SHRM
SOCIETY FOR HUMAN RESOURCE MANAGEMENT

SHRM 2015 ANNUAL CONFERENCE & EXPOSITION

June 28 – July 1
Las Vegas

Who Should Be Accountable for Engagement & Retention?

Dick Finnegan

June 29th, 2015

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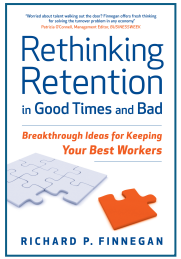
Finnegan Bio

"Recovering HR director" solved turnover for Siberian banks, African gold mines, Chinese multi-national corporations…and the CIA

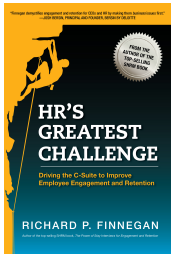


Author, *Rethinking Retention in Good Times and Bad*, excerpted by *BusinessWeek*; "fresh thinking for solving the turnover problem in any economy"

Author, *The Power of Stay Interviews for Engagement & Retention*, top-selling SHRM-published book in history

Author, *The Stay Interview*, published in 20 languages + audio book

Author, *HR's Greatest Challenge*, distributed free to top US HR executives



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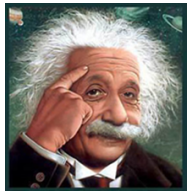
Today's AMBITIOUS Agenda

5 Ideas



1. Data We Need to Know
2. Incredible Leader Power
3. My Accountability Recommendations
4. Discussion/Planning With a Peer

Free how-to-do-this tools

HR 智享会 HR Excellence Center

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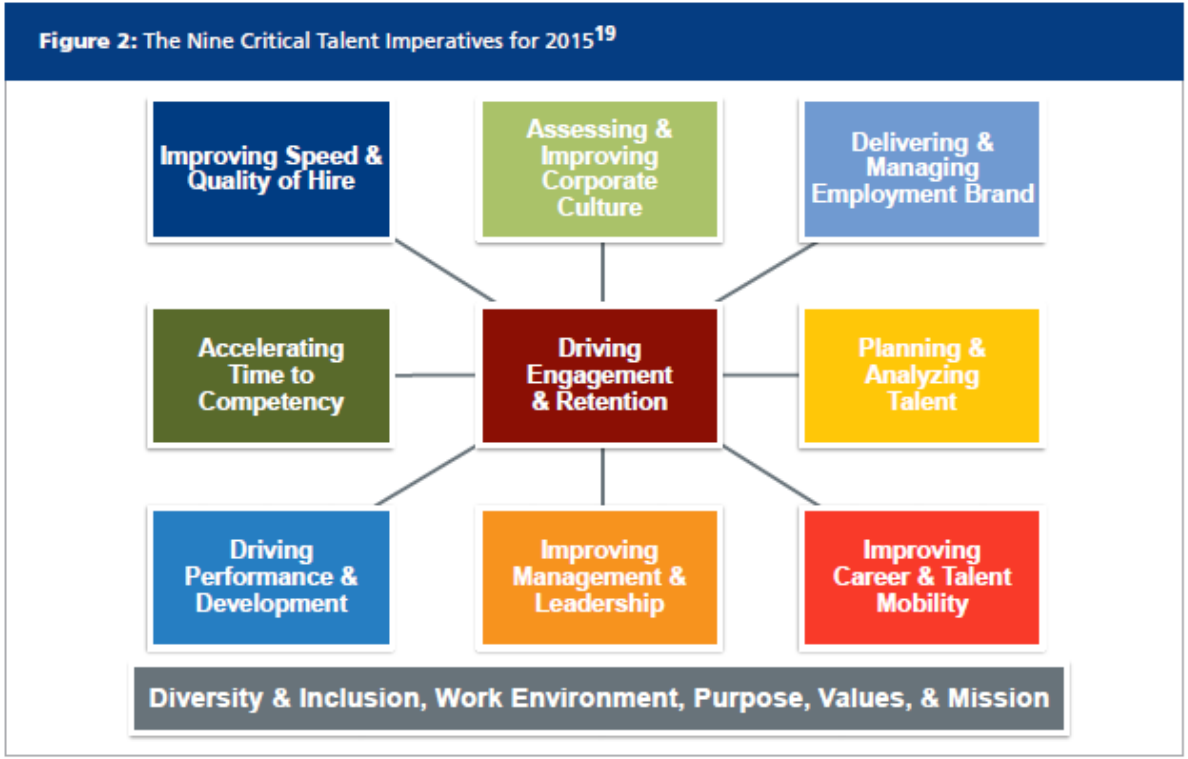
Good News: Engagement & Retention Drive Everything!



