time, keeping your information clean and easy to access is important.*

Be consistent

- *To get the best results from your turnover analysis, make sure you're following the same procedures and processes for every employee you hire.*

Keep a "notes" column

- *In your spreadsheet (or whatever format you choose) make sure to leave a section for detailed notes about each employee's retention information. Since each team member is different, this information will be too.*



1. Overall Retention Rate

This metric is the easiest to track, and can give the best overall impression of your turnover. It tells you how many people stay with your company over a given amount of time. The formula goes as follows:

$$\frac{\text{total \# of current team members}}{\text{\# of team members at the beginning of measurement}} \times 100$$

2. Overall Turnover Rate

Your turnover rate paints a picture of how often positions in your organization change. To calculate this, follow this formula for a given amount of time:

$$\frac{\text{\# of employees who left}}{\text{average \# of employees}} \times 100$$

3. Voluntary vs. involuntary turnover

Tracking who leaves on their own accord is an important detail to follow. Do you have a high number of employees quitting? Something in the organization needs to change. Do you have a high number of employees being fired? Something in the hiring process needs to change.

4. High and Low Performer Turnover

Making sure your best talent stays is integral in keeping momentum. Tracking whether you're losing important team members who make sizable contributions can help determine how to keep them around in the future. Are you losing team members who are performing poorly? This can act as an opportunity to fill their roles with high performers which will turn lack of retention from a negative to a positive.

Why Vital Learning's solutions work

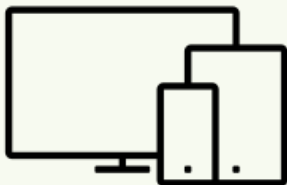
Skilled practice

- *As opposed to general theories and concepts, Vital Learning focuses on skilled practice, and reinforcement by way of exercises. This allows managers to experience real-world scenarios making them ready for anything.*



Optimized for all devices

- *Our solutions work on Android devices as well as iOS phones and tablets. With the Vital Boost app, managers can practice exercises on-the-go which increases confidence.*



5. Turnover costs

Using the guide mentioned at the beginning of this whitepaper, calculate turnover costs for every position on the organization. Include this data in your retention spreadsheet, and use it to calculate the cost of replacing a team member every time it happens. By the end of the year, you will be able to see trends in how much you're spending on retention.

In Conclusion

Avoiding turnover means avoiding loss in many different ways, namely loss of knowledge, loss of money, loss of skill, loss of confidence in your team, and loss of connections among many other things. Companies who can avoid employee turnover are a step ahead of the competition. At Vital Learning we offer resources that can help you curb employee turnover, and give your managers the skills they need to create a culture of retention.

The Vital Learning Solution

Here at Vital Learning, we believe that increasing employee retention starts with improving the skills of your managers. By using real-world scenarios and skilled practice, we help organizations avoid the painful costs of employee turnover by preventing it all together. Our [Essential Skills of Leadership](#) series (and other award winning courses) act as a pathway for managers to improve their skills, gain confidence in their abilities, and unlock the true potential of their organization.

