

Block the Exits or Start Building Employee Loyalty

Employees are ready to run at the first sign of recovery

By Mark True, Manager, Corporate Marketing, ITAGroup

Two out of every three of your employees are likely to be heading for the exits and new jobs when the U.S. economy turns around. An engagement strategy focused on transparency, communication and recognition for their loyalty could stem that rush to the door.

“It’s been a difficult couple of years, no doubt, but I believe that some companies are in for a rude awakening when employees begin to get more confident in their ability to find new employers,” says Beth Schelske, Vice President of ITAGroup’s Performance Solutions Group. “Those employees who have survived layoffs and budget cuts, done without merit increases and have taken on more work – without being recognized for their efforts – have had enough.”

THE DATA ARE IN

Recent research says employee loyalty is falling and employers don’t seem to be noticing the problem.

Employees have been beaten up over the past several years. They’ve survived budget cuts and layoffs, been asked to do more with less and have shouldered the burden of many of those decisions. Survey results from Gallup-Healthways show that the workplace continues to be a huge source of stress: the Work Environment Index for June marked the fifth consecutive month of lowest recorded scores in 42 months.

Employee loyalty has reached a three-year low, according to MetLife’s 9th Annual “Study of Employee Benefits Trends.” And while employees have perceived less loyalty from their employers each year, employers believe employee loyalty is holding steady.

“The widening gap in loyalty perception is a sign that employers may be taking employee retention for granted. They are not paying attention to serious cracks in the loyalty foundations of their workforce; cracks that can expand to threaten their ability to retain the key talent they need most,” wrote the report’s authors.

A March 2011 Deloitte survey showed that companies are not dealing very well with their frustrated employees. “While corporate executives and talent managers may be tempted to believe the talent marketing has returned to normal and they can go back to ‘business as usual’ now that the economy is growing again, our survey suggests that this strategy could leave companies on the losing side of the competition for talent,” warns the report.

When the economy tanked, executives turned their focus to layoffs, budget cuts, falling revenue and rising costs. Engaging employees dropped off the table, as illustrated by one human resources professional highlighted in the MetLife survey: “Because of the market, I don’t think we’re as concerned with employee job satisfaction...you can get the same employees without all the bells and whistles,” the executive was quoted as saying.

BUT NOW WHAT?

Research shows employee and employer confidence in the health of the U.S. economy is growing, but it's a bumpy ride.

"Even amidst the volatility in the recovery, we continue to caution employers about the rising number of workers likely to make a job change," says Roy Krause, president and CEO of SFN Group, Inc. "Now is the time for employers to ramp up retention efforts to ensure their best talent doesn't opt to seek other opportunities."

Three ways to quickly turn the situation around are 1) Build transparency within your organization, 2) Provide opportunities for growth, and 3) Reward employees for meeting or exceeding those expectations.

TRANSPARENT & TRUSTWORTHY

When trust is low, people often begin to focus on protecting themselves rather than producing results for the company. In a difficult economy, every opportunity lost and every dollar wasted just add to the paranoia. More than 40 percent of respondents in a 2008 Towers Watson survey of 90,000 employees worldwide gave neutral or negative responses regarding their trust of supervisors; management trusted employees even less.

Likewise, a Deloitte survey shows nearly half of those who plan to look for a new job when the economy improves say it's because they don't trust their employer because of business and operational decisions made over the last two years; 40 percent say they'll leave because they have been treated unfairly or unethically by their employers.

Forty-six percent of the Deloitte survey respondents say a lack of transparent leadership communication will drive them to seek new employment opportunities.

"Regardless of the economic environment, business leaders should be mindful of the significant impact that trust in the workplace and transparent communication can have on talent management and retention strategies," says Sharon Allen, chairman, Deloitte LLP.

"It isn't complicated. When leaders treat their people as their business partners and involve them in making important decisions, those people feel respected, and respect leads to trust," wrote Ken Blanchard and Terry Waghorn in a Forbes.com article on leadership in 2009. "If you respect your people and they trust you as a leader, they will give their all to get the best results they can for your organization."

What does it take to be transparent?

- **Tell the truth** and make sure everybody understands it, from senior leadership down to front line employees. Relentlessly communicate truth – including the financial impact of decisions big and small – to close information gaps and help those responsible for fulfilling the mission understand the mission.
- **Encourage others to tell the truth**, even when it's uncomfortable. Reward those with differing opinions by giving them fair consideration and valuable feedback.
- **Admit mistakes.** When leaders admit their mistakes, they teach employees to admit to mistakes so they can more quickly move on to corrective action.
- **Share the bad news too.** Treat employees like adults, providing information on which they can act. And when something changes, let them know that, too, quickly and accurately.
- **Be visible and accessible.** Leaders who share information by engaging employees can also gather a lot of valuable data – from individual and department performance issues to employee morale – that's not necessarily apparent in monthly sales and production reports.