Source: *Bersin by Deloitte, 2014.*

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Bad News: We Cannot Engage & Retain

C-Suite Executives: What is most likely to harm your organization financially over the next 12 months? 53% say *insufficient talent*

HR survey: Which top priority do you solve least effectively? *Engagement & Retention*

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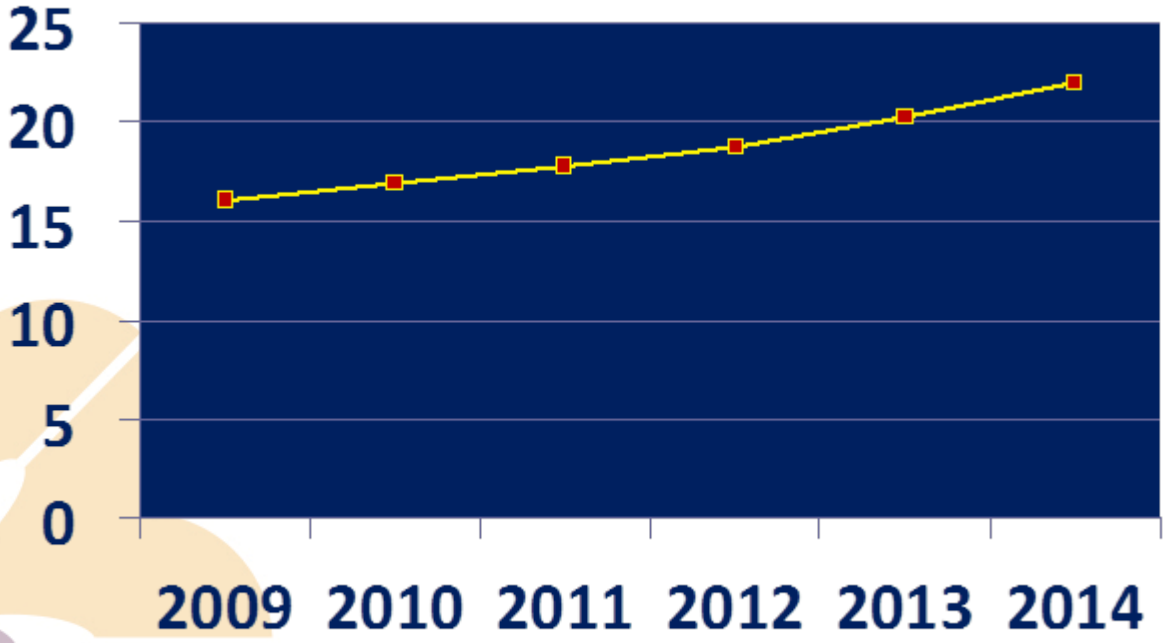
U.S. Voluntary Quit Percentages, Post-Recession... U.S. Bureau of Labor Statitics



Young U.S. workers will hold 10-14 jobs by age 38

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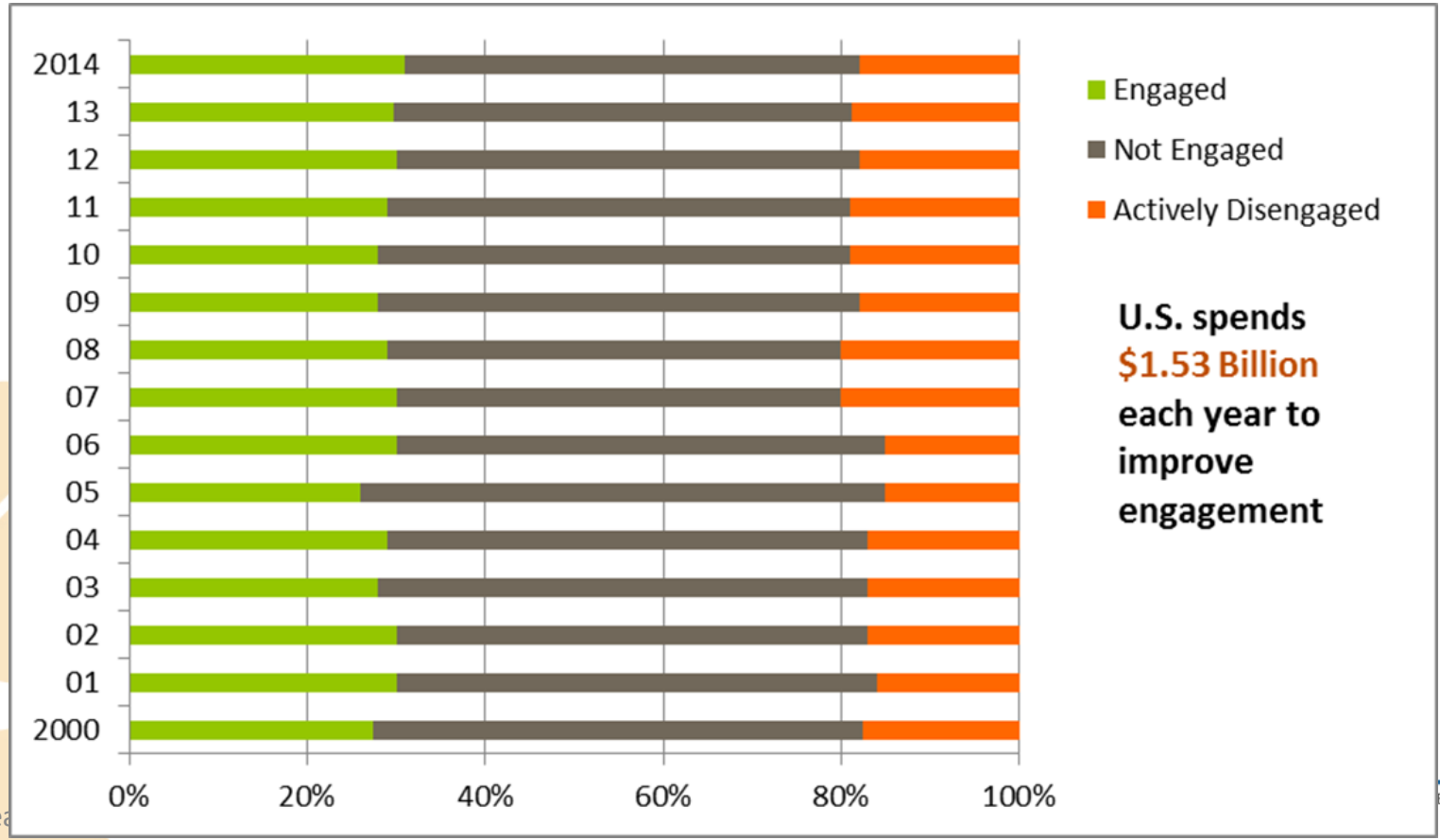
Engagement Stuck…per Gallup/Bersin



