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HUMAN CAPITAL MANAGEMENT



# Connections

November 2007

Issue #1

## Welcome!!!

I'm Jason Boltax, President of JHB Human Capital Management. This is the first edition of our newsletter "Connections" and I am excited to share it with you.

The theme of this issue is "Retaining Talented Employees." One of the biggest challenges you will be facing is how to keep employees you welcome through the front door, from walking out the back door.

Read this month's article and learn insights and tips on how to retain your best talent.

Enjoy!!

All the best,

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## Love 'Em or Lose 'Em: Retaining Talented Employees

Retaining talented employees is a key problem for corporations. Even when there is a slower economy, attracting and holding top talent is a serious concern. The trend is exacerbated by a growing propensity for people to change jobs frequently. After 20 years of down-sizing, it is ironic that corporations are now concerned about losing employees.

The problem is one of getting qualified and talented people into the right jobs and keeping them there. HR professionals, managers and CEO's are all searching for what they can do to keep their good, talented employees.

Some organizations are turning to retention bonuses to attract and retain talented people, some reported to be as high as \$20,000. There are also reports of an amazing array of perks and benefits being offered to make employees' lives more comfortable. Some organizations offer dry-cleaning services, car-detailing, concierge services to run errands, child-care, pet-sitting, gym programs, and chair massages.

But you can't buy love. Throwing money or gifts at people isn't enough to keep them. If they don't like the company, the people they work with, the boss or the way that they're treated, they will still leave.

Finding solutions to employee retention means more profitable companies, happier, more productive employees, and more satisfied customers, and ultimately greater stock value.

Losing employees is very expensive. Studies have found that the cost of replacing lost talent is 70 to 200 percent of that person's annual salary. Expenses include recruiting, orientation and training, lost productivity during that period, even lost customer satisfaction because of the change. Finding and training the best employees is a major investment.

What can a company do, once they have found talented people, given them valuable training and equipped them, to prevent them from walking out the back door and going to competitors?

### Why They Leave, Why They Stay??

Study after study shows that people leave because of their direct supervisors, more so than any other reason. It is the manager who more than anyone else can do something about retaining workers. The manager can be seen as responsible for creating a satisfactory working environment.



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However, studies also show that 9 out of 10 managers *think* people stay or go because of money. This keeps showing up in research, in spite of the fact that people leaving jobs say otherwise. Money and perks matter, but employees report that what they want most is *challenging, meaningful work, a good boss, and an opportunity for learning and development.*

Research shows that the 10 most important reasons people want to stay with a company.

1. Career growth, learning and development
2. Exciting, challenging work
3. Meaningful work, ability to make a difference and a contribution
4. Great people
5. Being part of a team
6. Good boss
7. Recognition for work well done
8. Autonomy, a sense of control over one's work
9. Flexible hours and dress
10. Fair pay and benefits

This is contingent upon people having already attained a certain level of material comfort. That is, once people have their basic needs met, *they care more about what they do and who they work with, rather than the money.*

### It's Not About the Money

So why do managers still think it's the money? Do they view people as important capital assets, or as easily replaced? Do they nurture, respect and protect their workers? Or are they looking at them only as performers? Diagnosing the gaps in espoused theory and theory in action is important in putting retention efforts in the hands of managers who are most closely working with the employees and who can make the difference.

One possible explanation why managers still think it's the money may be that when employees complain to them, they often bring up the subject of compensation. Workers come to their bosses when they want a raise. They may feel they are not earning enough, or as much as another person. When these concerns are frequently verbalized to managers it gives them the impression that money is what matters the most.

### The Important Relationship with the Manager

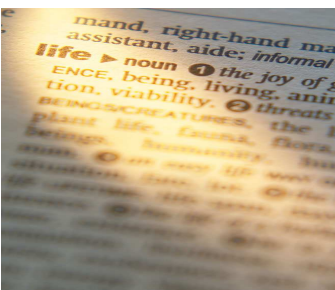
Based on a wealth of data, the Gallup Organization attempted to define not only what makes a great company, but because so much depends upon it, what makes a great manager.

In today's labor markets, companies compete to find and keep the best employees, using pay, benefits, promotions, impressive job titles and training. But these well-

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intentioned efforts miss the mark. The most important element in attracting and retaining key employees is the front-line manager.

The Gallup study found that people weren't necessarily loyal to the company, but rather to the unit they worked in, and this was because of their feelings toward their immediate supervisor. In other words, companies aren't employers-of-choice; it is the supervisors who are the essential determinants in retaining talented people.

