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**Giving Your Managers Simple  
Intuitive Retention Tools...  
Can Reduce Key Turnover by  
Up to 50%**

Biocom 11/2/16

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## 4 goals for today's presentation

- My primary goal is to **stimulate your thinking and to get you to rethink your approach to retention**
- To reveal the **modern retention principles** that you should follow
- To highlight **a dozen intuitive retention tools / approaches** to include in your retention toolkit for managers
- To answer all of your questions



**The business case  
for a focus on retention**

# What is the... #1 global business challenge facing CEO's in 2016?

**CEO's are watching us** (The top CEO challenges)

- ➔ 1. Human Capital      **For the fourth year in a row**
2. Customer Relationships (tied)
2. Corporate Brand and Reputation (tied)
4. Operational Excellence      **4 of the 5**
5. Innovation and Digitalization      **top challenges require**  
**outstanding employees**
- 
6. Regulation and Risk
7. Sustainability

# Focus on the HR sub-functions that have the highest business impacts

Which **HR area** normally has the highest impact on rev. & profit?

**HR function or process**

➔ **Revenue** ➔ **Profit**

Firms that excelled at this function performed \_ times better

**Growth**

**Margin**

<b>HR function or process</b>	<b>Growth</b>	<b>Margin</b>
<b>1. Recruiting</b>	<b>3.5 times</b>	<b>2.0 times</b>
2. On boarding and <b>retention</b>	2.5x	1.9x
3. Managing talent (Current talent)	2.2x	2.1x
4. Employer branding	2.4x	1.8x
5. Performance management and rewards	2.1x	2.0x
6. Developing leadership	2.1x	1.8x
7. Mastering HR processes	1.8	1.8
8. Global people management/ global expansion	1.8	1.7

## What is the true \$ cost of turnover?

- **Hourly's - \$3,500 for an \$8 per hour ee (SHRM)**
- **60 % of annual salary (SHRM)**
- **Up to 100 % of salary (Info-Tech)**
- **1.5X salary... but up to 2.5x for managerial and sales positions (Bill Bliss)**
- **3x salary (Harvard study)**
- **14x salary if the base salary < \$100,000: and 28x if the base is \$100,000-250,000 (Bradford Smart)**
- **1/2 to \$1 million – Facebook puts a \$ value on acquiring or losing a single engineer**
- **When you lose a top performer – 3-5 will follow**
- **If they go to a competitor – the cost is > 2x**

