



Employee Retention... A Core Business Strategy!



**Employee
Retention**

**NASWA LMI Director's Conference
October 12, 2006**

Connecticut Department of Labor Office of Research



Employee Turnover

Does your workforce look like this?



Or This?



*Most employees leave their jobs not because of money,
but rather their manager or supervisor.*



Why is a Good Manager Important?

A Good Manager:

- **Creates a workplace that attracts and retains talent**
- **Enriches and enlivens an employee's work**
- **Develops an employee's talents through diversified tasks**
- **Creates a work environment that is enjoyable and meaningful**
- **Develops a culture of loyalty**

Good managers understand what motivates their employees and make strategic decisions to proactively address these needs.



Reasons Why Employees Leave

- Managers' poor supervision
- Inadequate pay
- Lack of growth potential
- Job is not challenging
- Lack of recognition
- Unable to voice concerns
- No meaning to work
- Overwork
- Do not enjoy their job
- Work and life in-balance

If a manager does not identify the root cause of voluntary turnover, they risk falling into the never ending job of selecting and relocating employees hired to replace those they wished had never left.



Why is Voluntary Turnover on the Increase?

Today's workforce and workplace are changing:

- On average, a person changes jobs eight times during their lifetime
- Diversified economy (industries/occupations)
- Low unemployment creates more choices for employees
- Global talent shortage is expected for next 15 years
- In 2015, estimated U.S. worker shortage will approach 40 million
- Downsizing has created a “free agent” mentality among employees
- Increased emphasis on work-life balance



The most popular log-on time for job search sites such as Monster.com is between 9am and 5pm.



The Cost of Employee Turnover

Direct Costs:

- Search firms, Sign-on fees
- Advertising
- Interviews
- Testing/Screening
- Training
- Experienced Staff

Indirect Costs:

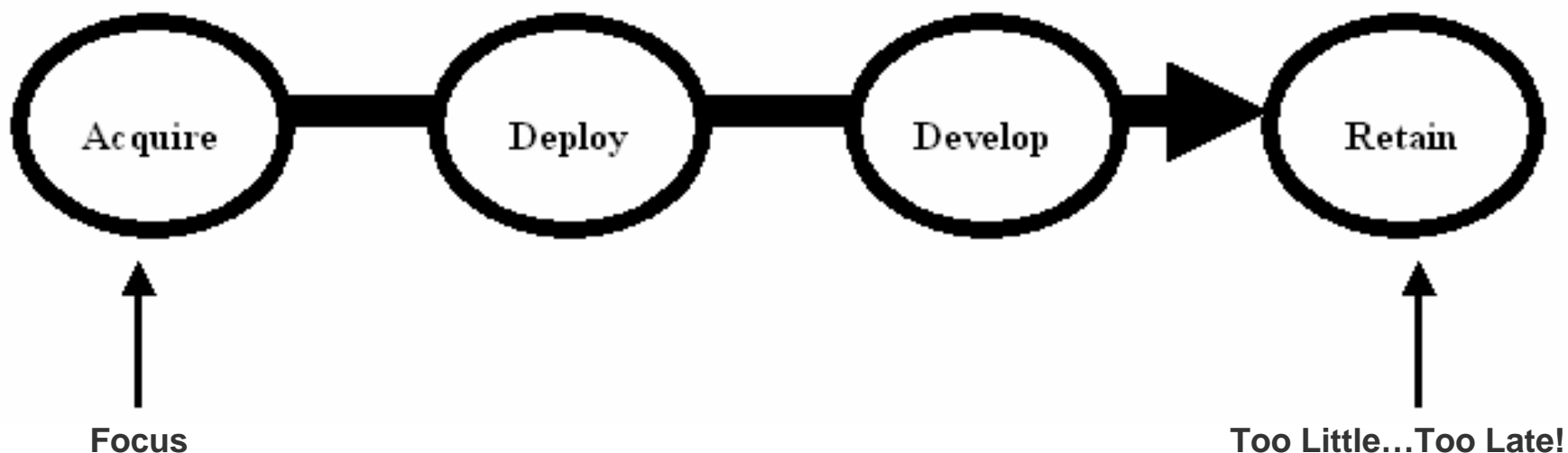
- Delay in Production & Services
- Increased Employee Errors
- Dissatisfied Customers
- Reduced Morale/Commitment
- Inexperienced Replacement Staff
- Overworked Staff



The loss of one employee costs 1 to 2 times the average salary and benefits of that one employee.



