Keeping Your Best People
From the Chairman

Dear colleague:

In any economy, companies must keep their top employees once they’re on board. The ability to retain the people who help lay a foundation for future growth is central to maximizing productivity and achieving business goals.

Robert Half is the global leader in specialized staffing, and we know what it takes to assemble and maintain a staff of skilled professionals. We’ve staffed hundreds of thousands of full-time and temporary positions and in the process advised our clients on ways to motivate employees and boost loyalty. This resource provides suggestions and ideas for keeping your best people. You’ll find tips about everything from determining competitive compensation to creating an environment where employees look forward to coming to work each day.

We hope this information is helpful to you in your ongoing retention efforts.

Sincerely,

Max Messmer
Chairman and CEO
# Table of Contents

- Introduction .............................................................................................................................2
- Determining Competitive Compensation .........................................................................3
- Creating a Positive Work Environment..............................................................................4
- Tips for More Effective Management...............................................................................7
- Signs an Employee May Quit – and How to Respond ....................................................8
- When It’s Time to Say Goodbye .......................................................................................9
- About Robert Half ...............................................................................................................10
Introduction

As successful companies will attest, their people are their greatest assets. Regardless of the economic environment, your best employees can be tempted by new opportunities at any time. That means you must consistently give them compelling reasons to stay, particularly as business conditions improve. Organizations able to maintain continuity among their teams are positioned for the greatest success.

While the job market remains competitive, hiring managers continue to report difficulty finding sufficiently skilled professionals in some specialties. Additionally, in hiring, as in business overall, your competition is no longer just local; it’s often global.

A potentially shrinking workforce could further complicate these challenges in the future. Although many people have changed their retirement plans due to the recession, the first wave of baby boomers has started to retire, and the post-boomer generation represents a dramatically smaller pool of workers from which to draw replacements. In fact, more than half of senior executives (52 percent) interviewed in a Robert Half survey said baby boomer retirements will represent the most significant workforce trend in the next 10 years.

Executives were asked, “Which of the following trends do you think will most significantly alter the workforce in the next decade?” Their responses:

- Baby boomer retirements: 52%
- Global business interactions: 25%
- Outsourcing: 10%
- Remote work arrangements: 6%
- Other: 6%
- Don’t know: 1%

Source: Robert Half survey of 250 senior executives from the largest U.S. and Canadian firms

With these trends in mind, managers must redouble their efforts to retain top performers, especially their most tenured staff. Small and midsize organizations, in particular, should place special emphasis on developing a pipeline of capable employees who can advance into positions of greater responsibility.
Determining Competitive Compensation

No matter how many “extras” or kudos you provide, an employee who feels he or she is underpaid will not be happy on the job. Businesses with innovative approaches to compensation traditionally have the highest retention rates.

Here are a few suggestions for developing compensation packages that outshine the competition:

**Raise the bar.** Offering salaries that exceed current market standards will help you attract good candidates. Set up a compensation structure of salaries, bonuses and benefits that is at least slightly above average.

**Clearly communicate the pay.** Many companies spend a great deal of time and effort designing pay systems yet fail to communicate their pay philosophy and administration to employees. You should thoroughly educate managers and supervisors, in particular, on your company’s pay systems so they can explain, administer and support your policies.

**Frequently re-evaluate salaries.** The definition of competitive pay changes over time. Each year, Robert Half publishes the *Salary Guide* with average starting salaries for accounting and finance, administrative, technology, legal and creative professionals based on our work with companies throughout North America. Regularly consult resources such as the guide and other industry reports to ensure the compensation you offer is in line with market trends.

**Develop a spot-bonus program.** One way to recognize excellent performance is by awarding a predetermined amount (for example, from $250 to $1,000) “on the spot” or within 24 to 48 hours of an employee exceeding expectations on a project. Most workers appreciate being singled out for their contributions, and who doesn’t like a bit of cash to go with it?
Creating a Positive Work Environment

It takes more than money to attract and retain good employees. Our research has shown the primary reasons people leave their jobs are an unhappiness with management and a feeling that opportunities for advancement are limited.

Executives were asked, “Which of the following is most likely to cause good employees to quit their jobs?” Their responses:

- Unhappiness with management: 34%
- Limited opportunities for advancement: 33%
- Inadequate salary and benefits: 11%
- Lack of recognition: 15%
- Bored with their job: 3%
- Other/don’t know: 4%

Source: Robert Half survey of 250 senior executives from the largest U.S. and Canadian firms

What else does it take to keep employees satisfied? Additional research we’ve conducted points to “relationship with manager,” “positive work environment” and “praise and recognition” as important factors in overall job satisfaction.

