PLAYING DEFENCE: EMPLOYEE ENGAGEMENT AND RETENTION

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Agenda

- The coming supply/demand shift
- From loyalty to engagement
- From replacement to retention
- Role of the manager in retention
- Elements of engagement
The coming supply/demand shift

- Statistics/demographics
- Shift to a sellers’ market
- “Employees who leave can always be replaced”
- Employees are customers, not commodities
Bye, Bye, Boomers

- Past 5 years 225,000 retirements in Canada
- Next 5 years 320,000 (StatsCan)

- 2006 census -- 1.9 replacement workers in 2006.
  2.7 replacement workers in 2001.
  3.7 replacement workers in 1983.

- “Even if Canada brings in 500,000 immigrants every year, it won’t be enough to solve the worker shortfall.” (Hon. Joe Fontana, Minister of Labour, October 2004)

- There could be a worker shortfall of 1 million jobs by 2020 (Conference Board of Canada)
Paradigm Shift

- Old paradigm (buyer’s market):
  “Employees who leave can always be replaced”

- New paradigm (seller’s market):
  “I must identify my key employees and work to keep them from leaving, because I may not be able to replace them with comparable talent”
# FROM BUYER’S TO SELLER’S JOB MARKET

<table>
<thead>
<tr>
<th></th>
<th><strong>Buyer’s Market</strong></th>
<th><strong>Seller’s Market</strong></th>
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</thead>
<tbody>
<tr>
<td>Loyalty</td>
<td>Marriage – long term</td>
<td>Dating – Engagement – short term</td>
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<tr>
<td>Employees</td>
<td>Costs, commodities</td>
<td>Investments, consumers</td>
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<tr>
<td>Supervisory skills</td>
<td>Optional</td>
<td>Essential</td>
</tr>
<tr>
<td>Hiring occurs when . . .</td>
<td>Positions become vacant</td>
<td>Talent becomes available</td>
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<tr>
<td>Fair treatment</td>
<td>Treating all employees the same</td>
<td>Treating talent differently</td>
</tr>
<tr>
<td>Poor performers</td>
<td>Tolerated</td>
<td>Managed out</td>
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<tr>
<td>Performance ratings</td>
<td>Tend towards sameness</td>
<td>Rigourously differentiated</td>
</tr>
<tr>
<td>Supervisory focus</td>
<td>Rescuing marginal performers</td>
<td>Developing talent</td>
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<tr>
<td>Organizational rewards</td>
<td>Distributed somewhat evenly</td>
<td>Distributed to talent</td>
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OFFENCE ON STEROIDS

Workopolis Job Postings – April 15, 2008

Recruiters: 452
Organizational Development: 9

**Recruiting:** Playing Offence
Managing the ‘Entrance’ Door

**Organizational Development:** Playing Defence
Managing the ‘Exit” Door
**OFFENSE ON STEROIDS**

*Florida Salary Survey*

*Increase in Compensation 2001-2007 (%)*

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Increase (%)</th>
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<tbody>
<tr>
<td>HR Director</td>
<td>10</td>
</tr>
<tr>
<td>Recruiter</td>
<td>37</td>
</tr>
<tr>
<td>Comp. And Ben. Manager</td>
<td>42</td>
</tr>
<tr>
<td>Employment Manager</td>
<td>50</td>
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From loyalty to engagement

- Engagement: the state of being attracted, committed, and fascinated
- Engaging Employment Experiences
- Short-term orientation
What is Disengagement?

Passive Disengagement:
- going through the motions
- retired but forgot to leave

Active Disengagement
- speaking negatively about the organization
  - sniping from the sidelines
What Causes Disengagement?

- Lack of recognition for achievements
- Feeling that no one will listen to you
- Wondering who would miss you if you didn’t show up
- Having work that isn’t challenging, or even interesting
- You’re not learning anything new
- You feel alone, performing heroic deeds all by yourself, and no one notices
What about Money?

- Effects of more money (and other tangible rewards) exhilarating at the time but they don’t last

- Money can retain but it can’t engage
From replacement to retention

- The differentiated workforce
- The *retention-eligible* employee
- Who is retention-eligible?
- Cost of replacement
- 3 strategies: recruit, replace, retain
  - Which is the most cost-effective?
Who is a Key Employee?

ANY EMPLOYEE YOU ARE NOT WILLING TO FACE THE FUTURE WITHOUT
Top Notch Tricia

- High potential
- Exceeds most objectives
- Favourably known to senior management
- Eager to take on more work, and a greater variety of work
- Expresses interest in other departments
Solid Steve

- High performer
- Is in the exact right job
- Competition would love to have him
- Has realized his potential, and it’s very good
Average Amy

- Performance is satisfactory
- Sometimes needs to be chased to get work done, but otherwise fine
- Needs no particular improvement
- Nothing distinguishing about performance
Iffy Ivan

- Performance below standard
- Manager believes it can improve
Unsatisfactory Ursula

- Performance below standard
- Manager believes it will stay that way
- Has realized her potential, and it’s not good enough
Retention – Eligible?

- Top Notch Tricia
- Solid Steve
- Average Amy
- Iffy Ivan
- Unsatisfactory Ursula
Costs of Replacement

- 150% of salary

Example:
Company A replaces 8 employees (average salary $90,000)
8 x $90,000 x 150% = $1,080,000
Company B replaces 4 employees
4 x $90,000 x 150% = $540,000
Role of the manager in retention

“The most important factor in employees’ willingness to engage is their feeling about their relationship with their supervisors”

“You can’t afford to have poor managers”

*Getting Engaged: The New Workplace Loyalty*
Survivalists

- Success = nothing bad happened today
- Workplace a dangerous place
- Risk avoiders (as opposed to risk managers)
- Employees are naughty children
- Hostile to change
- Value rules and regulations, policies and procedures, forms and signatures
- Low expectations of performance
Taskoholics

- Employees are cogs in a machine, replaceable parts
- Manager’s role is to program employees
- Always busy, but not with managing
- Low expectations of performance
- Value large quantities of work
- Focused on outputs and results, not on people
- Command and Control
Need You To Need Me

 Value employee happiness
 Feel responsible for employee happiness
 Low expectations of performance
 Uncomfortable with happy, productive employees
 “Parenting managers”
 Surround themselves with performance problems
Integrals

- Passionate about organization’s work and employee contributions to it
- Champions of change when it’s needed to reach organizational goals
- High expectations of performance
- Drive Survivalists nuts
- Leaders
Elements of Engagement

- Communicate the Big Picture
- Implement Flexible Work Arrangements
- Promote Individual Learning
- Differentiate Performances
- Recognize Achievements
- Coach
- Listen
Communicate the Big Picture

- Mission: why the organization exists
- Vision: a big, audacious goal
- Values: what the organization cherishes
- Competencies: behavioural expressions of values
Implement Flexible Work Arrangements

- Schedule overtime in advance
- Encourage working from home where possible
- Make some jobs part-time
- Institute the compressed work week
- Have volunteer days
- Install a core work day e.g. 10:00 a.m. - 3:00 p.m.
- Extend 3 day weekends to 4
Promote Individual Learning

- Personal Development Plans
- Treat training as a planned absence from work
- Mentoring
- Showcases and Displays
- “MySpace” website
- Customer contact
- Skunk works
Differentiate Performances

- Have the courage to rate different performances differently
- Unfairness and subjectivity
- Failure of nerve
- Rewards aren’t worth it
- Non-performance criteria
Recognize achievements

- Rewards vs. recognition
  - Rewards: given by the organization, governed by formal policies
  - Recognition: given by manager, informal
Listening

Turning off the power
Coaching

An “uncovery” process