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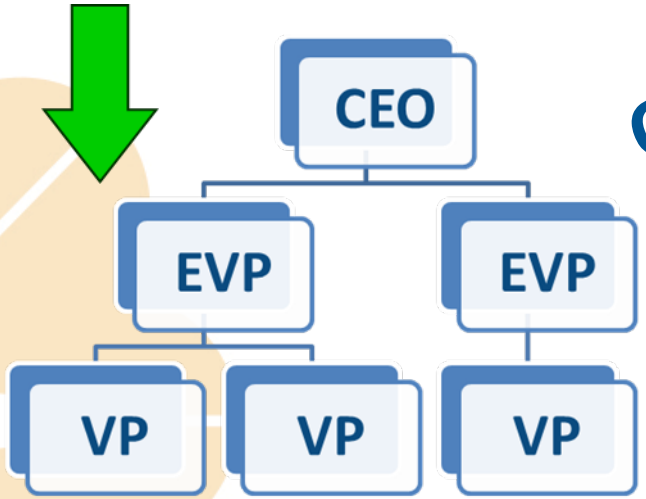
Are Your Engagement/Retention Activities Driven By Accountabilities or Programs?

Business Accountabilities

Driven Top-Down Like Sales, Service, Quality, & Safety



OR…

Retention Programs

Driven From the Side Like Town Hall Meetings, Employee Appreciation Week

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Supervisors' Impact on Engagement & Retention

"If you have a turnover problem, look first to your managers"…Gallup

Employees stay for managers first and co-workers second… salary.com

Employees' levels of engagement higher when their supervisors had higher levels of engagement…DDI

"When employees stay, it is because of their immediate managers"… National Education Association

Employees who stay primarily for their supervisors stay longer, perform better, and are more satisfied with their pay…TalentKeepers

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The Real Power of Supervision

Kenexa interviewed 1,000 recently-quit employees and asked about pay, benefits, development, advancement and relationships with supervisors…

"Offering a higher salary or developmental/advancement opportunity may not be enough to retain employees"

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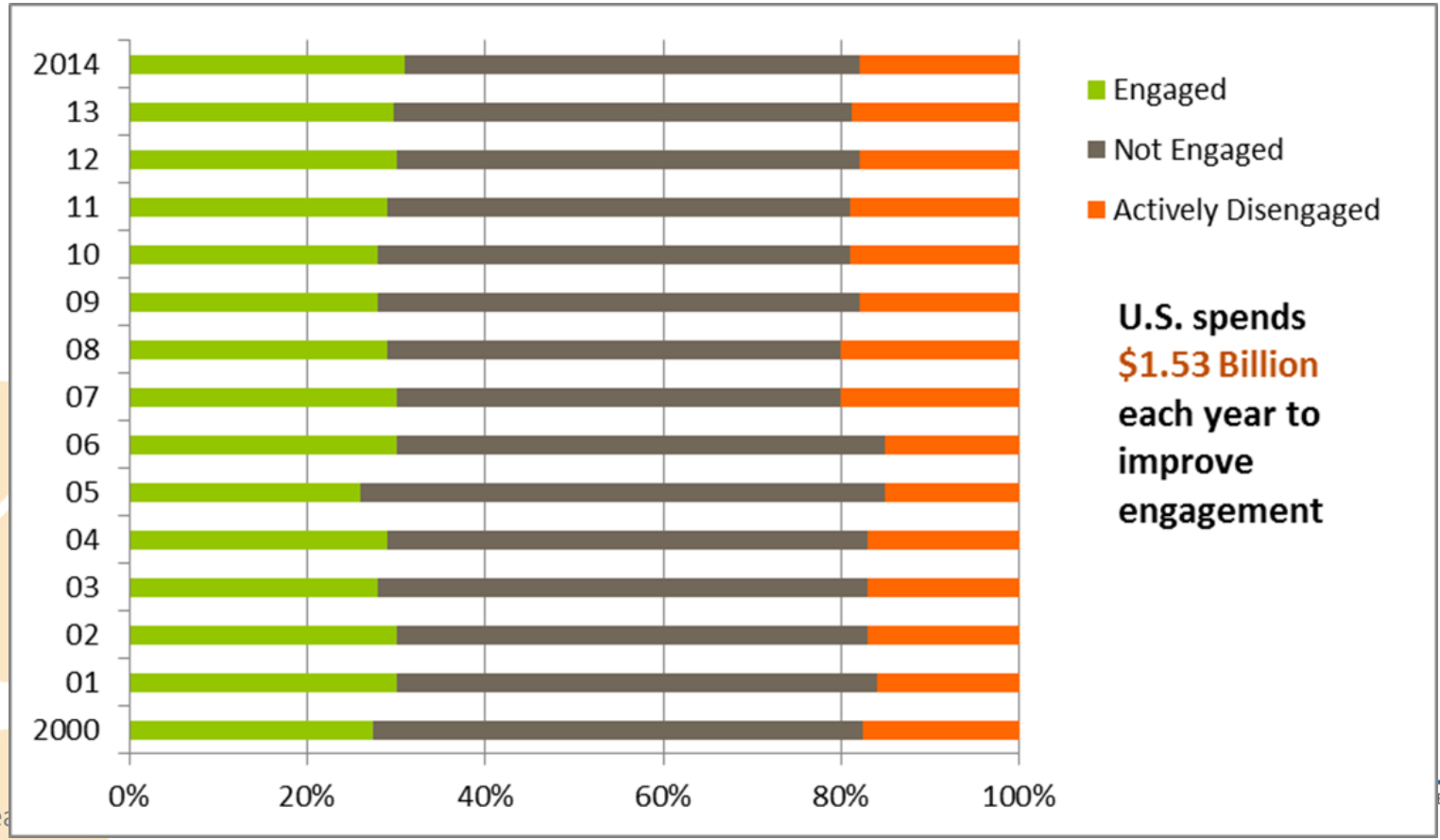
Engagement Stuck…per Gallup/Bersin



