

Employee Retention

Compel Great People to Stay for Good Reasons



SUSTAIN CUSTOMER RELATIONSHIPS

PRESERVE BUSINESS VITALITY

MANAGE RECRUITING COSTS

PROTECT INTELLECTUAL PROPERTY

IMPROVE ORGANIZATIONAL IMAGE

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ACCELERATING PERFORMANCE

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“We have already seen evidence that, notwithstanding the addition of substantial resources, we are experiencing great stress in recruiting and not inconsequential retention problems.”

~John M. McHugh

What's Retention?

- It's about compelling **great people to stick around**
- That can be hard to achieve and sustain, *because it isn't just the money** – it requires good data, a plan and mild effort
 - A low retention rate is always a symptom of other issues
 - You won't be able to *wish* it into action, but you can *will* it there
- In the end, a renewed retention focus works if it's:

Good for employees	<i>... and leadership cares about that</i>
Good for leadership	<i>... and employees care about that</i>
Good for customers	<i>... and we all care about the real boss!</i>



* It's not the money ... counteroffers, retention incentives, etc. can buy some time, but not confidence

You like working with smart, passionate and capable colleagues; you've toiled mightily to assemble a top team... now, keep them!

Why is it So Important to Retain Top Talent?



WORKFORCE GAPS hamstringing product and service delivery performance



Despite tireless work to capture and document processes, you see that workers still hold “**TRIBAL KNOWLEDGE**”



You concede that as workers attract new business, they forge valuable, **IRREPLACEABLE CUSTOMER RELATIONSHIPS**



You live the **CONTINUAL DISTRACTION** of evaluating | interviewing candidates



You must **RESOURCE INFRASTRUCTURE** that hires qualified replacements



You grasp the **DELAYS IN PRODUCTIVELY** onboarding new hires



When someone leaves, it bleeds off **CRITICAL KNOW-HOW AND CAPABILITY DEMANDING REINVESTMENT** to rectify



Smoke = fire; worker flight tells **EXTERNAL STAKEHOLDERS** there must be something to be worried about

If it's so difficult to replace top talent why do we often deny the vital conditions that must be in place for beneficial retention outcomes?

When is it Particularly Necessary to Structure a “Retention Focus”?

- **Post Merger** – HQ quickly declares victory to Wall Street before integration is actually completed — your people know the truth and are feeling the pain everyday
- **Hot Industry** – Predators are waiting for you to bobble
- **Acute Skilled Labor Shortage** – Just the push some need
- **Changing Technology** – No one wants to be the last one out
- **Non-competitive Provider** – Employees fear off-shoring (or worse) and would rather be a winner doing something else
- **Multiple Serial Acquisitions** – Three owners in four years with benefit and service-time loss makes trigger-finger itchy
- **Selective Government Regulation** – Commercial environment constrained by legislative or agency controls

Some organizations we encounter have three or more of these conditions in play simultaneously, yet still wait for a sign to act... *you need know little else*

ASSESS REALITY,
DEVELOP A PRACTICAL
IMPLEMENTATION
STRATEGY, TAKE ACTION,
MEASURE RESULTS, REFINE
AS NEEDED AND ROLL-ON

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“The grand essentials of happiness are something to do, something to love and something to hope for.”

~Allen K. Chalmers

Existing or Merged – Employees Contemplate Flight for Many Reasons

- Main Hot Buttons:**
- Poor supervision
 - Boss doesn't listen
 - Low communication
 - Zero recognition
 - Slow decision-making
 - Mostly external focus
 - Little freedom to do the simplest things

Ln	Concern Leading to Worker Anxieties	Existing	Merged
1	Poor no future vision or path defined	•	•
2	Failure to move quickly to unite "factions"	•	•
3	Infrequent incomplete communications	•	•
4	No sense of being on a winning team	•	•
5	Weak supervision and or management	•	•
6	Inflexible work environment hours	•	•
7	Harsh work conditions Untenable workload	•	•
8	Excessive mandated overtime	•	•
9	Concerns about job security	•	•
10	Development learning opportunities voided	•	•
11	Perception of better pay elsewhere	•	•
12	Better opportunities abound elsewhere	•	•
13	Unrealistic unmanaged stakeholder expectations	•	•

Flight Risk
SEVERE
SIGNIFICANT
ADDITIVE
•=APPLICABLE

Why do people leave? This "partial list" maps well to most enterprises, with the main swinger being the degree of unit severity / impact