**Retention reporting...  
must reveal the business impacts of turnover**

**If you only lose one person on your team, you only  
have an 8% turnover rate**

**However, if that person is named LeBron...**

**Your BB team is in big \$ trouble!**



**20<sup>th</sup>-century retention program design...**

**Simply won't work in the 21<sup>st</sup>-century**

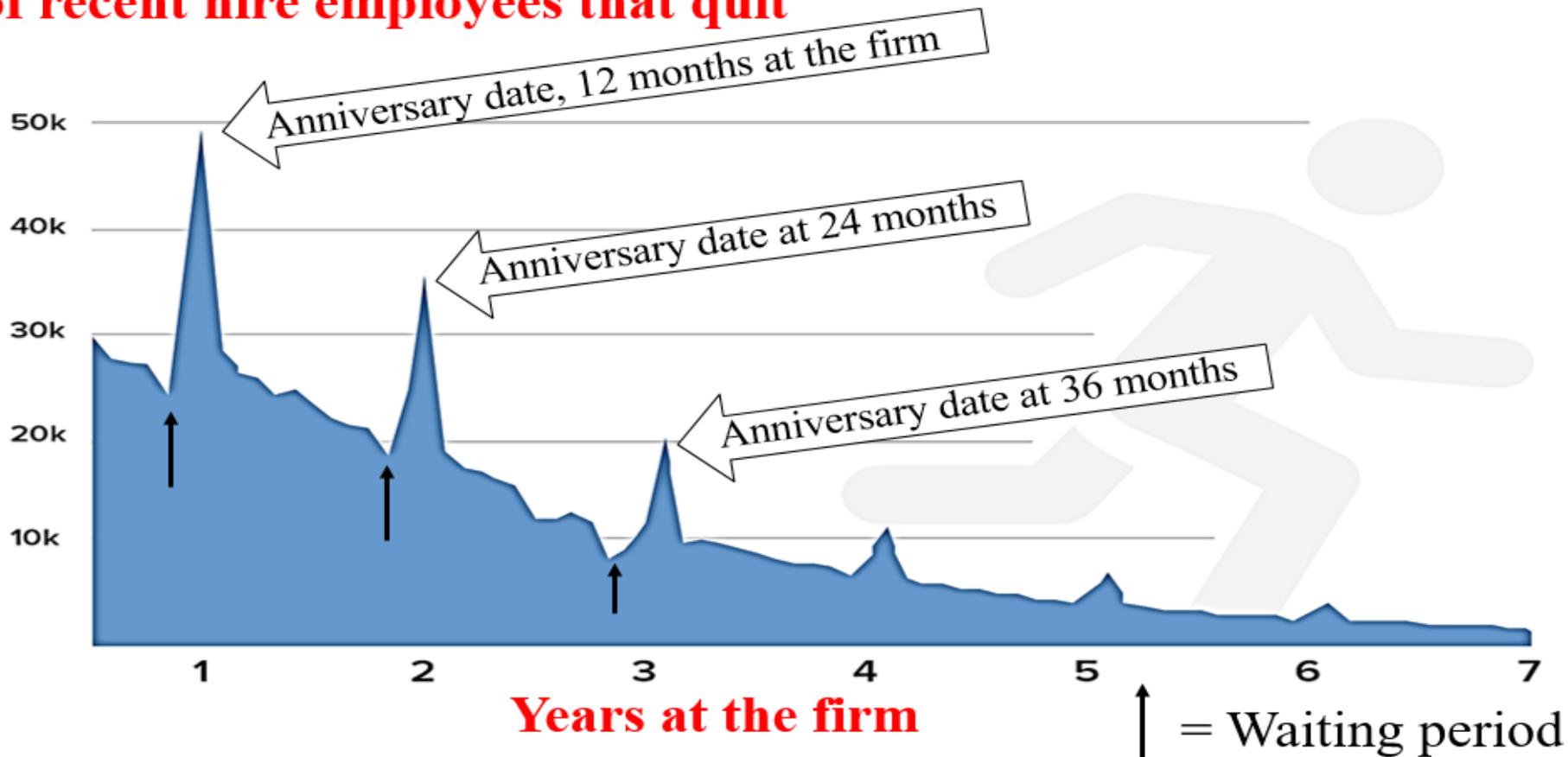
**Example...**

**Modern retention decisions are made with data**

# Focus your retention efforts around the times that most people quit

When is the best time to poach recent hires?