PROVIDE OPPORTUNITIES FOR GROWTH

While employees often like the work they do, the biggest motivator to leave a company is that they don't have opportunities to grow or advance with their current employer.

The lack of an established career path for employees is a huge debilitating factor in many large organizations. Equally crippling is the perception that organizations don't develop leaders. Fifty-three percent of employees who said they are either passively or actively seeking new employment in Deloitte's March survey rate their companies' efforts to create career paths, develop leaders or retain top performers as "fair" or "poor."

How do you establish growth opportunities?

- **Identify superior employees** who fit the long term needs, goals and objectives established by your organization through job performance, internal references and organizational fit. Communicate your findings to those employees so they understand the opportunities and the steps to take advantage of them.
- **Provide training and practice** through formal and informal training and a variety of job experiences, to test your assumptions and allow employees to test themselves. This is a safe place to assess capabilities without risking the loss of the employee. If it's not working, you can likely find another job within your organization, thereby retaining the investment already made in that employee.
- **Make the move when the employee is ready.** Experiences gained in a job-rotation program or job-shadowing initiative help determine when and if the employee is ready for the additional responsibility. Make the change according to the schedule, or be ready to explain the reasons why and establish a new expectation if you don't act on schedule.

And if there are no opportunities for advancement, be transparent. Explain the situation and collaborate on career advancement alternatives. Consider rewarding high-potential employees with professional development opportunities and projects to help expand their skill sets. If possible, move the employee to a different team to provide new challenges and opportunities to contribute to the organization's success.

REWARD & RECOGNIZE

Employees who toil away with little or no recognition are not ideal candidates for longevity. Sure, some employees avoid the spotlight, but human nature suggests that most people are motivated to perform at a higher level by some level of recognition. Maslow recognized humans must have their physiological needs met, feel safe and be loved, but they also have a need to be respected and to have self-esteem and self-respect.

They want others to accept and value them. A well-designed reward and recognition effort addresses the need and responds with a purposeful, consistent and appealing program.

Development and implementation of a successful rewards and recognition program includes the following steps:

1. **Determine purpose** – i.e. achievement, service, financial results, etc. – and measurable goals and budget to stay focused and deliver solid ROI.
2. **Identify employee preferences** – tangible gifts, privileges and certificates, etc. – to ensure relevance and effectiveness.
3. **Establish recognition strategies** so you know from the outset who recognizes whom, what criteria will be used to determine eligibility for rewards, when or how often the recognition will occur, how the recognition will be accomplished, etc.

4. **Create benchmarks and document progress** with ongoing measurement so you can make adjustments in the program along the way, based on real data rather than guesses.
5. **Communicate often** so employees understand and embrace opportunities to provide ideas that improve the workplace, products, service and/or the brand.
6. **Allow for ongoing feedback** so you can adjust the program as appropriate to ensure maximum effectiveness.

Walking the Walk at ITAGroup

As an organization that values loyalty and helps our clients create loyalty, it's incumbent upon ITAGroup to practice what it preaches.

Employee recognition programs have long been part of the company's culture. In 2009, for example, ITAGroup deployed its Magnificent Moments program to reinforce the company's seven corporate objectives. The program utilized a mix of non-monetary E-card awards, award points and sweepstakes entries to engage, motivate and reward its employees.

Employee participation exceeded goal by 35%, manager/supervisor participation exceeded goal by 11% and employee satisfaction exceeded goal by 14%.

For 2010-11, ITAGroup implemented its High-Voltage Heroes program to recognize outstanding service to clients and colleagues, support healthy habits and reward new employee and client referrals.

HOW'S IT WORKING?

Employee retention currently stands at 94%+. The company was named a 2011 Top 50 Small Company Workplace by *Inc.* Magazine and Winning Workplaces. This award recognizes the nation's best small and mid-sized company work environments.

"I am extremely proud of the recognition that ITAGroup has received as a Top Small Company Workplace," says ITAGroup president and CEO Thomas J. Mahoney, Jr. "This award confirms what we have known all along – that the 100 percent employee-owned ITAGroup has a culture that is committed to excellence for both customers and our team members."

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