Studies Contrast Management and Employee Views about What People Want at Work

Ln	Work Dimension	Management	Employees
1	Feelings of accomplishment	8	1
2	Personal recognition	13	2
3	Good leadership by supervisors	12	3
4	Proper direction and training	11	4
5	Knowledge of what is expected	14	5
6	Fair and tactful discipline	7	6
7	Feeling involved	10	7
8	Interesting work	5	8
9	Good pay	1	9
10	Promotional opportunities	3	10
11	Good working conditions	4	11
12	Job security	2	12
13	Company loyalty to workers	6	13
14	Fringe benefits	15	14
15	Help with personal problems	9	15

Balance of top half suggests that being well led, prepared for and involved in interesting work is a key attraction for employees

The good news is that the right workgroup operating system delivers these outcomes naturally

Of the top eight Work Dimensions, management and workers agree on fair and tactful discipline — not much else

Lower half is important, too, yet aren't showstoppers; tend to be outcomes as performance delivered in top half of list

Retention strategy must also consider, evaluate and integrate worker opinion about work satisfiers... management alone might not get it right

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“A lot of the traditional retention strategies were money, stock options and bonuses. We certainly use those, but we've gone more towards our culture and values. You can't just give money all the time and it doesn't always work.”

~Doug Pelino

What Can We Do About It? – Design a Practical Retention Strategy | Plan | Program

- Emphasize the opportunities, yet don't misrepresent the challenges
- Pay attention to what's important to workers — do formally and informally
- Define path ahead — people never tire of hearing what's in it for them
- Pay attention to how the (emerging) work culture values performance
- Monitor tasks and assure equitable work distribution and opportunities

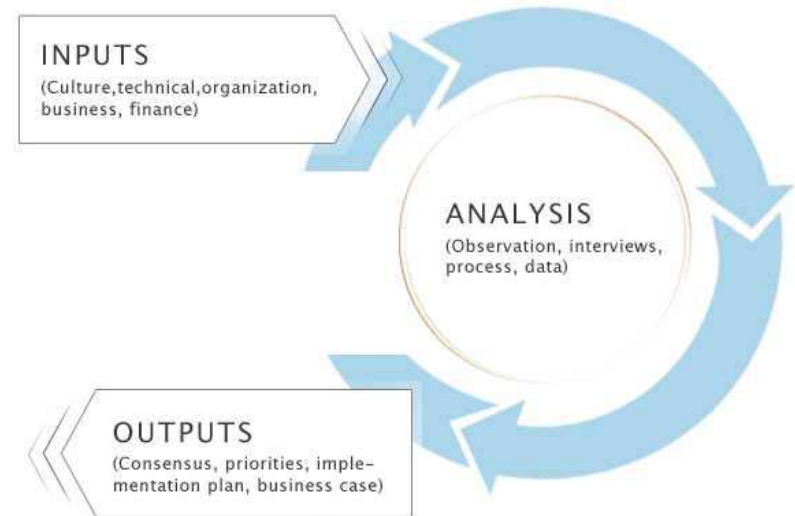


Build Credibility: More frequent messaging, better listening and the greatest practical access to accurate information -- these combine to reduce anxiety which averts worker flight

Stakeholders expect business vitality (and whatever else you have promised) despite conditions that may lead to a lower retention rate

Phase 1 – Launch with a Brief Analysis and Implementation Design (A&ID)

