

# Reduce Turnover With Effective Recruiting, Retention, and Training

BY LAURA BRAY

**E**mployee turnover costs at least 150% of an employee's base salary according to Bliss & Associates, Inc., a Butler, New Jersey-based firm that provides leadership development and talent management services. When employees leave, companies incur the direct costs of hiring and training, as well as indirect costs, such as loss of morale, decreased customer service, and loss of institutional knowledge and productivity. According to the Society for Human Resource Management (SHRM), the average turnover rate in 2004 was 18%, so any reduction in turnover can lead to huge savings.

## Use APA's Joblist

Job opportunities received by the American Payroll Association are posted to the **Members only** area of the APA Web Site and are also circulated to members of the APA Payroll ListServ.

To post a job opportunity, send an e-mail to [jobs@americanpayroll.org](mailto:jobs@americanpayroll.org).

With unemployment hovering below 5%, effective practices for recruiting, retention, and training become critical for reducing turnover.

## Recruiting

Jennifer Rower, a senior business consultant with Padgett, Stratemann, & Co., LLP, in San Antonio, Texas, pointed out that tried-and-true recruiting methods work the best—knowing the position and describing in detail what kind of person is a good fit.

"Increasingly, companies are assessing candidates on a personal level to make sure they match the company's culture," Rower said. "Skills can always be taught, but if a candidate's personality doesn't suit the company's culture, it's not a good fit."

Employers now have a relatively new tool for candidate research—personal profiles posted on the Internet. If a candidate has a personal Web site, a profile in an online community (such as MySpace), or blog postings, a simple search on the candidate's name can reveal all sorts of facts—some of which may not be beneficial to the candidate.

"This is especially true with the younger generation," Rower said.

Smart companies also plan for future needs when recruiting.

"When interviewing and hiring, companies should look for leadership potential, even with frontline employees," said Carol Trostle, CEO of Trostle & Associates, LTD, a San Antonio, Texas-based business consulting and training firm. "That way, management is prepared for future leadership needs without having to hire from the outside, which makes current employees feel there are no advancement options."

Effective recruiting processes also help to ensure the company finds the right person for the job. Christopher W. Pritchard, SPHR, author of "101 Strategies for Recruiting Success," recommended an operational audit of the recruiting process.

"Before any meaningful change can be planned and implemented, we must understand the existing state of affairs," Pritchard said. He suggested reviewing workflow (such as how requisitions are opened and authorized), the competency of recruiting personnel, and support issues (such as the department's budget and available systems and tools). Once the operational audit is complete, HR professionals can recommend and implement changes.

Next, review methods for finding candidates (see sidebar, "Find the Right Person"). Don't limit yourself to just classified ads and postings on Web sites. Creative recruiting methods include military outplacement and working with student clubs at colleges.

"Companies can be more successful in college recruitment if time is spent

developing relationships with schools that provide the type of graduate suited to your company's needs," said Cheryl Wyrick, Ph.D., SPHR, of the California State Polytechnic University Pomona. "By establishing long-term communication with student organizations, your company's name recognition will increase."

You can also find candidates by attending networking events. Often sponsored by local chambers of commerce, these events aren't just for salespeople or the marketing department. Use them to make connections with job seekers or people who might know candidates appropriate for your company.

For more traditional recruiting methods, carefully evaluate their effectiveness to make sure they're producing the desired results.

## Find the Right Person

- Consider current employees.
- Look outside your organization to bring in new outlooks, skills, and experiences.
- Know what kind of person you're looking for in order to locate a good fit.
- Remember that a person's past job performance is the surest guide to future performance.
- Remember that the right education + the right experience + a compatible personality = a good fit.
- Beware of the "just like me" trap. To avoid it, focus on the objective requirements of the job and the candidate's qualifications.

Source: "Manager's Toolkit," Harvard Business Essentials

“If you run a \$5,000 advertisement, are the results better than a \$500 advertisement?” Pritchard asked.

He also suggested a close examination of career fair participation.

