

## EMPLOYEE OVERBOARD!

***Not worried about the talent shortage? Watching the company's stock price but not employee retention statistics is about as useful as a ship captain watching for icebergs—behind the boat.***

We knew it was coming. I talked about it in this very column nearly two years ago, and the human resources experts forecasted it years before that. I'm talking about the talent crisis, which has, in fact, proven itself more menacing than predicted. We're not just short on talented workers, but workers in general. No wonder many organizations are starting to panic.

To call the shortage a crisis is not overstating the issue. An employees' market means it's easy for employees to change jobs, and company loyalty is becoming a thing of the past. Employee attrition has risen 25% in the last five years—14% among clerical workers, 12.5% among professionals, and 5.5% among managers. Average costs to the organization are 18 months' salary for every professional who leaves and 6 months' pay per hourly employee. So a company with 250 employees earning an average annual salary of \$35,000 can look forward to losing \$1 million over the next year thanks to attrition alone. That's not even factoring in the burden placed on employees left behind, many of whom may start thinking about jumping ship too, if they haven't been already. With rising attrition chipping away at profitability, watching the company's stock price but not employee retention statistics has become about as useful as a ship captain watching for icebergs—behind the boat.

High employee retention rates is no longer simply desirable; it should be an essential part of every organization's strategic plan—perhaps the most important part. What good are plans for diversification, expansion into foreign markets and new product lines if you don't have the people to execute them? Organizations that go out of their way to keep their employees will have a critical advantage over their competition. How do you get that critical advantage? First, start measuring. How many people are you losing now? Who else is at risk? What's causing exodus? Collect hard data, set benchmarks, and include retention numbers in your company's objectives. Remember, we pay attention to the things we measure.

Once you have a sense of what's happening, you can focus on improving the numbers. This means understanding and internalizing what keeps employees committed to an organization. Contrary to popular belief, it's not compensation, benefits or exciting opportunities. While great for attracting employees to an organization, these things contribute little to ensuring they stay. The fact is, people don't leave their organizations—they leave their bosses. Emotionally unintelligent, out-of-touch managers put an organization at risk. Firing every sub-par manager is not an option (the worker shortage's catch 22). Instead, organizations need to cultivate and reward supervisors for great leadership. Invest in their development, give them the skills they need to do their jobs, and make retention part of their performance objectives.

Not so fast, executives. Studies tell us senior leadership behaviour has a significant impact on employee engagement and, thus, retention. Employees tend to stay in organizations with senior leaders who are visible and communicative, and who demonstrate that they care. We tell our employees they are the organization's greatest assets, but do we really mean it? According to a recent survey by Towers Perrin, only 6% of employees believe their senior managers do. While external pressures are immense, the retention crisis demands leaders pay attention to the organization's insides. Executives who spend all their time flying to meetings, talking to investors and shareholders, and ignoring their employees make it easy for employees to disengage too. What can you do if you're a senior leader? Spend time with your employees, listen to them, invest in them. They are a truly precious resource; treat them accordingly.

Much of what I'm talking about here can be accomplished through leadership development. Such programs teach the leadership skills managers need to foster engagement and loyalty, show employees that you care about them, and build enduring relationships across the organization. I'm working with a large resource company that has put their frontline supervisors on an 18-month leadership development program. The supervisors tell me time and again how grateful they are that the organization has invested in them this way. Since the program's start, not one of them has left.

Any crisis requires that we think and act differently; crisis tells us the old ways just don't work anymore. Do your people practices match your words? The current shortage of workers means organizations can no longer afford to pay mere lip service to employees. Value. I've heard a lot of leaders say people are the greatest asset of their organization. It's time we all started believing it.

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