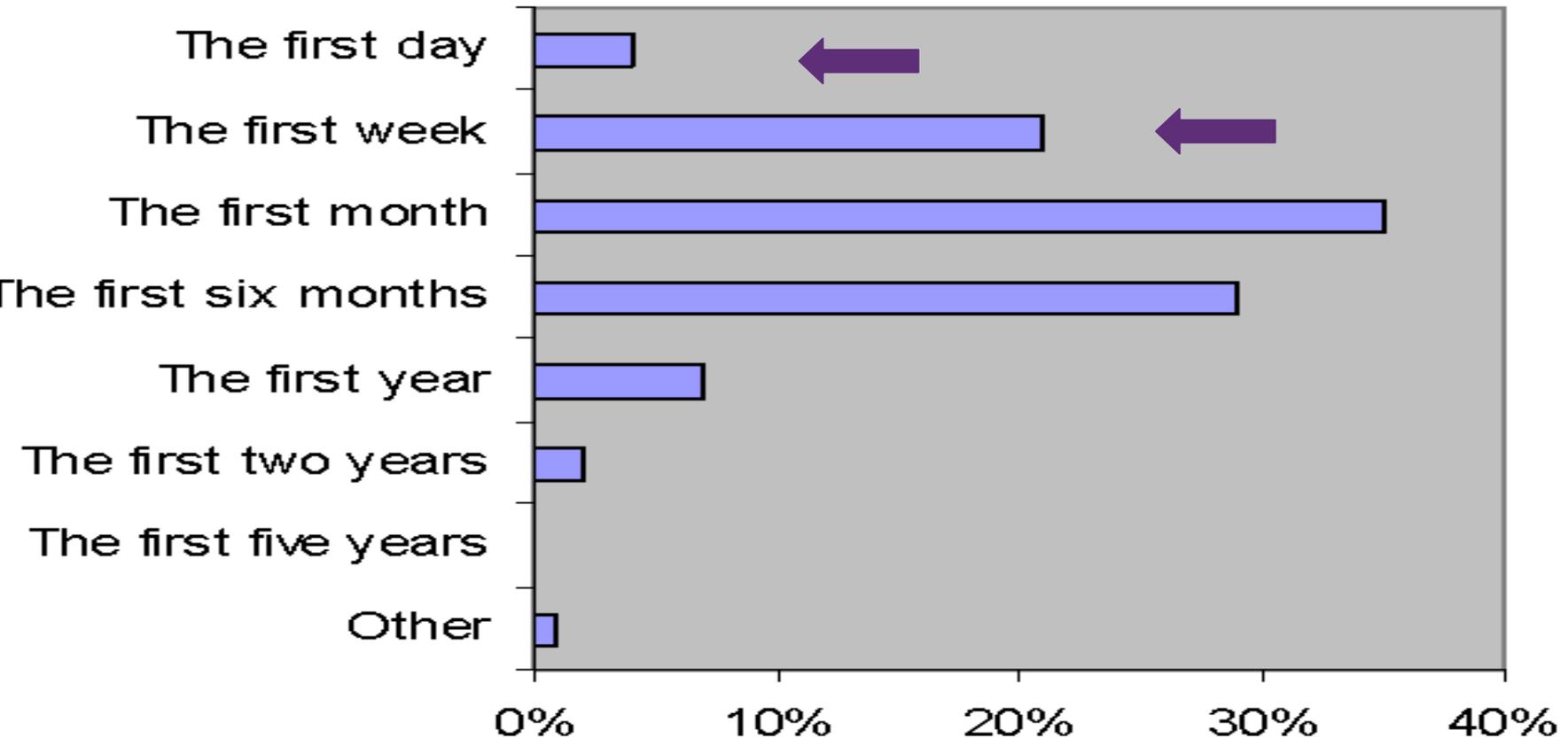
# of recent hire employees that quit



Source: entelo.com using 1 million resumes

# Onboarding is critical for retention

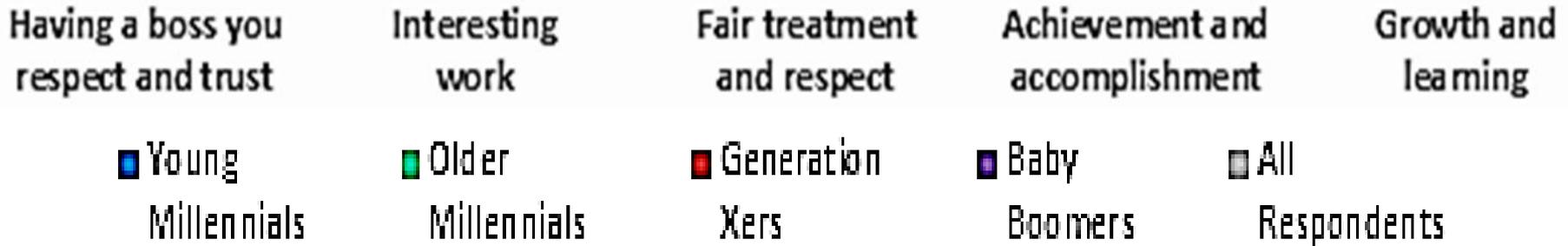
## When does a new-hire decide to leave?



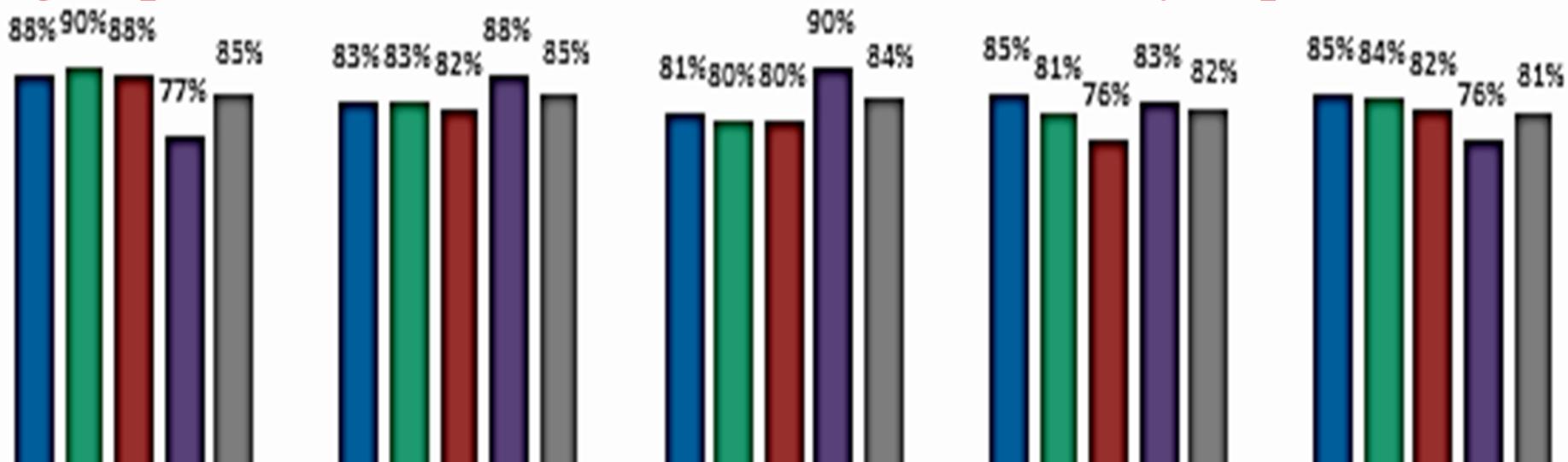
**Nearly 30% decide to leave during their first week**

