

Northwest Michigan Employee Retention Guide 2017



**Networks
Northwest**

Talent / Business / Community



**FRAMEWORK
FOR OUR FUTURE**

A REGIONAL PROSPERITY PLAN
FOR NORTHWEST LOWER MICHIGAN

www.networksnorthwest.org/framework



As an employer in Northern Michigan, you are already very familiar with the struggle to find and keep skilled workers. You work hard and spend significant resources recruiting new employees. You likely are dismayed when reviewing applications and resumes, wondering how you're going to fulfill the expectations of your customers without a stronger workforce.

The reasons for these difficulties are many. Lack of awareness regarding job opportunities, deficiencies in soft skills, and a declining workforce population are just a few of the reasons for your recruiting woes. You are not alone; the skilled worker shortage is occurring across multiple industries, and in companies of all sizes. As a result, you may have experienced "poaching" from an otherwise amicable competitor; and despite your best efforts, employees are leaving for minimal increases in pay at other companies.

At Networks Northwest, we have witnessed this phenomenon, along with the cyclical hiring patterns that follow economic changes, for more than 40 years. We see companies start strong and die quickly; we see entire industries come and go; and most importantly, we see very successful companies that weather the economic climate and succeed where others fail. It is these companies that are also successfully retaining great talent and NOT struggling to find the right employees. In fact, people are lining up to apply. These companies are the "employers of choice" - people choose to work there, and work hard to get a foot in the door.

What makes them so successful? In our experience, the answer is company culture. That may sound like the trendy business jargon of the month, but it is a real and pervasive component of work life. It exists in every company, organization, school, and public entity across the world. There's a well-known saying in the organizational management field: "Culture happens whether you want it to or not." So your best bet is to intentionally create a culture that you and your employees love.



How can you create a culture that keeps your best people? How can you become an “employer of choice?” There are many ways to create a great culture, retain top talent, and still succeed in business. But it takes dedicated planning and resources. You must commit the time and energy to learn about retention, create a plan, and implement the best strategies for your company. The fact that you are reading this guide is a step in the right direction.

This Employee Retention Guide provides an overview of suggested strategies for keeping your top talent, and building a great culture along the way. The first step is to Understand Retention, both in general and specifically at your company. Then we suggest 30 strategies that are proven effective in retaining employees. Finally, we give you a checklist to get started.

This guide is an “Overview” version; the full Guidebook, with more detail and supporting resources, can be found on our website at:

www.networksnorthwest.org/userfiles/filemanager/5682/





Understanding Retention

In order to build a strong retention program, you need to first understand retention, both in general and specifically for your company. Understanding retention means paying attention to the costs of turnover, the reasons people leave, and the reasons people would want to stay at your company. It's also important to know how different types of turnover affect you. For instance, there may be positions that aren't a big hit to your bottom line, but are quite detrimental to employee morale.

First, understand the general reasons that people leave. This information comes from multiple studies across the country. They are true for all generations currently in the workforce, but are especially true for the millennial generation, which officially overtook Baby Boomers as the largest segment of the population in 2016.

Why do employees leave, and why do they stay?

LEAVE - *the most commonly cited*

- › **Role Conflict** - expectations of their job are unclear or a poor fit with their skills and talents.
- › **Stress** - this can be caused by Role Conflict, a chronically tense work environment, or personal factors.
- › **Role Overload** - expectations of their job are unrealistic.



STAY - *the most commonly cited*

- › **Organizational Commitment** – they feel loyal to the company.
- › **Leader-Member Exchanges** – they get along with their boss and feel that the leadership of the company genuinely has their best interest in mind.
- › **Role Clarity** – they know what’s expected of them, have the tools and resources needed to do a good job, and get their questions answered when they need guidance.
- › **Tenure** – the longer they stay, the less likely they are to leave.
- › **Job Satisfaction** – their job is personally and professionally fulfilling.

Turnover in some positions may be acceptable to you. Losing employees in key positions, however, may derail your business for a long period of time. Know your own company’s situation so that your retention efforts are targeted and most effective.

Work with an HR professional to:

- › determine your turnover rate,
- › survey of why people stay (vs. the usual exit interview on why they’re leaving), and
- › figure out which skill sets are indispensable for your business.

Design a retention program using the strategies provided here that best fit your business and that will keep your best employees.