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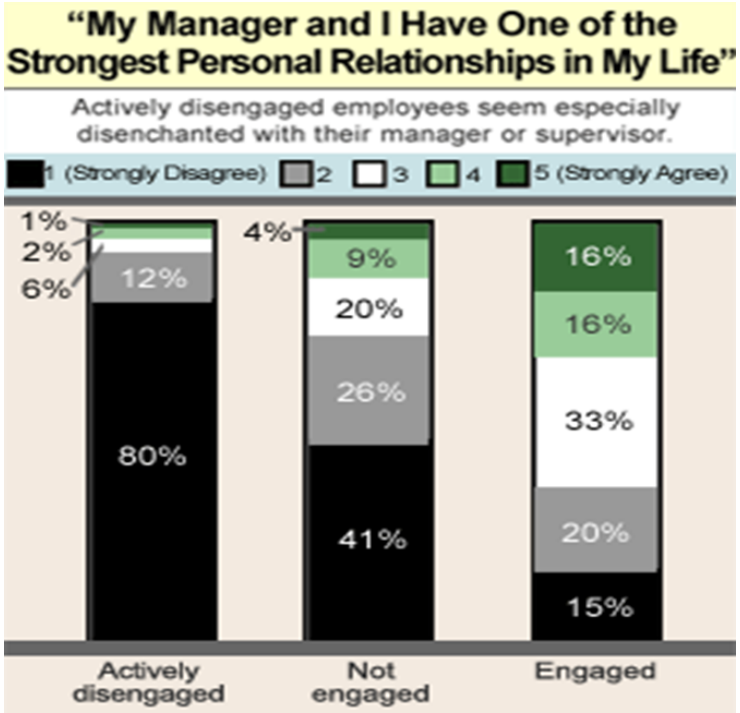
Managers Drive Engagement!

How much do managers influence their employees' levels of engagement?

Data per Gallup



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Introducing the Profit Power of LEADER Trust

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The Fortune Top 100 #1 2012-2015

Baby bonding bucks, 12 weeks paid parental leave, horseshoe pits, Africa volunteering, subsidized massages, 3 wellness centers, 25 free cafeterias…and free eyebrow shaping

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"Two-thirds of a company's score is based on the results of the Great Place To Work's Trust Index Survey"

"Our approach is based on the major findings of 20 years of research – that trust between managers and employees is the primary defining characteristic of the very best workplaces."