No matter how generous its pay, benefits or training, a company that lacks great supervisors and managers will suffer. Great managers, according to the Gallup research, have the following behaviors that set them apart from others:

1. They select an employee for *talent* rather than for skills or experience.
2. They set clear expectations and define the right outcomes rather than the right steps.
3. They motivate people, by building on *their strengths* rather than trying to fix their weaknesses.
4. As each employee grows, they encourage them to find the *right fit* for their strengths within the organization.

### Creating Loyalty

The following four elements have been proven to be effective in creating employee loyalty: praise and recognition, a sense of contribution to the company, learning and development, and having a best friend at work.

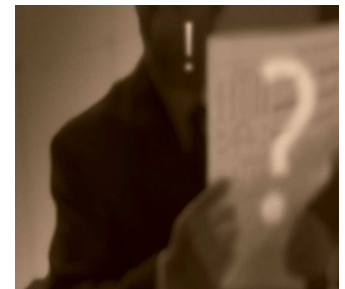
1. **Praise and Recognition:** It has been said that no news is good news, but for managers interested in keeping the best workers, this is not true. For workers, not getting any feedback is tantamount to being ignored: it leads to complacency. Workplaces that ignore performance will destroy the very human spirit that makes the true difference in quality output and service delivery.

Positive recognition is often thought of as coming strictly from supervisors or managers, but studies have found that employees also value praise and recognition from peers. Co-workers know the particulars of a job and when they give good feedback it can be more meaningful.

What can a manager do to help foster this? Model the appropriate way to give frequent praise and recognition. Working with a coach will help develop appropriate and effective feedback skills.

2. **A sense of contribution to the company:** Excellence only happens when people have a deeply felt sense of purpose in their lives. Human beings want to know they make a difference. Organizations need to let employees know how their job and their performance is important to the overall success of the company. There must be an alignment of the worker's personal reasons for being there and the purpose of the job. It is more exciting to share a mission rather than to simply accomplish a task.

What can a manager do to increase this sense of meaning? Involve the workers in other aspects of the company. Take them to meetings, let them know about




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what’s going on in the company in other departments and teams.

3. **Learning and development:** It is important to offer trainings and learning opportunities. Traditional management highlights the need to help employees identify their weaknesses and then creates a plan for them to improve. The emphasis is on what the employee is not, rather than on developing more of who they are. Effective organizations are now hiring coaches to help workers develop their strengths and to become more of who they are.

Working with a coach involves holding up a mirror to employees and encouraging them to know themselves. As they come to better understand who they are, they can see opportunities for growth in the company, utilizing their strengths and talents. As they move forward in their self-knowledge, they can look for places within the company where their talents are a good fit.

4. **Having a best friend at work:** This is a key element in why people choose to stay at a job, even in the face of other dissatisfactions. In the best workplaces, managers recognize that employees want to forge quality relationships with their coworkers and that company loyalty can be built from such relationships. Developing trusting relationships with one’s coworkers provides a significant emotional compensation for employees. While organizations pay close attention to the loyalty workers may feel toward the company, the best employers recognize that loyalty *also exists among workers to each other*. Great managers allow time and opportunity for these relationships to flourish.

Managers know that they need to attract and retain talented people in order to succeed in the competitive workplace. And they also have to find ways to get workers to improve performance. People usually don’t think of themselves as performers, but as individuals with certain strengths and talents. Workers must know that the manager cares about them on a human level before they are going to be motivated to make extra efforts.

There is no one-size-fits all retention formula. Here are some of the ingredients:

1. Honest communications in all directions
2. Supervisors who invite workers into all facets of work and help them to see the big picture, that is, the corporate value of their contributions
3. Workplaces that encourage experimentation and learning.

There are no new tricks. It is the same old story: there is a great need to engage and enable the hearts, minds, and yes, even the soul of people at work. This engagement

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## About JHB Human Capital Management

JHB Human Capital Management is a human resources strategy consulting firm, specializing in HR management, organizational assessments and workforce development.

The mission of JHB HCM is to help companies succeed by providing guidance, advice, process, structure and strategy for their human resources needs.

If you would like to schedule a **FREE** consultation, receive more information about our services or have a question, contact us directly at:

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Web | [www.jhbhcm.com](http://www.jhbhcm.com)

## Events

### NY Human Resources/Human Capital Management Group

The NY HR/HCM group creates an environment where HR professionals can turn to for advice, best practices or to find a helping hand.

For complete event calendar and to join, visit [www.jhbhcm.com](http://www.jhbhcm.com) and click events.

### HR ExecuSummit—2008

This all day conference brings leading HR leaders and professionals together for a day of sharing knowledge, trends and expertise.

When: January 22, 2008

Where: Club Quarters Downtown New York Hotel and Bull Run Conference Center.

Special 10% discount for friends of JHB Human Capital Management

For complete agenda and registration information, visit [www.jhbhcm.com](http://www.jhbhcm.com) and click events.



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