“Do it right, or don’t do it at all,” he said. Amateurish displays and materials don’t create a good image with potential candidates. “Remember the candidate’s first impression of us (and our company) is equally important as your first impression of them.”

Remember to connect with professional associations for additional candidates. APA’s Joblinks site gets your positions in front of a national audience of committed professionals. You can also investigate professional associations for other careers by visiting the “Gateway to Associations” link on the Web site of the American Society of Association Executives ([www.asaenet.org](http://www.asaenet.org)).

## Retention

Once you have the right candidate on board, it’s important to keep him or her there. The SHRM “2005 U.S. Job Recovery and Retention” study found that employees voluntarily leave their companies primarily due to better compensation elsewhere, better career opportunities elsewhere, and “wanting a new experience.” Almost one-half of the companies in the survey reported that they have implemented special retention processes, such as providing competitive merit increases, promoting qualified employees, and providing more career development opportunities. (See sidebar, “Why People Stay.”)

According to the “Manager’s Toolkit” by Harvard Business Essentials, retention is important for three reasons:

- Maintenance of intellectual capital and the company’s knowledge base.
- Ability to provide consistent customer service.
- Cost savings (both direct and indirect costs, plus opportunity costs of lost knowledge and work).

To lessen the risk of losing new employees, Pritchard suggested making them feel welcome and part of the team. Get them off to a good start. Develop an effective and comprehensive orientation process, including a new-hire checklist and introductions to coworkers. He also

recommended setting up new employees with mentors.

“Pairing an experienced employee with a new employee is a smart way to facilitate newcomer success,” he said.

Mentoring is also an effective way to provide career development opportunities to existing employees, Trostle said. If a customer service employee has a goal to become a supervisor in the accounting department, for example, that employee’s manager could set up a two-hour-per-week mentoring time with the accounting manager.

“The employee is now inclined to stay with the company,” Trostle said. “She sees progress toward her goal, and she appreciates the fact that her manager is helping her reach that goal.”

Pritchard’s additional suggestions for enhancing your company’s retention efforts include:

- Building a sense of community (by celebrating birthdays and work anniversaries).
- Establishing a rewards and recognition program.
- Developing ways for employees to become involved in committees and task forces.
- Surveying or interviewing existing employees to find out what’s working and what’s not.
- Conducting exit interviews to uncover problems.

## Training

Effective training and development programs are essential to retention efforts (See sidebar, “Reasons to Train Employees”). The SHRM retention survey found that dissatisfaction with career development opportunities was the third most cited reason that people leave organizations.

“Training and development initiatives are an investment in the employee,” Pritchard said.

These programs indicate that the company believes in its employees and their potential for development, is committed to employee success, and is willing to change as market needs evolve.

“If you want to keep good employees, you need to have well-communicated plans for growth and development,” said Cyndi Mergele, SPHR, a human

## Why People Stay

- Pride in the organization
- A respected supervisor
- Fair compensation
- Affiliation with colleagues and coworkers
- Meaningful work

Source: “Manager’s Toolkit,” Harvard Business Essentials

resource practitioner with Padgett, Stratemann. “Some people don’t want to be ‘the boss,’ but just want some new challenges. Your company needs a plan to deliver that.”

Trostle said many individual contributors are set up to fail when they’re promoted into frontline management positions without proper training.

“No one teaches them the practical lessons of leadership—how to prepare a budget or set goals or make strategic plans,” she said. “Management has a responsibility to prepare these employees for leadership roles.”

With effective recruiting processes, a comprehensive retention program, and training investments in your employees, your company can realize significant improvements in turnover rates.

*Laura Bray is a San Antonio, Texas-based freelance writer. She has worked as both a payroll manager and an accounting systems manager.*

## Reasons to Train Employees

- Attracting and retaining customers
- Aiding in recruitment
- Employee retention
- Mutual benefits to both the employee and employer
- Motivation and unified culture
- Maintaining a competitive edge
- Commitment and innovation
- Profitability

Source: Sharon Daniels, CEO of AchieveGlobal, in *Workforce Management* magazine.