Note that these reasons have little or nothing to do with compensation. Instead, they suggest an important fact to remember in your retention efforts: People work for much more than a paycheck. Most want their jobs to be not merely a source of income but also a means of attaining self-esteem, pride, professional growth, enjoyment, and acknowledgment of their skills and talents.
Retention depends largely on three key drivers of job satisfaction: recognition, empowerment and career development. With competition for top performers a perennial concern, consider how well your company or department measures up in these critical areas:

**Recognition**

When employees feel encouraged and valued, they are less likely to leave. Offering recognition is an inexpensive yet highly effective way to reward exceptional performance. In general, the most effective kudos motivate as well as reward. Here are a few examples:

- Public recognition at staff meetings or in the company newsletter
- Daily courtesies – a verbal thank-you, a quick note of appreciation for a job well done or a card to mark an anniversary with the company
- Small gifts for birthdays, weddings or other special occasions
- Tickets to sporting events, movies or other entertainment
- Complimentary snacks and occasional staff lunches

**Empowerment**

The more employees feel you trust them to do their jobs well, the more satisfied and loyal they will be. Most workers today place a premium on autonomy and the ability to make decisions. Here are a few suggestions for creating an empowered staff:

- Encourage employees to use a team approach, working together to solve problems and brainstorm new ideas.
- Be open to suggestions and act on them whenever possible. This tells your employees that their opinions matter.
- Solicit feedback and respond promptly to complaints or concerns. Always inform staff about corrective actions you’ve taken.
- Reward smart risks along with results. Show employees you have confidence in their ability to complete assignments and learn from their mistakes.

**Development**

No one wants to stagnate in a dead-end job. If an employee feels he or she has gone as far as possible with your company, the inevitable next step is out the door. Here are a few ways to promote professional growth opportunities for employees and make them want to stay with your firm:

- Help develop career plans. Work with staff to identify priorities for the next five years. When you become familiar with their professional goals, you’ll be better equipped to help your team members achieve their objectives.
• Encourage professional development through an educational assistance program that enables employees to attend seminars, courses or workshops that build skills. You’ll be helping to train and prepare them for future opportunities with your firm.

• Set up a mentoring program. Mentoring is a win-win situation: It helps less-experienced staff members quickly develop skills, while giving more senior employees the satisfaction of sharing valuable knowledge and experience.

• Promote from within whenever possible. Before bringing in an outsider to fill an opening, consider your current employees. They have not only the skills and experience but also “insider” knowledge of the company’s policies and best practices.

### Retaining Baby Boomer Expertise

Retained by the workforce. Now, the eldest members of this demographic have reached the traditional retirement age.

No business wants to lose experienced talent. Not only do turnover-related expenses run high, but tenured employees take with them company knowledge and valued industry contacts that are difficult to replace.

Here’s the good news: With many people now choosing to delay retirement, your business has a better chance of enticing some of your retirement-age workers to stay on the job for an extended period. How can you do that? Following are some work arrangements that are becoming increasingly popular:

• **Phased retirement options** that enable employees to ease gradually into retirement by working fewer hours or days, or otherwise scaling back their schedules or responsibilities

• **Project or specialty work**, either on a contract basis with one’s current employer, as a self-employed consultant or through a staffing firm

• **Seasonal work arrangements** that entail working some portion of the year while taking the rest of the year off

• **Career leave or sabbatical policies** that allow tenured professionals to cycle in and out of work periods while maintaining their employee status

• **Internal job changes** that enable employees to take on different roles or responsibilities
Tips for More Effective Management

In addition to having formal, companywide policies and programs aimed at reducing turnover, there are many other steps you can take as a manager to increase retention rates. Here are some basic guidelines for motivating and inspiring your staff:

**Regularly communicate.** Keeping people in the dark causes confusion about work priorities and fuels the rumor mill. Respond promptly to individuals’ requests for help, and initiate conversations about how their work is going. Also practice active listening by making sure not to interrupt and by offering nonverbal feedback.

CFOs were asked, “Which one of the following has the most negative impact on employee morale?” Their responses:

- Lack of open, honest communication: 36%
- Failure to recognize employee achievements: 21%
- Excessive workloads for extended periods: 16%
- Micromanaging employees: 14%
- Fear of job loss: 11%
- None of the above: 2%

Source: Robert Half survey of 250 senior executives from the largest U.S. and Canadian firms

**Be fair.** You can’t expect your employees to remain loyal if they think you’re playing favorites or inconsistently enforcing rules and policies.

