


# Best Practices in Retaining Talent

Jana Cinnamon  
Talent Management Director  
Abdo, Eick & Meyers, LLP



**People  
+ Process.**  
**Going  
Beyond the  
Numbers**

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Today, on average, people stay at  
their jobs for **4.4 years.**

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91% of Millennials expect to stay  
in a job for **less than 3 years.**

# Understanding Turnover

- Costs of turnover
- Benefits of turnover
- Types of turnover
- Tracking turnover

## Turnover is costly

Research estimates direct replacement costs as high as **50%-60%** of an employee's annual salary, with total costs associated with turnover ranging from **90%-200%**.

# Turnover Costs - Financial

- HR staff time
- Manager's time
- Accrued paid time off
- Temporary coverage (contingent employee, overtime for remaining employees)

## Turnover Costs - Other

- Delays in production and client service; decreases in product or service quality
- Contagion (other employees decide to leave)
- Disruptions to team-based work
- Loss of workforce diversity

# Turnover Costs – Replacement Costs

- Recruitment costs
- New hire's compensation
- Hiring inducements
- Hiring manager time



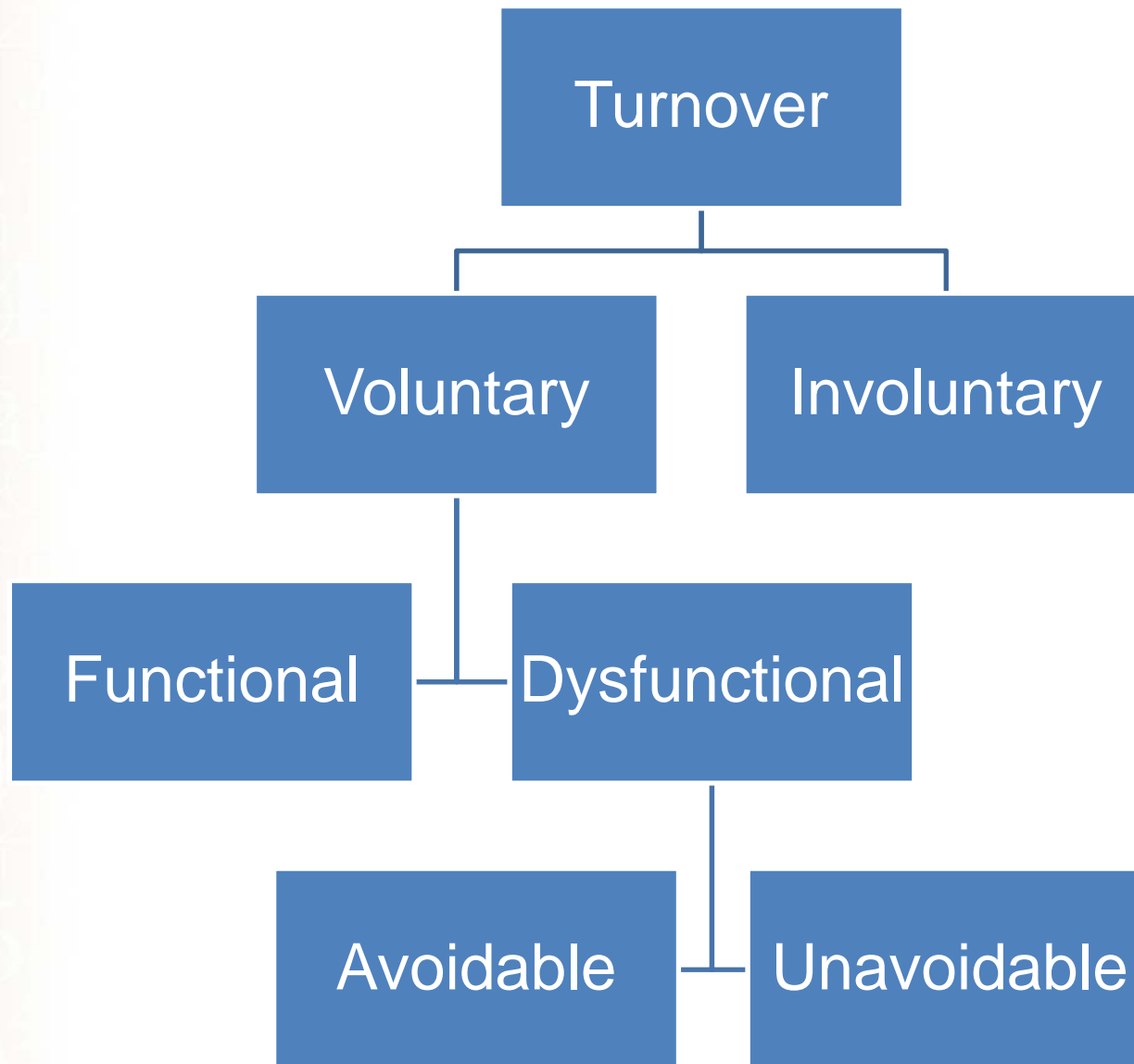
# Turnover Costs – Training Costs

- Formal training (time, materials, equipment)
- On-the-job training (supervisor and employee time)
- Socialization (other employees' time)
- Productivity loss until replacement has mastered job

