

Employee Retention

The Employment Life Cycle

Retaining quality, productive employees is key to business success. Salaries and benefits can impact retention and productivity. But often it is the non-financial factors that have the greatest impact, particularly for entry level and hourly employees. This paper looks at employment as a process: from recruitment to termination, from start to finish.

Let's call this process the Employment Life Cycle, defined as:

- Recruit
- Hire
- Orientate
- Train
- Advance
- Coach and Discipline
- End Employment

Below are some of ideas for improving each step in the process. As you review the notes below, think about how well your company is doing. Then rate your performance on the checklist.

- ◆ **Recruit quality job applicants:** Do you get acceptable or unacceptable applicants for job openings? Maybe you are not drawing applicants from the right sources. Get connected with the social groups that might include applicants that meet your job requirements. For your area that might be schools, sports teams, community events, local charities, etc. For your industry it might be trade associations, conferences, user groups, etc. Encourage your employees and loyal customers to make referrals. A good test of how you are doing as a desirable place to work is: do current employees recommend that their friends apply for a job? Or suggest possible recruits?

- ◆ **Hire the right person for the job:** A key to proper hiring is to match job requirements with the applicant's capabilities. Have a well defined description of the job and specific duties. If the job includes cleaning restrooms, make sure the applicant knows that. If you make the hire, and the new employee is surprised by

the actual duties, you will have high turnover. It is helpful to use certified applicant testing and appropriate background checks as tools to help make quality hiring decisions.

- ◆ **Provide meaningful job orientation:** Some employers do not provide any sort of orientation, especially for hourly employees. At the very least give all new employees a tour of the facility, introduce them to all other employees, and educate them on the company, its history, operating philosophy, and mission. And as soon as possible after the employee starts a "higher up" in management should stop by and welcome the employee.

Related to orientation, is your on-boarding easy and error-free so the first pay check is correct and on time?

- ◆ **Provide appropriate training:** There are many models for training employees such as a central training facility, on-the-job, professional development seminars, tuition reimbursement, and on-line programs. Which model is best depends on the company size, geographic dispersion, job requirements, and system capabilities. But all new employees should understand what the training will be, what they will know when the training is done, and when the training will happen.
- ◆ **Provide advancement and/or personal growth opportunities:** Many entry level employees do not plan on a life long career at a company. However, new employees should understand the career path opportunities. For smaller companies, where there is little or no opportunity for advancement, be sure employees have a chance to grow personally. For example, cross train employees so they all can perform do several jobs in the store and/or get them involved in community activities supported by the company.
- ◆ **Provide coaching and discipline:** We all make mistakes and have an opportunity to learn on the job. But, you need a process for disciplining employees when needed. Firms that have low turnover also have managers who know how to coach employees to improve their performance. Retention is strongly related to the relationship with the boss. That relationship can be strengthened if the boss knows how to discipline and coach.

- ◆ **Properly end employment:** Sometimes employment is ended voluntarily, sometimes employees are fired. Either way, you need a method for ending employment that is not only legal¹, but also builds your firm’s reputation as a fair and ethical employer. For voluntary “terminations”, conduct exit interviews and truly try to learn what you can do to make good employees even more loyal to your firm. Part company on good terms so the former employee will want to refer others to work at or buy from your company.

And much like a new hire, is the paperwork and wrap-up easy and error-free?

Another secret to improving retention is to talk about it with line managers. Let them know what the turnover rate is, and together set turnover reduction targets. But goals without out a plan to achieve them not only waste time, but also create frustration. Complete the checklist. Then, to reduce costly turnover develop and implement plans to improve the “weak links” in your company’s Employment Life Cycle.

Employment Life Cycle Checklist					
How would you rate your firm’s “Start to Finish” employment process?					
<i>Think about each statement below and rate your company’s current performance. Then take action to improve the areas where you are not doing well.</i>					
Our ability to:	Poor	□	Good	□	Excellent
Recruit quality job applicants.	□	□	□	□	□
Hire the right person for the job.	□	□	□	□	□
Provide meaningful job orientation.	□	□	□	□	□
Provide appropriate training.	□	□	□	□	□
Provide advancement and/or personal growth opportunities.	□	□	□	□	□
Provide coaching and discipline.	□	□	□	□	□
Properly end employment.	□	□	□	□	□

¹ Check with your labor law advisor(s) to insure all your employment policies and procedures comply with laws and regulations.