*What is your company’s retention rate?
Why do employees leave and why do they stay?
Which skill sets are most necessary for your company’s success?*





Social Incentives for Retention

Engage & Commit: Across multiple studies, Organizational Commitment is found to be the strongest predictor of employee retention. What does it mean? It means that as the employer and company leader, you purposely engage with employees in a meaningful way, so that they will commit to your company, not just the job. Use the actions below to develop a plan for engagement. Notice that many of the actions are connected to workplace culture. There are many resources available to intentionally create a positive workplace culture; hire an expert or find a book that fits with your values.

- › **Connect Values to Roles:** Clearly express your company's values and ensure that each employee understands how his/her role aligns with those values and overall mission. This instills personal purpose and makes the job more rewarding.
- › **Collect Input, Mindfully:** Give employees a systematic way to provide input and feedback. Be responsive by acknowledging their input. Then put their ideas into action.
- › **Offer Decision-Making Opportunities:** Give employees a way to make important decisions, without constant oversight or micromanaging. Or allow staff to influence the decisions you make by talking openly with them and/or conducting surveys.



› **Weave Together Personal-Organizational Values:** Make each employee’s work experience personally meaningful. One idea is to offer paid time to do volunteer work in the community. Another is for employees to nominate a charity that you will support. There are countless ideas; ask for their thoughts on new projects and initiatives to make work more meaningful.

› **Offer Training & Development:** Personal and professional development are extremely important to today’s workforce, especially for the millennial generation. Offering opportunities for employees to improve their skills is a great investment, with both financial and cultural returns. Your team becomes more productive, and they feel more valuable. Studies show that since you’re the one who invested, employees are more likely to stay rather than take their new skills elsewhere.



The Millennial Generation is expected to become 46% of the workforce by 2020.



What do staff value about work?

What makes it meaningful?

How does it fulfill a need for purpose and belonging?

Leadership Behavior & Role Clarity: Whether you’re the CEO or a frontline supervisor, your leadership makes a difference in whether your staff want to stay or leave. And leadership is all about communication. The what, how, why, and how often you communicate with your team is of critical importance.

› **“Talk the Talk” (Internal Communications):** Develop a strategy for improving communications with your managers and frontline staff. Bring in an outside expert to help, or get ideas from your team on how best to communicate with them. See the full Employee Retention Guidebook for examples.

www.networksnorthwest.org/userfiles/filemanager/5682/

› **“Walk the Talk” (Culture & Policy):** Improved communications will do nothing to keep great employees if your actions speak a different language. Check your workplace policies and practices to make sure they are consistent with the ideals you express.

- › **Fairness:** Everyone's concept of fairness is different, so this can be tough to manage. But it's extremely important to employee retention; a great worker who feels he or she has been treated unfairly will likely walk straight out the door, especially when there are plenty of jobs elsewhere. Perceptions of fairness are linked to clear expectations and good communication, so implement those actions and be cognizant of fairness. Talk to your team to get a sense of how people currently think and what would make them feel that you are a fair employer.
- › **Train First-Line Managers:** Train your managers to be ambassadors of the culture you are creating, and to recognize the early warning signs of turnover. Involve them in your retention strategy from the beginning, so they are on board with the goals and action steps.
- › **Evaluate Early & Often:** Regular check-ins with key staff can be a more effective retention strategy than conducting the yearly personnel review. This way, you can address problem areas before they grow too big. Make sure to be open to constructive feedback from your staff, rather than the other way around as is too often the case.
- › **Role Clarification:** Role Clarity is one of the top reasons that employees stay, and Role Conflict is one of the top reasons that people leave. But it can be really difficult to clearly define the role of a high level professional; especially when you rely on them to think on their feet and adapt to constant changes in the marketplace. So this one is all about balance. Know – and clearly communicate – the priorities you have for the position, and work together when adjustments need to be made.



Work Environment: A positive, supportive, and engaging work environment is more important than salary to the millennial generation, and is one of the primary draws of “cool” places to work like Google and Uber. Many of the actions listed above will dramatically improve the work environment at your business. Employees recognize when you care enough to try new things, communicate better, and listen to them. The following actions will take it to the next level.

› **Empower & Challenge:** Employees want to be trusted and not micromanaged. Empowerment can be done in many ways; asking them for solutions to a big problem can go a long way to showing your trust. They also want to be challenged, so give them opportunities to learn and improve.