## **Not all turnover is bad**

- Increased team performance
- Reduction of team conflict
- Increased opportunity for staff growth
- Innovation and adaptation

# Types of Turnover



# Involuntary vs. Voluntary

- Involuntary turnover
  - Turnover initiated by the organization (often among people who would prefer to stay).
- Voluntary turnover
  - Turnover initiated by employees

# Functional vs. Dysfunctional

- Dysfunctional turnover
  - High performers
  - Employees with hard-to-replace skills
  - Departures of women or minority group members that erode diversity of your workforce
  - Turnover rates that lead to high replacement costs
- Functional turnover
  - Low performers
  - Employees whose talents are easy to replace

# Avoidable vs. Unavoidable

- Avoidable turnover
  - Stems from causes that the organization may be able to influence
  - Example: Employee leaves because they are feeling not challenged by the role.
- Unavoidable turnover
  - Stems from causes over which the organization has little or no control
  - Example: Employee leaves because of health problems.

# Turnover Rate

Calculate turnover rate over a certain time period.

$$\text{Turnover Rate} = \frac{\text{Number of employees leaving}}{\text{Average number of employees}} \times 100$$

# Identify “Turnover Hotspots”

- Track types of turnover
  - Voluntary vs. Involuntary
  - Functional vs. Dysfunctional
  - Avoidable vs. Unavoidable
- Other things to track
  - Part-time or full-time
  - Job category
  - Job level
  - Location
  - Tenure



# Example of Tracking Turnover



	2015				2014				2013			
	Involuntary	Voluntary Dysfunctional (Unwanted)	Voluntary Functional (Desirable)	Hires	Involuntary	Voluntary Dysfunctional (Unwanted)	Voluntary Functional (Desirable)	Hires	Involuntary	Voluntary Dysfunctional (Unwanted)	Voluntary Functional (Desirable)	Hires
<b>EDINA TAX</b>				8				13				6
Less than 2 years		1				1			1			
2-5 years						1				1		
5+ years	1		1		1					1		
<b>EDINA AUDIT</b>				1				5				1
Less than 2 years		1				1						
2-5 years												
5+ years												
<b>MANKATO TAX</b>				6				1				5
Less than 2 years		1								1		
2-5 years												
5+ years		1	1								1	
<b>MANKATO AUDIT</b>				1				1				2
Less than 2 years		1				1					1	
2-5 years												
5+ years									1			
<b>ADMINISTRATION</b>				1				1				2
Less than 2 years						1						
2-5 years		1				1				1		7
5+ years			1		1	1		1			2	
	1	6	3	17	2	7	0	22	1	5	2	23

TOTAL HEADCOUNT	TOTAL	Net (Loss) or add	Turnover %
2015	128	7	8%
2014	122	13	7%
2013	101	15	8%

# Recruiting, Training, and Retention

- Investments in recruiting and training can improve turnover

# Importance of Culture in Recruiting Process

- The basic purpose of recruiting is to find a mutually agreed cultural fit.
- When the candidate gets on the job...
  - Right-fit = engaged
  - Wrong-fit = disengaged
- Employee engagement is the primary driver of short and long-term employee retention

# Importance of Culture in Recruiting Process

- Cultural immersion starts at the very beginning of the recruitment process
  - Job fairs, online job postings, website all showcase your company's distinct personality and values
  - Take pride in your culture and understand that it is not a “one size fits all.”

# Importance of Culture in Recruiting Process

Your **RECRUITER** must embody the culture you are hiring for.

# Importance of Culture in Recruiting Process

Treating candidates how you want your clients to be treated is an effective way of  
**DEMONSTRATING DESIRED  
BEHAVIORS.**

# Importance of Culture in Recruiting Process

The candidate must gain a deep understanding of the company culture/values so that he/she will **SELF-SELECT IN OR OUT** depending on whether or not the culture feels right.

# Onboarding Matters

According to a 2012 Allied Workforce Mobility Survey, **within a year, employers lose nearly one-quarter of new hires** while another one-third do not satisfy productivity targets.




# Effective Onboarding

Too many orientation programs focus more on **PROCESS** than on **CULTURE**.