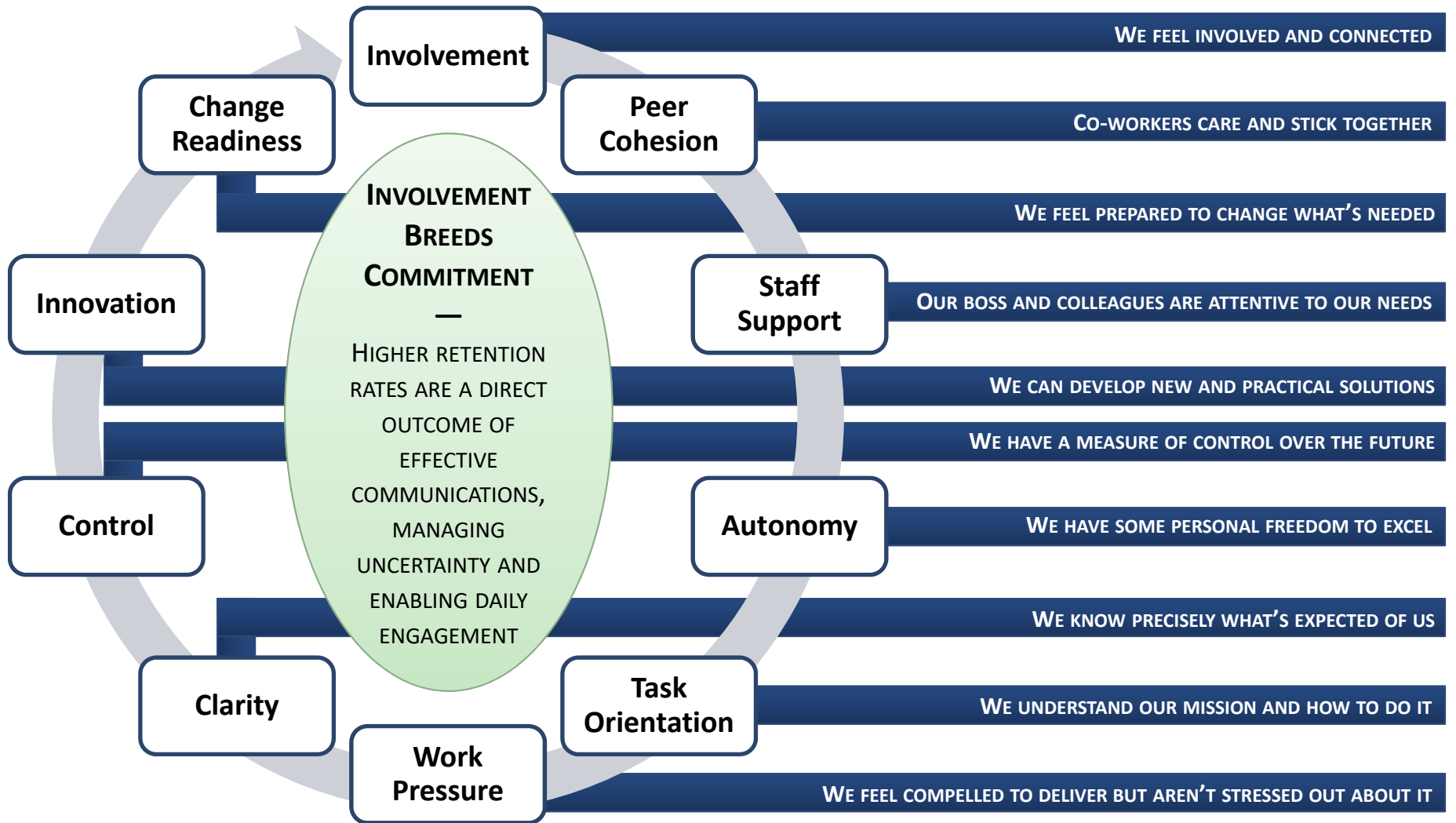
- Evaluate engagement mechanisms
 - Executive Steering Committee (ESC)
 - Lean Daily Management System®
- Inclusively assesses factors that impact retention
 - Appropriate surveys and interviews
 - Data discovery, analysis and trends
 - Mapping — Value Stream | Function | Brown Paper
- Develop fact-based retention roadmap
 - Chartered improvement portfolio
 - Inclusive Kaizen Events
 - Focus on KPIs | measurable results



Analysis process creates realistic expectations and shapes Phase 2 improvement sequence and actions


Establishes retention baseline, vital needs, critical factors and ROI of Phase 2 project design that leads to predictable retention success

Surveys | Interviews Assess Characteristics that Frame Highly-Retentive Workplace



Discovering & Redirecting Cultural & Environmental Factors that Lower Retention

Charter, lead and track Kaizen progress



Approach
Rapid Improvement Event • Employee Retention • Receiving Techs

PROBLEM	SCOPE AND OBJECTIVES
Org has been experiencing a high degree of employee turnover for the past several years. In a calendar year from December 2011 to December 2012, 46 Techs left Receiving through termination or voluntary departure	<ul style="list-style-type: none"> Scope: Focus on the Receiving units on Buildings 01 and 02 - 2 and 03/04 Objective: Increase employee retention by 20% before 30 April 2013
CURRENT STATE FINDINGS	FUTURE STATE RESULTS
<ul style="list-style-type: none"> Impact that supervision has on retention of employees Missing information - Specialists don't always include reason for inspections Staff shortages - Shift transition can last up to 90 minutes impacting morale, OT and being able to stay Excessive call-ins - Delays in communication when employee calls Few career advancement opportunities for Techs Lack of data - "data we track, we don't use and data we need, we don't track" 47% of new hires leave in first 12 months and 74% in first 18 months 46% of IOs and 20% of IOs on Bldg. 03 	<ul style="list-style-type: none"> 97% reduction of phone call handoffs at transition with central call-in location decreases coordination confusion After saving for Tech input, added flexibility through improved schedule that should change employee morale, decrease turnover and necessity for pulling staff Opportunities created for advancement through weekend Supervision roles Additional communication and ongoing training for staff increases quality of service delivery Empower Shift Supervisors to evaluate productivity Increase team cohesiveness and effectiveness <input checked="" type="checkbox"/> No one has voluntarily terminated since this initiative launched - signs are improving

"We can do every one of them. Absolutely - let's do it. You have some great solutions to some long standing problems!"