# Data shows how different Millennials really are... which is important in retention efforts

## The top 5 millennial concerns



**Estimate the % difference between the most separated generational groups (that rated each item as somewhat to very important)**



## 15 additional strategic retention mistakes

1. **No formal retention team** – you are unlikely to have any impact without a **dedicated staff** / budget
2. **Retention levers don't match** – the reasons why individuals are considering leaving
3. **Not calculating the \$ impact of retention** - don't report 20% turnover, instead report **\$18 million** went out the door... and **\$9 mil. was preventable**
4. **All jobs and employees are treated same** – when instead they should be **prioritized...** based on their business impact and performance
5. **A focus on money and benefits** - when top performers want completely different things

# Turnover causes

## Why do average employees change jobs?

**45% - Concern for career advancement**

**41% - Unsatisfied with the leadership of senior management**

**36% - Unsatisfied with work environment / culture**

**36% - Wanted more challenging work**

**34% - Unsatisfied with the compensation / benefits**

**32% - Unsatisfied with the rewards / recognition for my contributions**

# The tremendous business impacts from losing top performers and innovators

What is the % of increased value added by top performers?

- **The top 1% of your workforce** produce what % of your total output? **10%** (or 10 times their expected value)
- **The top 5% produce 26%** (over 5 times their expected value)

(U of Indiana study by O'Boyle and Aguinis)

An innovator produces what “multiple” more?

(i.e. how many times more than the average employee in the same job?)

GE, Netflix & Yahoo - **10 times** the average

Apple - **25 times** more than average employee

Google - **300 times** more than the average

**Conclusion:** there may be an 80/20 rule when it comes to employee performance... so you should prioritize your employees



# It's "the work" that attracts/retains top performers

## Doing the best work of your life means...

1. Can't put it down **exciting work** (# of nights you look forward to coming to work)
2. I see **my impact**
3. I work with **top coworkers**
4. I have great **managers**
5. A **chance to win** and be the first
6. **Learning advanced things** / growing
7. An opportunity to **innovate** / take risks
8. **Freedom** and choice in what/when/where/who
9. An opportunity to be **an expert** / mastery of an area
10. Constantly **challenged/ exposed**
11. An opportunity to **implement ideas** & make **decisions**
12. **Advanced resources** and tools
13. **Transparency** and access to information
14. Managers **track & reward** performance

## 15 additional strategic retention problems

- 5. Across-the-board retention levers** – instead a **personalized** plan is needed... to fit the individual
- 6. A sporadic off & on effort** – when a continuous retention process is needed
- 7. Corporate wide retention actions seldom work** – instead focus the fix where it is actually needed
- 8. Offering retention bonuses** – when the job needs to be fixed first
- 9. Development without sufficient career opps.** – it may actually increase turnover (S Seibert U of Iowa)
- 10. A bad assumption that a firm should keep employees forever** – instead utilize a “lifelong career approach” to employment

# Lifelong retention may no longer be a goal

“You can’t have an agile company if you give employees lifetime contracts –

**And the best people don’t want one employer for life anyway.”**

## 15 additional problems



11. **No reward** – even though individual managers should be measured and **rewarded** on reducing regrettable and preventable turnover
12. Assuming **low turnover is good** –when it could be you have undesirable employees that lack initiative
13. **Top-down required approaches** – when individual managers desire a choice (**a toolkit**)
14. **A pay raise** - usually has a 1 year or less impact
15. **Diversity rec. and lumping** – when an unbundled **diversity retention effort** is also needed

# Diversity retention impacts financial performance

**The #1 predictive strategy for global financial performance is...**

**“Building an inclusive culture”**



**Prioritize and focus  
your retention effort**

(Not everyone is worth keeping and...  
great recruiting covers most retention issues)

# Target retention efforts on high impact jobs / employees

## Criteria for prioritizing your firm's jobs (15% target)

- **Mission critical jobs**
- **Revenue generating and revenue impact jobs**
- **Jobs that are responsible for **innovation****
- **High **customer and diversity impact** jobs**
- **Key manager and executive jobs**
- **Hard to fill through recruiting jobs**
- **Hard to fill through succession or “**back-fill**” jobs**
- **All jobs in your key teams** (high growth, profit or margin)