Cultural immersion should continue from recruiting process to build pride and commitment to organizational values.



## “Welcome” Survey

- Effective onboarding programs will include regular check-ins at 30 day intervals
- New employees decide within 6 months on the job whether they will stay or not
- Welcome survey & interview 
  - Uncover training needs
  - Address relationship gaps
  - Understand why new hire chose your organization
    - What’s important to employee
    - What is resonating with prospective employees

# Targeting Your Retention Strategies

- Develop strategies through a better understanding of your turnover
  - Ideas to implement now

# Types of Turnover & Retention

**Employee Choice**

Intention to  
leave voluntarily

**Functional  
Turnover**  
Undesirable Employee  
Quits

**Dysfunctional  
Turnover**  
Desirable Employee  
Quits

No Intention to  
leave voluntarily

**Dysfunctional  
Retention**  
Undesirable Employee  
Remains with  
Organization

**Functional  
Retention**  
Desirable Employee  
Remains with  
Organization

Low Performance

High Performance

**Employee Contribution**

# Dysfunctional Turnover

## Dysfunctional Turnover

Desirable Employee  
Quits

### What to do when a desirable employee quits:

- Make sure employee leaves on a positive note
- Develop your alumni network
  - Boomerang employees
  - Referrals
- Employee communication. Don't diminish the effect of someone's departure.



# Understanding Your Turnover

## Dysfunctional Turnover

Desirable Employee Quits

- **Exit Surveys**

- Send in advance of exit interview
- Use software/system to track survey results and monitor trends by turnover type (dysfunctional vs. functional), employee group, etc.

- **Exit Interviews**

- Conducted by HR or non-supervisor
- Use survey feedback to guide discussion and ask 2<sup>nd</sup>/3<sup>rd</sup> level questions



# Understanding Your Turnover

## Dysfunctional Turnover

Desirable Employee Quits

- **Post-Exit Surveys/Interviews**

- Challenge: Employees may find it difficult to be objective and candid in exit interviews.
- Opportunity: Consider using post-exit survey to collect similar information some time after an employee has left your organization.



# The Top Five Predictors of Turnover

1. The immediate manager
2. Poor fit to the job
3. Coworkers not committed to quality
4. Pay and benefits
5. Connection to the organization or senior management



# **Predictor of Turnover: The immediate manager.**



Make sure your best sheep have your best shepherds.

A manager's job performance should be evaluated on their effectiveness in managing people.

Danger zones: Unclear expectations, lack of advancement opportunities/investment in employee, failing to provide adequate resources

## **Predictor of Turnover: Poor fit to the job.**

A key driver of employee engagement is having the opportunity to do what they do best every day.

What does “what they do best” really mean?  
Have employees create a “Love and Loathe”  
task list.



**Predictor of Turnover:  
Coworkers not committed to quality.**

Behavior that is **permitted** is behavior that  
is **promoted**.

High performers leave when subpar  
performance is tolerated.

**Dysfunctional  
Retention**

Undesirable Employee  
Remains with  
Organization

# Predictor of Turnover: Pay and benefits.

Challenge: Employees can almost always get a job somewhere else that will pay more.

Opportunity: Provide benefits that would be hard to find somewhere else.

*Flexibility, Paid Time Off, Bonus Plans, Office Environment, Technology, Child Care, Food/Meals, Concierge Services*



**Predictor of Turnover:  
Connection to the organization or to senior  
management.**

Employees want to feel a connection to the organization's mission, purpose, and leadership.

Employees know what you do and how you do it, but why do you do it?

Leaders must be woven into the fabric of the organization.

# Why Employees Stay

## Functional Retention

Desirable Employee  
Remains with  
Organization

Exit and post-exit data collections focus on why employees have left. You need to be equally, if not more, interested in what is causing employees to stay at your company.

**Stay interviews or focus groups** can help drive targeted retention strategies.

# Stay Interviews

## Functional Retention

Desirable Employee Remains with Organization

- A **stay interview** is a one-on-one interview between a manager and a valued employee.
- **Goal:** To learn what makes employees want to keep working for you, or to find what might make key employees leave.
- **Best Practice:** Conduct once a year during slow business period. Conduct all interviews with key employees within weeks of each other to identify common themes and implement change.



# Stay Interviews: Questions to Ask

## Functional Retention

Desirable Employee  
Remains with  
Organization

- What do you look forward to when you come to work each day?
- If you could change something about your job, what would that be?
- How do you like to be recognized?
- What talents are not being used in your current role?





# Stay Interviews: Questions to Ask

## Functional Retention

Desirable Employee  
Remains with  
Organization

- What would you like to learn here?
- What can I do to best support you?
- What might tempt you to leave?