**Get to know your staff as individuals.** Ask each of your team members about their career hopes, and then try to find ways to help them achieve these goals. You could help by instituting programs such as mentoring and providing opportunities for continuing education. Or it could be as simple as regularly touching base to let people know you’re personally invested in their success and professional growth.

**Be sensitive to stress levels.** After a sustained period of heavy workloads, intense pressure and tight deadlines, your staff may be on the verge of burnout. With many employees nearing their limits, consider hiring additional professionals to help ease their burden. Given the cyclical nature of accounting, bringing in staff on a project basis can often prove cost-effective and ease the strain on your full-time employees.
Signs an Employee May Quit – and How to Respond

No matter what you do, some turnover is inevitable. Staff members’ needs, goals and circumstances change, which means you’ll never be able to retain everyone you hire. Few employees leave without warning, though. In most cases, you’ll spot some of the following signs:

**A noticeable change in attitude:** For example, a formerly enthusiastic individual may become withdrawn and indifferent.

**Longer lunch breaks and frequent absences:** This may be a sign that someone is using the time for job interviews. It also can mean the individual is bored with his or her work.

**More professional attire:** Does the person come to work in an “interview suit” even though your company has a casual dress policy?

**A drop in productivity:** Perhaps a staff member who used to take projects home or work overtime no longer does. Also, forgetfulness about deadlines, meetings and appointments could indicate a worker who is gradually disconnecting from the job.

**How to respond**

What should you do if you see these red flags? It’s definitely not the time to take a “wait-and-see” approach.

If you discover the employee is preparing to quit, here are some suggestions for handling the situation:

**Emphasize the employee’s value and opportunities.** If the individual is a highly skilled staff member you don’t want to lose, consider offering an incentive to stay. Stress the person’s value to the firm and discuss future career opportunities with the company. Don’t promise more than you can deliver, however.

**Don’t pin your hopes on a counteroffer.** Making a counteroffer is risky business for you and the employee. Even if the individual accepts your offer, the trust exchange between the two of you has been compromised. From that point on, you may doubt his or her loyalty. The employee also could find that he or she has burned bridges with the potential new employer and risks reputation damage within the larger job market once word gets out.

**Leave the door open.** If a valued employee decides to leave, tell the person to feel free to contact you if the situation doesn’t work out with the new position. Express that you would be happy to have him or her join your team again.
When It’s Time to Say Goodbye

Unfortunately, it’s not always possible to retain your most valued employees. When the time comes for a parting of the ways, it’s important to have a standard procedure for saying goodbye. The following tips can help:

**Conduct an exit interview.** The meeting should be informal and conducted by a human resources representative. The purpose is to find out why the person decided to leave and whether the reasons were personal (e.g., a spouse being transferred out of state) or due to problems you should address (e.g., lack of advancement opportunities).

Our research shows that many executives frequently act on information gathered during exit interviews to improve their organizations. Clearly, there’s valuable knowledge to be gained from asking an employee why he or she has decided to leave.

**Show gratitude, not resentment.** Thank the employee for his or her service and dedication. Avoid showing anger, resentment or frustration about the person’s departure. It will only reinforce the individual’s decision to leave.

**Learn from past mistakes.** If the exit interview uncovers problems within the organization, view this as an opportunity to analyze corporate policies as well as your own management style. Did you do anything that influenced the employee’s decision to leave? Were your efforts at motivating this person adequate? What could you do differently in the future? Perhaps you’re not offering competitive benefits or there are aspects of the company culture that need to be improved. By re-evaluating what you do and how you do it, you may be able to prevent the loss of other key personnel.
About Robert Half

Founded in 1948, Robert Half is the world's first and largest specialized staffing firm, with seven professional staffing divisions: Accountemps®, Robert Half® Finance & Accounting and Robert Half® Management Resources, for temporary, full-time and senior-level project professionals, respectively, in the fields of accounting and finance; OfficeTeam®, for highly skilled office and administrative support professionals; Robert Half® Technology, for information technology professionals; Robert Half® Legal, for temporary, project and full-time staffing of attorneys, paralegals and legal support personnel; and The Creative Group®, for interactive, design, marketing, advertising and public relations professionals. Our company once again was named to FORTUNE® magazine’s list of “World’s Most Admired Companies” (March 17, 2014).

Chairman and CEO Max Messmer is a widely published author and columnist on management-related issues. His most recent books include Human Resources Kit For Dummies®, 3rd Edition; Motivating Employees For Dummies®; and The Fast Forward MBA in Hiring (John Wiley & Sons, Inc.).

To learn more about our professional services and resources, please contact your local office by calling 1.800.803.8367 or visit our website at roberthalf.com.