The Great Place to Work Institute

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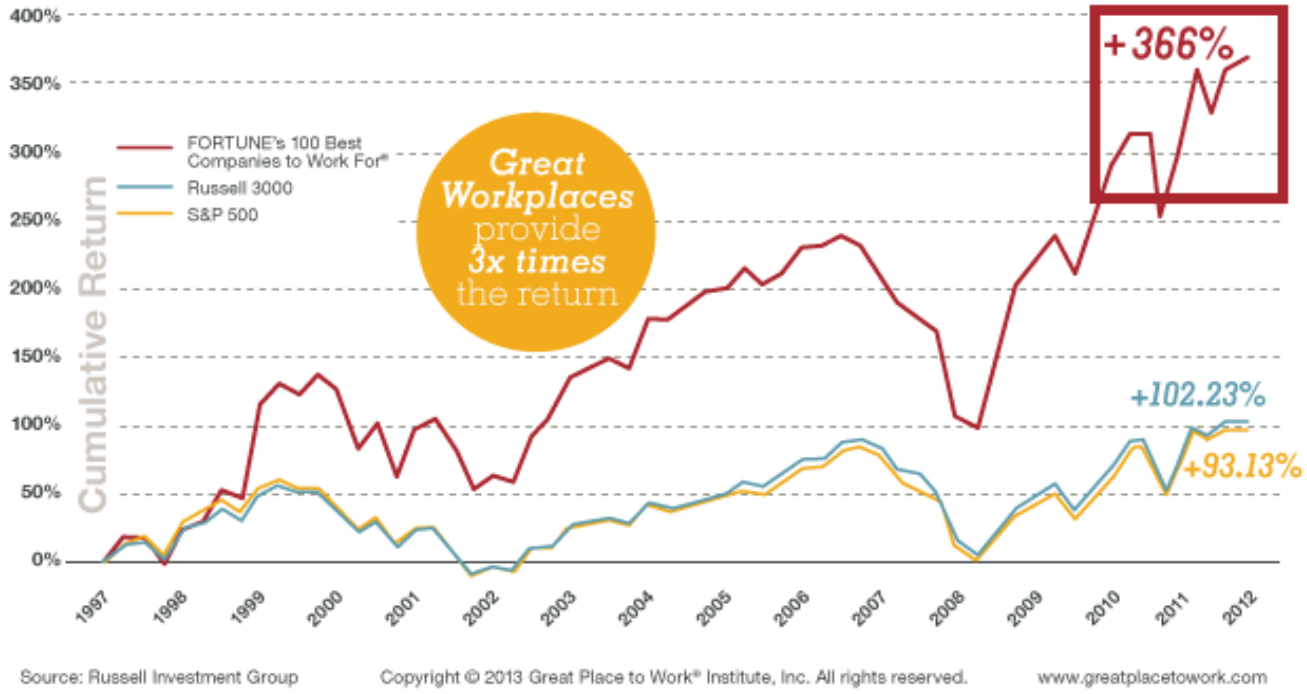
Building Trust 1-1 Builds Profits

Comparative Cumulative Stock Market Returns



Source: Russell Investment Group

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www.greatplacetowork.com

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And Now the Power of Leader Goals & Accountabilities

One hospital *held nurse managers accountable for retention* vs others that implemented programs; "Accountable" hospital nurse turnover down 41% vs. others stayed the same.

Recommendation: Hold clinical directors accountable for achieving retention goals

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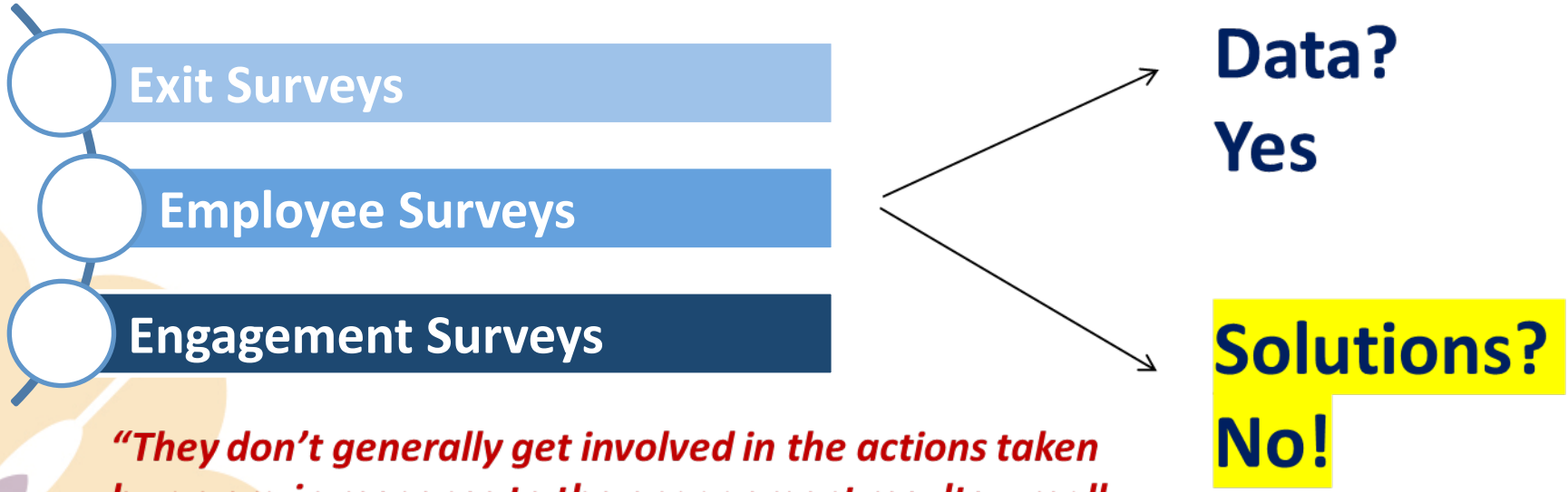
Surveys Bring Data, NOT Solutions



"They don't generally get involved in the actions taken by an org in response to the engagement results – really just delivery of the survey and then reporting."

Top Employee Survey Company Executive

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Costs > Goals > Accountabilities

Would Your CEO Care More About Engagement & Retention If Lost $s Were Included in Reports?

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Report Turnover in Dollar$!