## Next prioritize key employees

### Criteria for prioritizing employees that are not in critical jobs (10% target)

- **Top performers** anywhere
- **Potential leaders**
- Those **that innovate**
- Those that have key **current or future skills**
- Those with key **plans / secrets**
- Those with **large business contacts / networks** (Klout)
- Employees that **can not be easily replaced**
- Those that are **diverse**



**A primary cause of turnover is...**  
**bad hiring**

# High turnover rates start with weak hiring

What % of all hourly employees quit or are fired within their first 6 months

**“50%”** (Source: Humetrics)

What % of all new-hires fail within 18 months?

**“46%”** (Source: Leadership IQ)

What % of management new-hires fail within 18 mths.

**“Between 40 and 60%”** (Source: Harvard Business Review)

What % of executive new-hires fail within 18 mths”

**“Nearly 50%”** (Source: The Corporate Leadership Council)

# Bad hiring has a direct impact on turnover

**61% of new hires said...**

- “Aspects of a new job **differed from expectations set during the hiring process**”,
- Indicating they may have **felt misled** during the interview process

# How to improve the quality of hire

## Action steps for improving the quality of hire

- **Focus on employee referrals** – top performer referrals and require employees to know their work
- **Give candidates real problems** during the interview
- **Minimize potential biases** in resumes and during interviews
- **Utilize live smart phone video interviewing** – it dramatically reduces scheduling problems
- **Validate your selection criteria** using quality of hire data (Google)
- **Consider a hiring committee** (Google)



**A primary cause of turnover is...**  
**a weak manager**

# Bad managers are a primary cause of turnover

A Gallup poll of more than 1 million employed U.S. workers concluded that the No. 1 reason people quit their jobs is...

*"People leave managers not companies..."*

*"In the end, turnover is mostly a manager issue"*

Conclusion of the Gallup Survey

**Managers... "had a much greater impact on employees' performance... than any other factor"**

# Project oxygen taught us some valuable lessons

**Forget what you have read...**

**Anyone can be a good manager...**

**if they act in the prescribed way**

(And good managers have dramatically lower turnover)

# Google's "Project Oxygen"

**Project oxygen when implemented... produced some amazing results at Google**

- **“We were able to have a statistically significant improvement in manager quality for 75% of our worst-performing managers,”** Laszlo Bock

# Google employee feedback survey covers Project Oxygen's 8 factors (plus 1)

## Google's Upward Feedback Survey

- 1) My manager gives me actionable feedback that helps me improve my performance
- 2) My manager does not "micromanage" (i.e., get involved in details that should be handled at other levels).
- 3) My manager shows consideration for me as a person.
- 4) My manager keeps the team focused on our priority results/deliverables.
- 5) My manager regularly shares relevant information from his/her manager and senior leadership.
- 6) My manager has had a meaningful discussion with me about my career development in the past six months.
- 7) My manager communicates clear goals for our team.
- 8) My manager has the technical expertise (e.g. coding in Tech, accounting in Finance) required to effectively manage me.
- 9) I would recommend my manager to other Googlers.



**Every manager needs a...**

**“Retention Toolkit”**

**It's really that simple...**

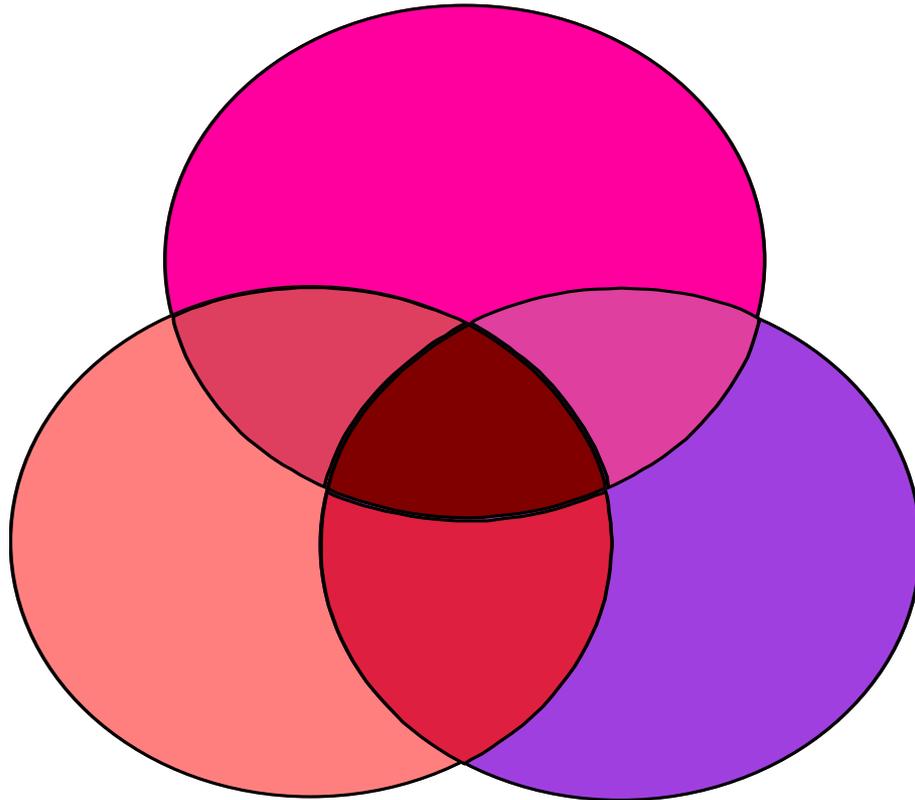
**The managers that use the best tools...**