08 March 2013

Maps identify opportunities; teams act to seize improvements

Inclusiveness leads to rich ideas that in turn promote retention



Waste that Aggravates

Leadership Waste
Arises from leadership's failure to harness the potential residing in all work groups...

- Focus Waste** - Arises when everyone is not aligned and energized on critical issues
- Structure Waste** - Arises when there is not a comprehensive system in place to maintain focus throughout the organization
- Resource Allocation Waste** - Arises when time and money is not formally committed to agreed upon initiatives
- Integration Waste** - Arises when all methods, initiatives, tools and programs are not compelled to work seamlessly
- Involvement Waste** - Arises when employees are not required to participate in all efforts that impact their work and work areas
- Discipline Waste** - Is the loss caused by failure to maintain the behaviors and processes of the structure
- Ownership Waste** - Is the loss that occurs when the management team and other significant individuals do not personally and as a group take direct responsibility for eliminating all of these wastes

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Identify and eliminate sources of Leadership Waste that leads to worker flight



Integrated communications share abundant information to suppress anxieties driving folks away

What's not working now, what would make it better and how would we reverse course and measure results for continuing improvement?

Complementary Developmental Learning Prepares Managers to Drive Retention Goals

- Leading in a climate of change and uncertainty can be daunting!
 - Sometimes, the skilled managers we need simply aren't in the wheelhouse



- Applicable delivery-ready* workshops and learning includes:
 - Executive Coaching Program
 - Strategic Alignment Process:
 - ✦ Vision | Mission | Values | Goals | Measurable Objectives | KPIs
 - Lean Leadership® Flight Program
 - Manager | Staff Lean Overviews
 - Lean Daily Management System® (LDMS®) for Managers
 - Lean Daily Management System®
 - Changing Roles of Managers | Supervisors
 - Motivation | Delegation

Kaufman Global quickly vets and delivers bespoke / custom learning to develop and coach your Leadership team to make retention happen*

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“To promote cooperation and team work, remember, people tend to resist that which is forced upon them. People tend to support that which they helped create.”

~Vince Pfaff

What's the Business Case? – Your Ongoing Business Vitality

- So, where do we save money in all this?
- Direct and immediate answer is:
 - Recruiting, hiring, onboarding and training costs
 - Throttling back unneeded raises and retention incentives that have dubious long-term value
- Less direct and longer-term but worth even more is:
 - Loss of intellectual property (IP) and customers
 - Enabling a competitor with experienced talent
 - Money you don't spend to arrest the slide of market share:
 - ✦ Public affairs, media, advertising, product development, recovering former talent at a premium, etc.

Tale of the Tape	Managed for High Retention	Victimized by Low Retention
Hiring	Low \$	High \$\$\$
Training	Less \$	More \$\$\$
Wage/Stay Incentives	Few Needed	Lots Needed
IP and Know-how	Stays Here	Goes Away
Regaining Market	Never Lost	Sizeable Spend
Totals	WIN 😊	LOSE ☹️

We can argue about the precise color of money and its timing, but failure to effectively manage employee retention can mean staggering costs

Investing correctly now before retention issues are too deep puts you in the driver's seat to avoid deeper and lasting injury later on

Predictable Outcomes

Retention is worth focusing on. As a result of your journey:

- You avoid predictable re-staffing costs and gaps
- You guard intellectual property drain
- You preserve customer relationships
- You don't enable your competitors
- You develop positive buzz about your organization



Employee Retention is a cause for celebration! It complements all other initiatives you must deliver

... And, your efforts not only bolster employee opinion, but in parallel, you become an employer of choice

While low retention itself is customarily viewed as a problem, fortunately its remedies all accrete to business performance

Thank you!

Enjoy this content? Visit the [Resources section](#) of our website for detailed white papers on the structure of Lean and Six Sigma, Engagement, and Leadership.



Or better yet, let's talk:

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