Actual client turnover costs by job:

- ✓ Physician…$225,808
- ✓ Software engineer…$131,000
- ✓ Call center representative…$29,447
- ✓ Truck loader/unloader…$4,955

Cost per hire + lost productivity, not __% of annual pay

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Introducing The One & Only Engagement Calculator

The Source: *"Watson Wyatt analyses show that a significant improvement (one standard deviation) in employee engagement is associated with a 1.9 percent increase in revenue per employee."*

The Solution: *"The C-Suite Analytics Engagement Calculator is a welcomed, one-of-a-kind tool. Perhaps its greatest value is that it distinguishes managers who influence engagement from those who do not, in specific dollar values."*

Dr. Gary Borich, Ph.D
Endowed Fellow, Quantitative Methods Program
The University of Texas as Austin

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Benchmarks Build False Hope

Benchmark means *standard, average, mediocre…so* which statement drives more action?

CEO, our turnover is 19% and the benchmark is 20%

CEO, our turnover is 19% and it's costing us $7.9 MM each year

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How Many Establish Engagement & Retention Goals?

Engagement?
Turnover?
First-Year Turnover?
Hi Performer/Hi Potential Turnover?

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Who Is Accountable For These Goals?

Engagement

- ❑ HR?
- ❑ Top Management?
- ❑ Managers?
- ❑ No one?

Retention

- ❑ HR?
- ❑ Top Management?
- ❑ Managers?
- ❑ No one?

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The Engagement & Retention Goal-Setting Chart

Metric	Goal Methodology	CEO	Supervi-sors & Above	Top HR	HR Recruit-ers	New-Hire Trainers
Engagement						
All Turnover						
First-Year Turnover						
Hi Performers/ Potentials						

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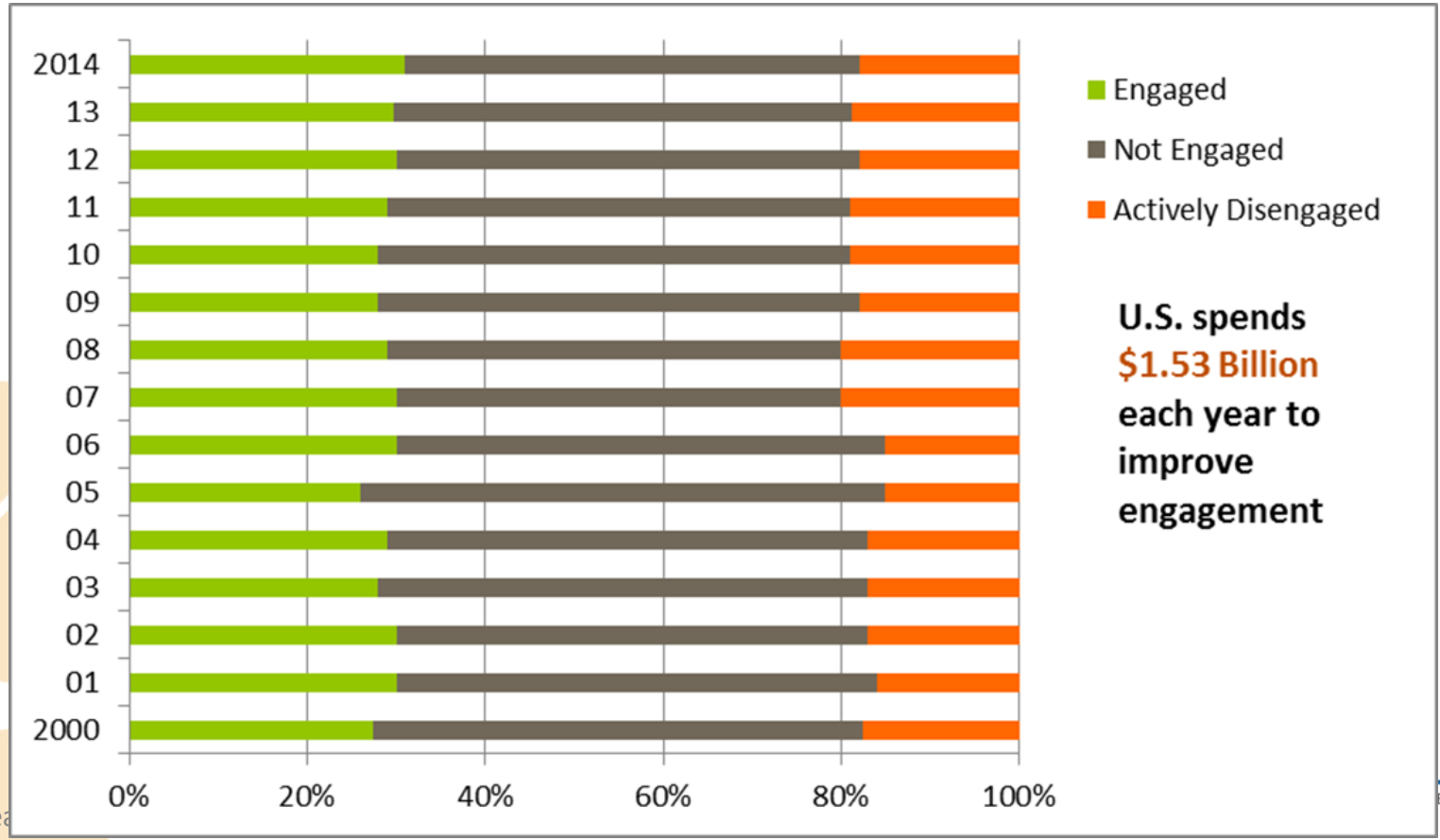
Engagement Stuck…per Gallup/Bersin



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Data to Consider for Engagement Goals

Engaged Employees **work with passion and feel a profound connection to their company.**

Not Engaged Employees **are essentially checked out…sleepwalking through their workday putting time—but not energy or passion—into their work.**

Actively Disengaged Employees **are busy acting out their unhappiness…undermine what their engaged coworkers accomplish.**

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Only The Top Box Counts!