**have the highest retention rates**

# “The 3 Sided Coin”



**Realize that you get 3 benefits from each factor**



- 1. Retention factors**
- 2. Productivity/  
motivation factors**
- 3. Attraction factors**

**The first step is to...**



**Develop an excitement / frustrator  
profile for every employee**

**Select the appropriate retention tool from your  
toolkit for each employee... based on this profile**

# Personalized motivation

(If you fail to hire the self-motivated)

**Create a personalized motivator / de-motivator profile for each employee**

**Ask key employees in an annual survey to rank...**

- The types of **economic rewards** that motivate
- The types of **non-monetary rewards**
- **The types of recognition** that have the most impact
- The **types of work/projects** that really excite them
- Any major **frustrators**

This allows mgrs. to **personalize motivation**



## Identify why people are leaving

### Identify the turnover causes for key individuals using a post-exit interview

- A **post-exit (delayed) process** - can identify “the real causes” of turnover when there isn’t pressure not to be frank as a result of the need for a job reference
- You can also “buy” their **offer letters**

# Identifying which employees are likely to leave

## Develop a process for IDing Flight risks

The process might include external approaches:

- **A search of the web for resumes**
- **Blind recruiter** calls... to see who responds
- **A dry search** by a headhunter to see who is desirable
- **Run blind ads** to identify who is applying
- **Suddenly speaking at conferences**
- They extensively update their **LinkedIn profile**

# Identifying who is at risk of leaving

## Internal approaches for IDing who might leave

- **Track time in previous jobs** before leaving
- **Negative behaviors** like absences, no OT, error rates or gone every Friday afternoon
- **Triggering events occur** – their project was rejected, their boss / best friend left or a divorce
- **“Superknowers” on your team to warn you**
- A person **they are likely to follow...** leaves
- They use the firm’s **resume template**
- Compile **“overdue lists”** for key employees

# Freedom is a key retention tool

## Increase retention through freedom & choice

IF YOU'RE COMFORTABLE WITH THE AMOUNT  
OF FREEDOM YOU'VE GIVEN YOUR  
EMPLOYEES, YOU HAVEN'T GONE FAR  
ENOUGH

Google



## Netflix Vacation Policy and Tracking

“There is no policy or tracking”

NETFLIX

# Fixing weak managers is an effective retention tool

## Identify and fix weak managers

- Look at data covering **low productivity, high transfer out rates and retention issues among teams**
- Utilize **post-exit interviews and tracked 360° feedback to find them**
- **Facebook makes becoming a manager a lateral transfer...** to take away the monetary motivation

# Stay interviews



## Utilize stay interviews to prevent turnover

**Proactively interview them to ID the factors that cause them to stay**

- **“We want your job to be as fulfilling as possible... so help us identify the factors that make you more passionate, committed and loyal to our team, so we can maintain & reinforce them”**
- **List the factors /events that frustrated you during the last 12 months**

## A More of / Less of list



### More of / less of list increases job excitement

I would like more of

1. Leadership roles
2. Stretch projects
3. Interact with executives
4. Attending conferences
5. New technology tools

I would like less of

1. Meeting attendance
2. Paperwork / reports
3. Budgeting
4. Travel
5. Working late

# A personalized “how to best manage you” plan

## “How to best manage you” plan –

Use your employees knowledge of themselves to identify the best approaches for managing them

- Can you help us understand the most effective management approaches **for getting the most out of you?**

# “How to best manage you” categories

**List the most effective & preferred approach for you... in each of these categories:**

- How often would you like to **meet with me**?
- How do you prefer to **communicate**? How often?
- What management approaches that I currently use **would you like to have modified**?
- What is the most accurate way to **measure your performance**? What factors should be included?
- What forms of **rewards and discipline** are most effective on you?
- What **unique things** do great managers do?
- **Other approaches** that have worked on you?



