

## **Transforming Your Workforce from High-Turnover to High-Retention**

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It costs \$4-7K to replace an hourly worker and up to \$40K to replace a midlevel, salaried employee. Replacement costs usually are 2.5 times the salary of the individual. The costs associated with turnover include lost customers, business, and damaged morale. In addition are the hard costs of time spent in advertising, screening, verifying credentials, references, interviewing, hiring, and training the new employee just to get back to where you started.

This expenditure of time and money does nothing to give a manager or an organization a competitive edge. However, despite these known costs and loss of productivity, a research company reports 54 percent of businesses do nothing to create a high-retention culture or reduce high employee turnover. The revolving door keeps moving – employees leave, managers interview and hire more workers, allowing competitors with low turnover to focus more on productivity.

People want to be part of an organization that stands for something that provides them with personal fulfillment and meaning. Singapore International Airlines (SIA) prides itself on customer service. They improved retention ratios by placing more time and effort in the selection and training of employees and aligned the training to support the organization's mission goal of providing excellent customer service. Today when customers are happy, they express their appreciation to SIA employees who are proud of being on the SIA team.

General Ulysses S. Grant once said, "There are no bad soldiers, only bad leaders" to remind us that poor leaders and managers can be a problem and on-going leadership development is critical.

Businesses must focus on workplace flexibility to stay competitive. The downsized, super competitive work environment of today often forces employees into putting their family in a secondary position. The Randstad North American Employee Review recently found in a survey that only 34 percent of the American employees now want a traditional full-time job.

Communication talks. In 1995, the Boeing Company suffered its second-longest walkout ever when the Machinists Union led a 69-day strike. Boeing lost hundreds of millions of dollars and experienced big customer service headaches when they missed the delivery dates on 36 planes. Boeing's President, Frank Shrontz, later acknowledged the strike was a result of management's failure to communicate with the workforce about their concerns. UPS provides another example where they lost over \$700 million in revenues and customer trust when UPS failed to communicate with their workforce.

People want to enjoy their work environment. Some work is boring, but findings suggest providing employees something to talk about – future goals they can conquer or results

that have been achieved. Sports teams keep players motivated. Often organizational bureaucracy kills the spirit and ideas of employees who want to contribute.

Rewards and recognition are critical to achieving organizational goals. All humans need to feel appreciated. In a survey conducted by Robert Half International, the results showed that recognition and praise was the number one reason employees stay in their work environment with fair compensation being secondary. Smith's book provides low-cost, easy to implement, "fair" recognition programs that keep people focused and heading in the right direction.

Employees migrate to training and career development opportunities. If employees are blocked into a specific or dead end job with no opportunity for promotion or variety, they will leave – especially Gen X and Gen Y workers. An ASTD study showed that leading-edge companies trained 86 percent of their employees whereas average companies trained only 74 percent. Companies that invest in workplace learning yielded higher net sales and gross profits per employee.

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