If 9.3 engaged for every 1 disengaged,

147% higher EPS…

but if just 2.6 engaged for every 1 disengaged,

2% lower EPS

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The Engagement & Retention Goal-Setting Chart

Metric	Goal Methodology	CEO	Supervi-sors & Above	Top HR	HR Recruit-ers	New-Hire Trainers
Engagement	20% increase of top-box score	Yes	Yes	Yes		
All Turnover						
First-Year Turnover						
Hi Performers/ Potentials						

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Obstacle: Infrequency of Engagement Surveys

How often do you survey your employees?

- ❑ Once per year
- ❑ Less often
- ❑ More often
- ❑ We don't survey at all

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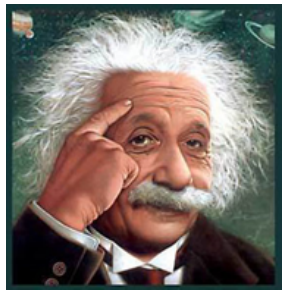
Idea: Survey Quarterly



Problem: Would you wait a year to re-survey your dissatisfied customers?

Solution: Track each managers' improvements by quarter vs by year

Because managers drive your engagement and retention!

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Data To Consider For Turnover Goals

1. Count ALL exits vs some

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Data To Consider For Turnover Goals

1. Count ALL exits vs some
2. Establish first-year goal against the tipping point

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Data To Consider For Turnover Goals

1. Count ALL exits vs some
2. Establish first-year goal against the tipping point
3. Base HiPers and Hipos on objective data vs performance reviews; no more than 25% total team

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Metric	Goal Methodology	CEO	Supervi-sors & Above	Top HR	HR Recruit-ers	New-Hire Trainers
Engagement	20% increase of top-box score	Yes	Yes	Yes		
All Turnover	20% decrease until turnover < 10%	Yes	Yes	Yes		
First-Year Turnover	20% decrease until turnover < 10%	Yes	Yes	Yes		
Hi Performers/ Potentials	Retain 95% each year	Yes	Yes	Yes		

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Fair for Recruiters & Trainers To Have Retention Goals?

Hilton

- ✓ 91-day meetings for recruiters, trainers, supervisors to achieve 75% retention goal
- ✓ ALL Turnover down 50% in four months

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Hi Performers/ Potentials	Retain 95% each year	Yes	Yes	Yes		

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Consequences When You Make/Miss Your Goal?

The same as when you make/ miss other top-5 goals…

- ✓ **Recognition/good things when you succeed**
- ✓ **Coaching/potentially worse consequences when you fail**
- ✓ **All conducted *reasonably***

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6 Steps For Communicating Goals to Managers

1. Provide engagement's & turnover cost$
2. Share leader power data
3. Show all E & R goals, tops-down
4. Tell HR's goals, too
5. Display report examples
6. Message delivered by CEO, not HR

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Time-Permitting: Discuss Goals With Neighbor

Agenda:

1. **Do these goals seem fair?**
2. **How will you influence your CEO to accept them?**

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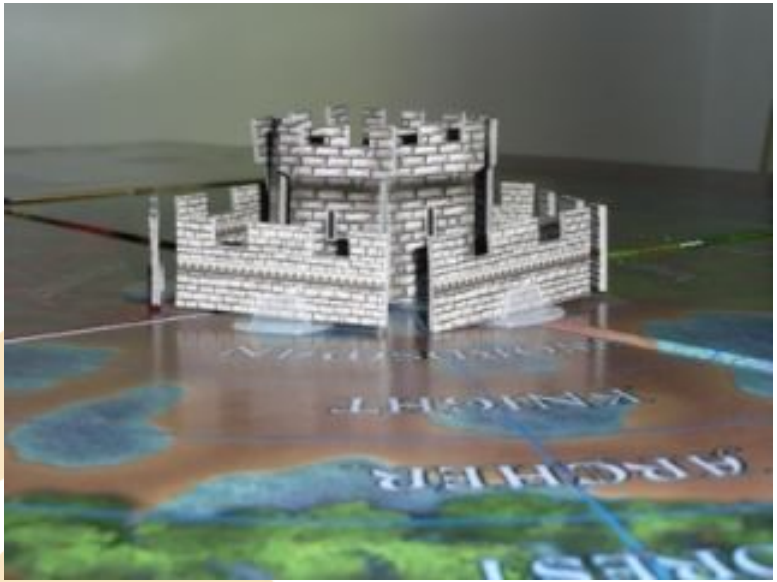
If Improving Engagement & Retention Means Conquering The Castle…



