

# WORKFORCE MANAGEMENT

## Employees, the Key to Company Performance

Your company's success is inexorably tied to the employees that it hires. Your people are the source of your strategies, marketing, sales, and competitive advantage. Given their importance, active management of employee quality, productivity, loyalty and retention are vital to the achievement of business success.

To overcome the exigencies of the current economic climate, many companies have tried to improve their bottom line by downsizing, outsourcing, freezing pay and reducing benefits. Unfortunately, these cost reduction efforts frequently have unintended consequences often resulting in increased employee stress, lower morale and decreased productivity. In fact, a study conducted by the Department of Labor Statistics found that immediately following an organizational change, the productivity of existing employees actually drops as much as 3.6 hours a day.

As the economy recovers, companies that made additional demands on their employees will have to confront a serious problem. Employees who became resentful of the company's cost cutting measures, but who were loathe to leave during tight job market, are now likely to begin aggressively exploring their options. If nothing is done to intercede many may leave their jobs. Worse, often the first people to leave will be the employees that have the greatest value on the open market - those whom you value the most.

*Employee dissatisfaction created during the current recession threatens to generate increased turnover, decrease productivity and damage corporate performance.*

Losing employees results in many direct costs including: recruiting, hiring and training the new employee, as well as the increased levels of supervision those new employees require. The total harm to your company, however, is greater still. Customer service is frequently disrupted, existing staff are required to pick up the slack by covering for the lost employees, and then to help support the new hires. This puts even greater levels of stress on a group of already overburdened employees. The result is reduced

morale, increased absenteeism and the potential for additional employee loss. Additional damage will come from the loss of experience, continuity, “corporate memory” and the resulting reduction in the effectiveness of existing teams and working relationships. Clearly, something needs to be done to prevent this from happening.

## Why Employees Leave

Employee retention requires focusing on your employees, understanding their needs, and the issues they have. However, accomplishing this is not an easy task. One of the main ways companies have to understand these issues is the exit interview. The problem is that exit interviews rarely provide real answers.

The reasons most often mentioned in these interviews are Money, Promotion, Career Change, Better Working Conditions, and Lack of Development. However, these are often merely surface rationalizations. The real reasons for looking for a new position and ultimately for leaving a job are more often:

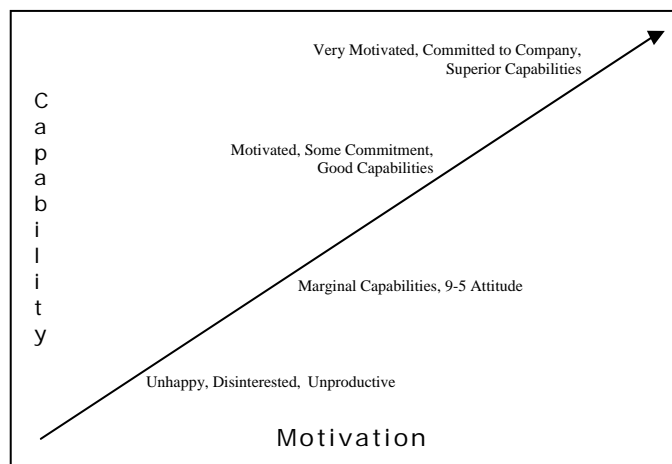
*The single most important factor in employee development, loyalty and retention, is the relationship between the employee and their performance manager.*

- Poor relationship with manager
- Inability to use their capabilities
- Inability to impact companies goals
- Frequent reorganizations
- Inability to develop skills and capabilities
- Misalignment with company values
- Inability to balance work and rest of life
- Money/benefits

But, the reasons for leaving are unique for each company, and may even differ within a company – by division, group, etc. To develop an effective employee retention program, you must fully understand your employees, your company, and how they fit together.

## Effective Employee Management

You can best understand your company's by viewing them on a continuum. At the top you find employees with exceptional skills who are totally committed to the company. In the middle are individuals with good skills and a desire to do what is requested of them, but who lack a real sense of ownership and commitment to the company. Finally, at the bottom are unhappy and disinterested people who are just filling a seat and who often spread discord throughout the company.



***If you doubt the value of reducing employee turnover, just stop and compute the cost of replacing your key employees with comparable people.***

An efficient, successful organization develops the ability to retain and develop employees at the top of this continuum, trains and motivates those in the middle so as to move them toward the top, and eliminates those at the bottom replacing them with higher functioning employees.

Skills and capabilities can be developed and enhanced through training. However, this is a difficult and costly process that should be limited to those employees that have the most potential and not wasted on those who are unmotivated or unproductive.

Enhancing motivation is more complex and difficult. Careful mentoring of your top employees, providing judicious praise, rewards for performance, and promotions can greatly enhance their drive and effectiveness. Additional ways employee motivation can be enhanced include:

- Effectively utilizing their skills and talents
- Giving them appropriate levels of autonomy and independence
- Providing a challenging environment together with provisions to help them succeed in meeting these challenges
- Providing training to improve skills and capabilities
- Creating a sense of their being a valuable contributor to the company
- Creating a sense of security

***Understanding your employees, their needs and the factors that may affect their retention is essential in developing an employee strategy that will help you keep your most valuable resource.***

Often companies try to get the “big picture” by utilizing a narrowly focused formal performance review process - assessing the employee, with goal setting, performance evaluations, and personal discussions. This process, however, is not sufficient to this task.

For one, this entire process is generally assigned to the “Performance Managers”, who are responsible for supervising, evaluating and motivating their direct reports. However, these individuals are often: insufficiently trained, have a large number of direct reports, and have professional responsibilities that distract them from this critical process. To further complicate the situation, it is unlikely that the employee will be totally forthcoming since their salary increases and bonuses are tied to the process. In addition, companies rarely give the people-management process the priority that it deserves. Thus, the process is often perceived as a bother and treated mechanically.

To ensure success, it is essential for the company to gain a comprehensive understanding of the employee issues that are in play at your company. The best way to do this is with Employee Satisfaction Research.

*Employee Satisfaction  
Research is a cost effective  
resource to reduce the  
defection of your key  
employees.*

Employee Satisfaction Research is a tool being adopted by more and more companies, like yours, to assure that they can build and retain a high quality, competent, and reliable work force. This type of research has multiple benefits. Not only will you reduce defections and the extremely high cost of replacing lost employees, but you will also be able to use low employee turnover rates and a company record of high employee satisfaction as effective components in your recruiting arsenal.

## **About Baxter Strategies**

Baxter Strategies Incorporated is a full service supplier of custom business intelligence and market research recognized for the quality of its analyses and the effectiveness of its recommendations. We are committed to providing affordable, high quality, timely information that will give our clients a competitive edge in the marketplace.

We employ secondary research, focus groups, in-person interviews, mall intercepts, telephone and mail interviews, combined with advanced analytical and statistical techniques to provide our clients with information they can act on, and recommendations that will help them achieve success.

We conduct high quality HR research, including Employee Satisfaction Studies focused on providing the strategic analysis that will permit you to deal with the forces that threaten your organizations' well being.

We welcome the opportunity to discuss how a Baxter Strategies Employee Satisfaction Study can meet the needs of your organization.

To get additional information, or to discuss our research capabilities, please call:

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## **Workforce Management**

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