**Or simply give new employees  
a “heads up” on how you manage**

# A new employee's guide to “How I manage”

## “How I manage” in these areas...

- I prefer these types of **reports**...
- My favored method of **communicating** is...
- I prefer to hear bad / good news first
- I use this method to provide **negative feedback**...
- I use this method to provide **positive feedback**...
- My **pet peeves** include...
- The things that make me **really happy** are...
- I really appreciate **those that help me meet** my personal bonus & performance assessment criteria

# Reducing barriers to productivity limits frustration

## Identifying and removing barriers to productivity

- **Ask** - If each team member had a personal goal of increasing the team's output by 25%... **“What current barriers would prevent that from happening... and what new things would we need to do... in order to reach that goal”**
- **Compile a prioritized list of barriers**
- **Put together a joint mgmt / employee team to identify the best solutions for each barrier**

# How the best learn



## Identify and then share “how the best learn”

### Share how / where your top performers learn

- **Survey** top & bottom performers in each major job family and **ask them to identify their best learning sources, tools and methods**
- **Distribute** a “how the best learn” list to all
- List the names of the **fastest learners** in each area, so they can answer learning questions directly
- Learn from **customers and vendors** also

# “Makers” blocks of time increase innovation

## Create blocks of free time for “makers” to create

- **No meeting days or time periods** (i.e. no meeting Wednesday at Facebook) allows them to plan how to best use that time for uninterrupted thought
- Use data to determine **precisely when** “makers” come up with their most creative ideas

# Shifting someone into job search mode... usually requires a triggering event

**Make a list of the career triggers & watch for them**

Failing to have a great job will **not by itself** make most leave... it also takes an additional triggering event or **a career wound** like...

- A rejected major project
- A major budget cut
- A favorite friend / colleague / boss left
- A missed promotion
- A perception of unfairness
- A corporate merger
- A key point in their career cycle
- A negative family or personal event

# Provide managers with easy to scan data (retention flight risk)

% Top Performers at Risk		Top Performers at Risk			Cost to Replace Top Performers		
1.3% ↑		120 ↑			\$18.4M →		
Employee	Risk	Performance	Cost to Replace	Number of Job Functions	Market Demand	Tenure	Time Between Promotions
 Jack Taylor	95%	81st percentile	\$136,751	1 func ●	High ●	4.5 yrs ●	3.2 yrs ●
 Helen Meyer	91%	68th percentile	\$156,835	1 func ●	High ●	3.9 yrs ●	2.4 yrs ●
 Jared Ellis	87%	72nd percentile	\$133,520	1 func ●	High ●	5.6 yrs ●	3.5 yrs ●
 Kurt Braun	86%	71st percentile	\$257,011	1 func ●	Medium ●	6.8 yrs ●	3.9 yrs ●
 Julie Bowles	85%	68th percentile	\$136,003	4 func ●	High ●	2.1 yrs ●	1.1 yrs ●
 Angela Bianchi	85%	77th percentile	\$102,455	2 func ●	Medium ●	2.8 yrs ●	1.5 yrs ●

Source: [Workday](#) Insights Retention Analytics

# Google's simple onboarding approach had a huge impact on productivity & retention

**1/2 of the managers of new hires were sent a JIT onboarding email... A control group got no reminders**

**The email reminded the managers to do 5 things**

- 1. Have a discussion on their role and responsibilities**
- 2. Match your new hire with a peer buddy**
- 3. Help your new hire build a social network**
- 4. Set up onboarding check-ins once a month for their first six months on the job**
- 5. Encourage an open dialogue**

**Result – new hires of the “reminded managers” had a 25% increase in new-hire productivity compared to the control group**

## Additional high impact retention tools

- 1. 20% time** – allows an employee to choose & invent
- 2. Individualized learning plans** – with their own development budget
- 3. CEO visits** – the most powerful retention tool
- 4. Influence rather than order** – it's more effective because employees know **why** it is needed
- 5. Walk them downstream** – so they see and feel their impact
- 6. Virtual part-time job rotations** – rotations solving real hands-on problems are the best
- 7. Project completion bonuses** – in lieu of ret. bonuses
- 8. Re-recruit them** (Match the external recruiter offers)