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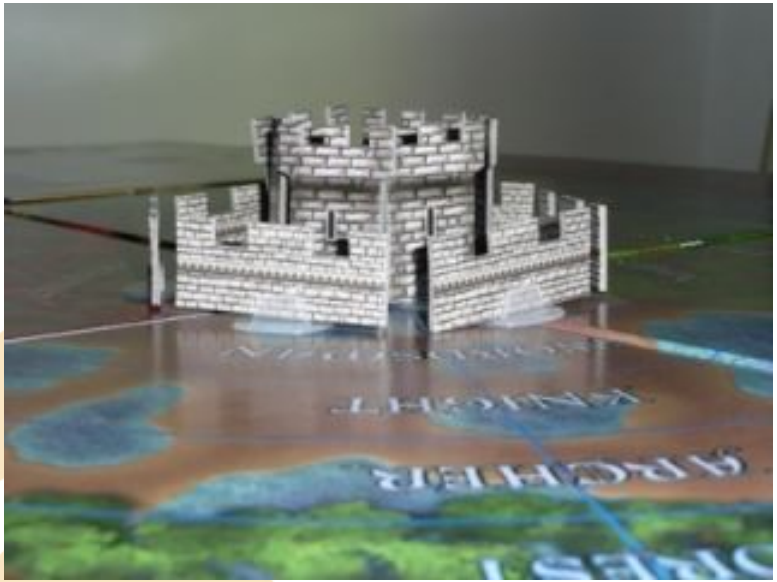
Beware of Creatures in the Moat!



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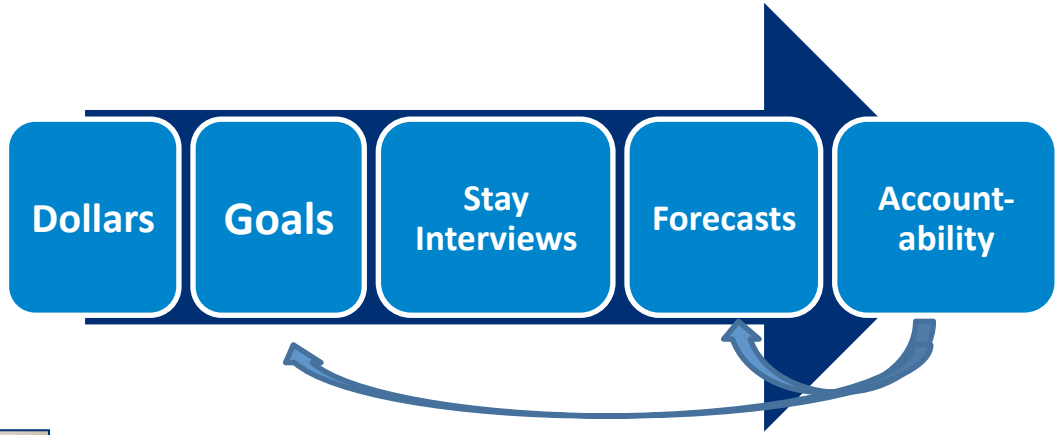
“Fresh-thinking for solving the turnover problem in any economy” …*BusinessWeek*



- ✓ Reduce Cost of Turnover
- ✓ Improve Employee Engagement
- ✓ Improve Revenue & Profitability

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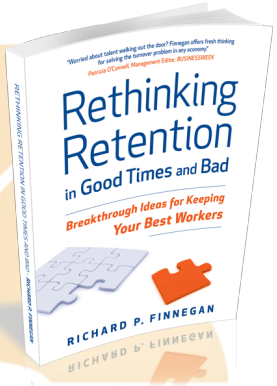
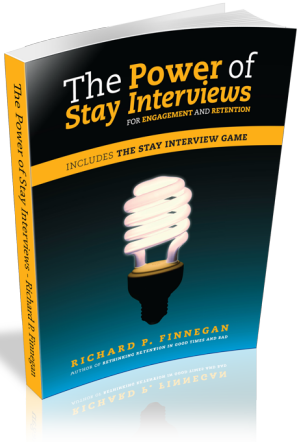
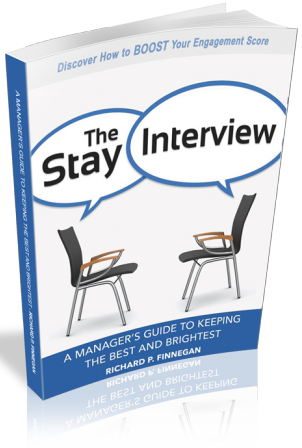
Tomorrow at 7 AM, Westgate Ballroom A

STOP Doing Exit Interviews
& START Doing Stay Interviews

Book Signings 8:15 AM Both Days







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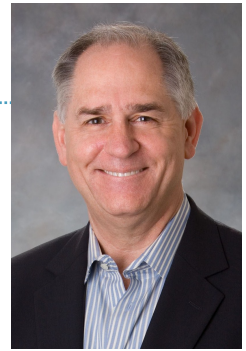
To Obtain



- ✓ How to Cost Turnover & Engagement
- ✓ Engagement Correlations to Productivity
- ✓ The Stay Interview Manager
- Training Game
- ✓ The Best Engagement & Retention Job Description

Please Give Me Your Business Card

Include # of Employees

DFinnegan@C-SuiteAnalytics.com

@Dick_Finnegan

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