› **Rewards – Goals & Job Design:** Every worker needs goals, but they also need the kind of role that allows them to achieve those goals. Design their work so they are using their talents to achieve their goals, and are rewarded accordingly. Rewards don’t have to be promotions, wage increases, or bonuses. They can include recognition, time off, or other non-financial compensation.

› **Mindset – Productivity vs. Hours:** Do an internal review – do more hours really equal more productivity? Can you get the same goals accomplished in less time, and reward your team with leaving early? This action takes a change in mindset, but it could prove to be the most effective of them all.



Full time salaried employees work an average of 49 hours per week.



*Do you trust your team?
Do you design their job to fit their strengths?
Are you focused on quantity of hours worked, or quality of the job?*



Socialization: It seems counterproductive to allow socializing at work – they should be getting things done, right? The truth is that people are deeply committed to their social networks. Studies show that when employees have friends at work, they are more satisfied with their jobs and more likely to stay. The key is to facilitate socializing without sacrificing productivity.

› **Orientation & On-boarding:** Retention of great employees can be influenced right from the start. A well-developed on-boarding program sends the message that you are committed to their immersion in the culture of the company. Involving existing employees in the effort helps to remind them about the company’s history, mission, and shared experiences.



Most employees (86%) decide within the first six months whether they will stay with a company long-term.

› **“Forced” Fun:** We’ve all heard about the required volleyball games or “creative time” breaks around the ping pong table. This can backfire if not managed correctly. The most effective way to bring fun into the workplace is to cultivate opportunities and let things happen naturally. This also makes it a relatively small effort – potlucks, happy hours, or workplace wellness contests are great ways to get your employees connecting with each other in a relaxed way.

› **Teams, Friends & Family:** Working in teams is not a new concept, and is increasingly common. It’s also the best way to create a “work family,” which elicits loyalty. Also, involving employees’ friends and families in workplace activities (potlucks, games, etc.) can gain their loyalty as well. It’s harder to leave a company if your spouse really likes your coworkers.



Housing & Transportation: You no doubt have seen or experienced the high cost of housing, and probably have employees who commute long distances because the only house they could afford was many miles from work. The Northwest Michigan region struggles with high costs of housing and transportation, and the biggest impact is usually on your employees. These are big issues, and addressing them requires multi-pronged efforts from many people.

› **Understand the Problem & Share with Others:** Learn about housing and transportation issues in your community, as well as in your business. Find out what specific barriers your employees are facing. Look at the agencies in your community to find out who is working on housing and transportation issues and what they are doing.



Affordable housing" is defined as 30% or less of a household's income.

› **Manage the Crisis (Chip Away at Barriers):** There are many small and large ways to support your employees with housing and transportation options. They can include facilitating carpools or allowing loans from retirement accounts for down payments on a first house. Take a look at the [Growing Business with Workforce Housing Guide](http://www.networksnorthwest.org/userfiles/filemanager/4435/) for specific ideas. www.networksnorthwest.org/userfiles/filemanager/4435/

› **Solve the Crisis (Community-wide Solutions):** Additional ideas in the Workforce Housing Guide include partnering with other employers, local governments, and community-based organizations to tackle housing and transportation barriers at a systemic level. Again, the first step is to better understand the problem; then get involved in ways that you feel will make the most impact.





*Do your workers always make it to work and on time?
If not, what are their specific barriers?*

Support Family – Work Balance: Most companies are willing to offer flexible schedules for working parents, and short-term leave for taking care of a parent or another dependent. These are important supportive practices and are quickly becoming the norm that employees will expect as a regular benefit. However, there are additional steps employers can take to truly make a difference where it counts.

› **Influence Cost of Family Care:** The cost of childcare is a significant barrier to employment; many stay-at-home mothers would work if they could afford regular childcare. You can offer flexible spending accounts that allow employees to deposit pre-tax dollars to use for dependent care costs. And there are flexible scheduling options, such as establishing “core hours” when you expect all employees to be at work; the rest of their hours could be from home or after closing time.



› **Influence Access to Family Care:** Childcare and adult care facilities are limited in our region. Demand is high and available spots fill up quickly. Some employers set up childcare facilities on-site, which is a great option, but you don’t have to go that far. You can partner with a childcare provider to support the cost for your employees, guarantee spots, or help a new childcare program get started near your location.