# Current Employee Focus Groups

## Functional Retention

Desirable Employee  
Remains with  
Organization

Most effective focus groups center on the employees whom your organization is most interested in retaining and are conducted by a neutral party.

Provide a deliverable from the focus groups.

*“Don’t ask my opinion if you’re not going to do anything about it.”*



# Best Practices

- Build strong relationships
  - Set clear expectations
- Show a commitment to employee development
  - Demonstrate recognition and appreciation

# Management's Role

- Build a strong relationship with his or her direct reports, and within team
- Set clear expectations
- Show a commitment to the employee's development
- Demonstrate recognition and appreciation

# Build Relationships through One-on-Ones

“One-on-one meetings are “the most common thread of all *exceptional* managers.”

# One-on-One Meetings



- **Regularly scheduled** meetings between a manager and his/her direct report
- Provide an **uninterrupted** private time to receive and discuss the report's project status
- Provide a vehicle for **personalized feedback and mentoring**
- Time is focused on **meeting the individual needs** of the direct report while at the same time providing timely and accurate status to the manager

## Build Relationships

- The more connections or “links” an individual has to his or her co-workers, the more difficult it is for an employee to leave
- How are you encouraging relationship building within your company?
  - Gathering spaces
  - Fun events
  - Playing “matchmaker” in the onboarding process by assigning a “buddy”



# Set Clear Expectations

- Set basic expectations for how you will work together
- Be clear on performance expectations
  - What does success look like in this role?
- Provide feedback regularly to let employee know if they are or are not meeting expectations
  - How will I know I am being successful?
  - How can I improve?



# All About Jana Cinnamon



- **Born and raised in Bloomington, Minnesota**
- **Family:**
  - **Husband** – Dan, IT Consultant
  - **Daughter** – Sadie (8)
    - Loves cheerleading, piano, singing
  - **Puppy** – Rosie
- **Hobbies/Interests:** Photography, Baking, Traveling, Volunteering with the March of Dimes

## A few of my favorite things...

- Favorite Food? Chinese
- Favorite Color? Pink
- Favorite Music? Almost anything!
- Favorite Restaurant? Broder's
- Favorite Candy? Heath Bar
- Favorite Store? Target
- Favorite Sport? Football

## Things my co-workers should know...

- I don't mind being interrupted!
- I prefer talking over emailing, but a follow-up email never hurts
- I prefer to eat lunch away from my desk so I always welcome a lunch invite!
- I like to laugh and joke around
- My husband travels a lot for work

*Let no one ever come to you without leaving better and happier.*

## What you can expect from M&E:

- I will meet with you weekly to check-in on your workload, projects, development
- I will provide you with regular feedback, both positive and constructive, on your performance
- I will regularly provide firm and department updates
- I will support your continued growth and development in the firm
- I will schedule our game plan, performance review meetings



"There is only one way to avoid criticism: do nothing, say nothing, and be nothing."

- Aristotle

## What I expect from YOU:

- Come to our weekly meetings prepared
- Offer solutions, not complaints
- Be willing to give and receive feedback
- Let me know what other things I can be doing to best support you
- Be candid, yet be respectful
- Let me know in advance if you are unable to make a weekly meeting and we will reschedule

**SOMETIMES  
YOU WIN,  
SOMETIMES  
YOU learn.**

*Comfort is the enemy of achievement.*

# Show a Commitment to Employee Development



- Implement Individual Development Plans (IDP)
  - An IDP is an individually tailored, written plan developed by an employee and his or her manager to outline the employee's development objectives and the developmental activities (action plan) for achieving these objectives.

CAREER GOAL	SPECIFIC DEVELOPMENT ACTION ITEMS	TIMING
What is the goal or development area?	<ol style="list-style-type: none"><li>1. Activities/projects to pursue with current assignment</li><li>2. Networking or meetings you need to have</li><li>3. Online or in-person classes you want to pursue</li><li>4. Identify types of work or projects to meet this goal or develop this skill</li><li>5. How to leverage current strengths</li></ol>	Due date(s)
GOAL ONE		

# Recognition and Appreciation



- Avoid cookie cutter recognition programs and opt for personalized recognition
- Ask your employees (individually) how they like to be recognized
- Keep track of their “favorite things”
- Set appreciation budget for manager for each direct report and encourage using the \$

Questions?

**ABDO, EICK & MEYERS<sub>LLP</sub>**  
**[www.aemcpas.com](http://www.aemcpas.com)**



Jana Cinnamon  
Talent Management Director  
[jana.cinnamon@aemcpas.com](mailto:jana.cinnamon@aemcpas.com)  
(952) 715-3007