## Additional high impact productivity tools

9. Use “**browngrassers**” to discourage them
- 10. Offer a planning day** – time to develop a plan avoid / prevent “fires” (reoccurring minor issues)
- 11. Offer challenge or exposure plans** – to top performers that care about those factors
- 12. An over-due list** – so that the needs of top performers are not forgotten
- 13. Superordinate goals** – gets everyone highly focused
- 14. Dream job** – simple ask them to list their criteria
- 15. Stretch goals** – raise their goals by 20%
- 16. Internal promotion contests** (MGM Grand)

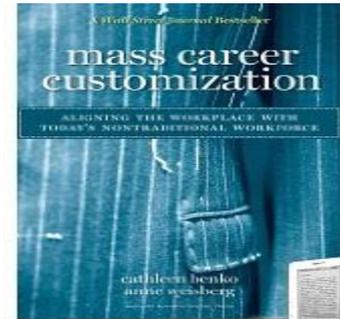
# Personalized approaches improve retention

## Mass career customization (Deloitte)

Every employee can **dial up/ down** their job... as career aspirations & personal needs change.

### They can adjust:

- Work hours
- Travel demands
- Job responsibilities



### Results:

**Do most employees choose to dial down or dial up their career? And what is the ratio? 2/3 dial up**

**Voluntary turnover rates of top performers choosing this option were 2x lower**

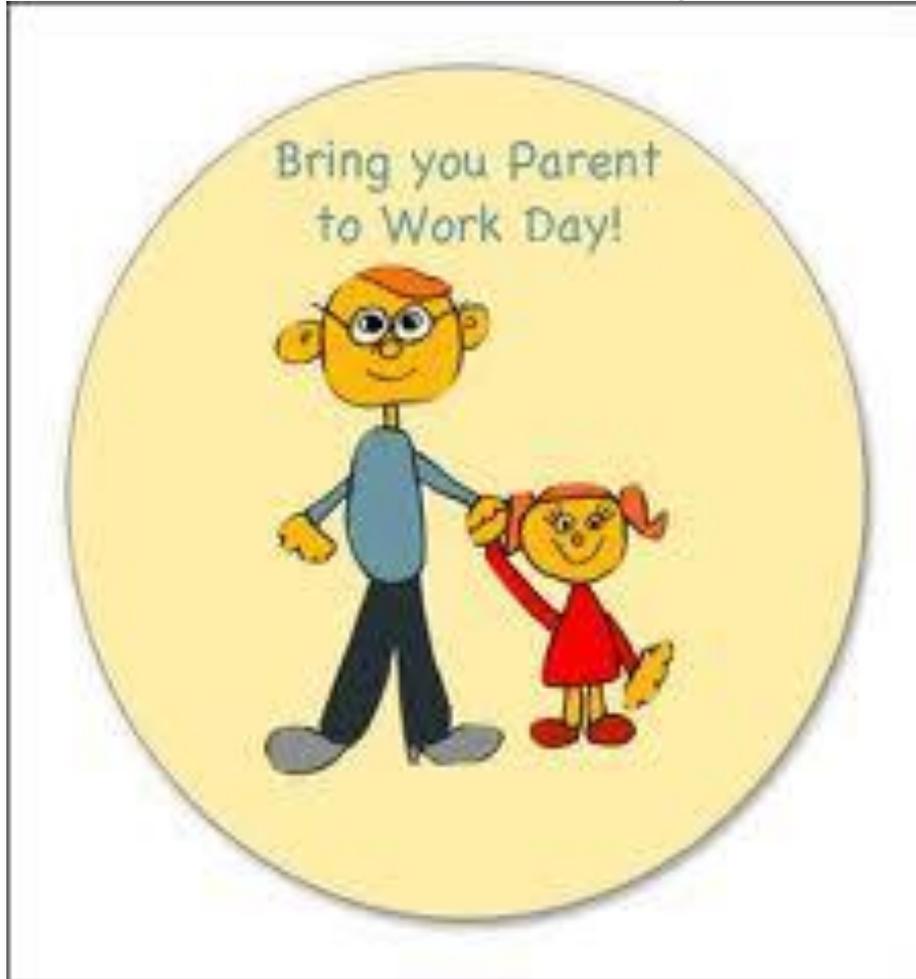
# Influence the influencers for retention

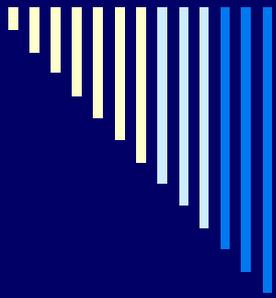
**A Tiger cruise to show family what Dad / Mom does**



# Influence the influencers

4,000 showed up





**Did I make you think?**

**Are there any more questions?**

Please take a minute and link with me on LinkedIn