How Traditional Management Processes Fail



Traditional management processes focus almost exclusively on recruitment and limited retention activities, as a result of continuously losing key employees.

Placing emphasis solely on recruitment fails to address the causes of employee voluntary turnover.



Common Employer Mistakes

- **Never understand the reason employees leave**
- **Compelled to feverishly work at filling positions**
- **Fixated on tangible items (money and benefits)**
- **Once recruited, employees are forgotten**

In a “typical” organization:

- **25% of work force is engaged in their work**
- **60% are reliable contributors to the norm**
- **15% are actively disengaged**



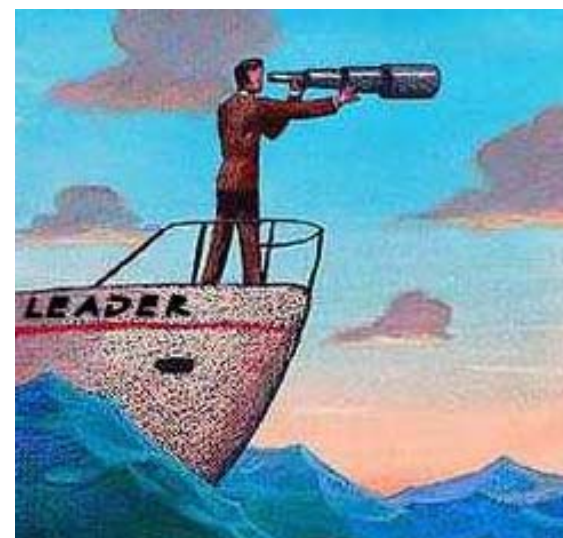
Many managers do not believe they have the power to hang on to their best and brightest employees.



Aligning Talent and Employee Interests – A Shift in Focus

- Identify roles & employees critical to the company's performance
- Understand the external job market, where skills are in short supply
- Establish growth plans and projects
- Identify skill gaps that can negatively impact objectives
- Define a talent management process that supports current employees

Managers should concentrate on the “big picture” by aligning their business activity with the interests of employees and with the needs of their customers.



Connecticut Department of Labor Office of Research



Retention Issues at State Workforce Agencies

- Federal and State budget decreases
- Federal and State administration changes and shifting policies
- Agency reorganizations
- Differing attitudes and objectives of the emerging workforce
- Changing/expanding customers and work expectations
- Complex workforce system
- Improving economy



Complicated operational and financial issues plaguing Federal and State agencies limit the time managers have to give direction to and coach their employees.



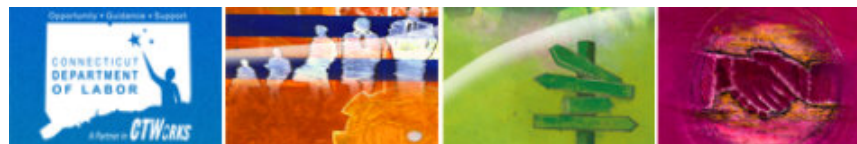
Retention Strategies

- Elevate engagement and talent development to core business practices
- Develop supervisors as retention owners
- Emphasize participative leadership style to engage and empower workers and build a unifying cause
- Consistently communicate goals, strategies, and successes
- Monitor skills of workers and create succession plans to address exiting/retiring employees



A company's success depends on keeping the best people.

Connecticut Department of Labor Office of Research



Retention Strategies

- Identify and challenge knowledge-based staff
- Facilitate ongoing knowledge development
- Reward through involvement and recognition
- Encourage innovation



Range of Opportunities:

- *Workforce development*
- *Economic development*
- *Education & training*
- *Program management*

Variety of Responsibilities:

- Database management
- Information delivery systems
- Public speaking
- Product design & marketing

Diversity of Products & Services

- *Economic forecasting*
- *Economic impact analysis*
- *Supply-demand analysis*
- *Geographic mapping*
- *Career exploration*
- *Outcome evaluation*
- *Performance measurement*
- *Survey research*

Connecticut Department of Labor Office of Research



How do you want your workforce to look?

Like This?



Or This?



The success or failure of an organization is increasingly determined by its ability to keep its best people.

**Connecticut Department of Labor
Office of Research**



***Employee Retention...
A Core Business Strategy!***