› **Influence Quality of Family Care:** A high quality care provider eases parents’ minds and allows them to focus on work. By partnering with a childcare or adult care provider, you can support their ongoing quality requirements. This can include paying for continuing education for daycare workers or joining the board of a non-profit that ensures quality care in the region.



Financial Incentives for Retention

Show Them the Money: Competitive wage and benefits are important to retaining good employees. But it's not absolute; as long as your wage is fair for the position and offers a living wage, other factors come into play. When comparing two similar positions, most employees rate cultural factors higher than salary. Financial incentives that support positive culture and yet are less of a burden on your budget can make a big difference in your retention efforts.

› **Adjust the Terms of Employment:** Depending on the position and industry expectations, review whether a high turnover position should change status. Would it be better to design that job as a temporary engagement focused on specific projects? Perhaps the work could be conducted by an independent contractor or by an intern.

› **Offer Problem-Solving Bonuses:** There are several examples of this type of bonus, but you can design your own to fit the problems you need to solve. One common example is the referral bonus, where a current employee receives a payment upon successfully recruiting a new job applicant. Another example is a retention bonus, where an employee receives payment if they stay past the usual end of season.



› **Create Cost-Savings for Your Employees:** There are many ways to help reduce costs for your employees. Some examples are shared earlier in this guide related to transportation, dependent care, and housing. Other examples can be occasional lunches, company-related logo clothing, and discounts on purchases.

› **Develop a Workplace Wellness Program:** A small investment in wellness activities for your employees can have great impact on their health and commitment to your company. Give them healthy food once a month, activity trackers, memberships to gyms, or pay their entrance fee for a race.

› **Be Transparent:** Regardless of your compensation package and financial incentives for retention, be transparent about your efforts. This doesn't necessarily mean publishing salaries, but sharing wage ranges for various positions and explaining how those ranges were determined helps employees feel they are being treated fairly. Consult an HR expert for help on this strategy.



How does your pay compare to similar positions at other companies, and with the local cost of living?

What other ways can you support an employee's income or lower their costs?





*How do you know which of these many strategies will be most feasible and effective for you?
Start by creating a plan and designing the retention program that fits your company's values.*

Here's a checklist that will help you ask the right questions to get started.

Plan:

- › Why and when do employees leave? Which positions turn over frequently?
- › Why do employees stay? Which ones stay? How long?
- › Which workers do you need to stay now?
- › Which workers do you want to stay to meet future objectives?
- › What values does your company embody? What values do the employees you wish to retain care about? Where is there overlap?
- › How do company activities currently reflect these values? Could any of these activities be expanded into a retention program?
- › Which strategies and actions in this guide can reflect your values and help to solve a specific retention problem?



Design & Build:

Adopt a set of strategies and actions. Team up with key staff, if collaboration is a value.

- › Budget time and money to implement these strategies and actions.
- › The work is not done! Most importantly (*and easiest to overlook*):
Communicate to staff what you plan to do and why.
Hire an internal communications consultant if you need help.
- › Assign staff, or schedule yourself time, to implement.

Test & Refine:

- › Measure success and refine as needed.
- › As business strategies (and therefore staffing needs) evolve, refine again.



By taking the time to think through your company's values, and selecting strategies that align appropriately, you'll be authentically creating the kind of work environment that employers of choice throughout the region have been cultivating for years. Watch your efforts pay off as your turnover rate goes down and high quality talent starts knocking on your door!



OPPORTUNITY



For more ideas and examples of the strategies listed in this overview, see the full Employee Retention Guidebook at: www.networksnorthwest.org/userfiles/filemanager/5682/.

The Guidebook also includes valuable resources for more information.



For professional expertise in human resources, contact your local Chamber of Commerce or local chapter of the Society for Human Resource Management (SHRM).

Also connect with your Northwest Michigan Works! Business Liaison. They provide no cost, no hassle attraction and retention services, and organize staff trainings (oftentimes with scholarships for your workers and workers-to-be).



› Northwest Michigan Works!
www.nwmichworks.org

› Northwest Michigan Business Services:
www.networksnorthwest.org/business-services

› Framework for Our Future:
www.networksnorthwest.org/framework



Northwest Michigan Employee Retention Guide 2017



**Networks
Northwest**

Talent / Business / Community



www.networksnorthwest.org/framework