

Employees as Investors – Communicating Their ROI

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Employees as Investors

The longer you keep employees, the greater your return on investment in having recruited them. But have you calculated the return on investment that your employees receive from working for you? This newsletter continues the retention discussion from January's newsletter. We delve deeper into different internal factors that retain each of the four generations.

Employment relationships are open-ended and must be win-win as we have moved into an era of free-market agents. The freer the employment market, the stronger the need for your organization to communicate your ROI to employees. All employees view themselves as investors of their human capital and, as such, expect a return on their investment. Employees are constantly evaluating whether or not what they are getting in terms of salary, bonuses and programs is a good return on what they do for you. They regularly compare other opportunities in the marketplace to determine which ones might yield them a higher return.

To build a culture of retention, employees must easily be able to calculate their ROI within your organization. The role of HR and your leaders is to encourage each employee to discuss his/her individual ROI and be prepared to renegotiate with you first, before looking to your competition for a better deal. It is your total rewards program (TRP) that serves as the vehicle for employees to calculating their ROI. It must be flexible and adaptable enough to address the values, expectations and behaviours of a multigenerational workforce.

Communicating Employee ROI

The ROI that you can offer to employees is more than just money (salary, bonuses, benefits), it's all of the financial and non-financial components of your total rewards program. To communicate to employees their ROI in working for you, you can implement the following processes:

- ❖ Formal communication of your TRP on a quarterly basis – emphasis on the non-financial components that make your workplace unique
 - ❖ A yearly calculation for each employee's ROI – emphasis on the value of L&D, flextime, secondments, corporate discounts etc.
 - ❖ Regular discussions between managers and employees regarding which TRP components have the most value to them
 - ❖ Comparison of your TRP and your direct competitors – emphasis on how your organization provides greater returns, unique programs and flexibility based on the types of employee that drives business results
 - ❖ Communicating good news – profile employees who have negotiated a win-win relationship, and are tapping into the components of your TRP that are most important to them
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Generational Emphasis within Total Rewards

As a guideline, the chart below lists where each generation places its emphasis. With this preliminary knowledge, you can create more robust, integrated programs that deliver a ROI to the widest range of employees.

Traditionalists	Promotions, incentives and stocks, health (life/disability, pension), stability, formal recognition, community involvement
Baby Boomer	Promotions, high-visibility projects, brand reputation, external company representation, support around work-life issues, personal learning and development, secondments, on-site facilities, industry recognition
Gen X	Training and development, challenging tasks/stretch assignments, independent work environment, project variety, work-life balance, two-way communication and coaching, flexible work arrangements, variable pay
Gen Y	Corporate citizenship, meaningfulness of work/products, manager feedback, casual work environment, work-life balance, access to senior leaders, mentoring, social activities, customer interaction, community involvement, flex-time

Measuring your Total Rewards Program

To ensure your TRP is delivering results and demonstrating the characteristics of organizational engagement – transparency, responsiveness and partnering – you can measure the following activities:

- ❖ Manager execution on TRP components
- ❖ Distribution of yearly calculation of total rewards for each employee
- ❖ Changes and enhancements to your TRP based on employee needs / requests / feedback
- ❖ Percentage of individual employee negotiation of the TRP

n-gen's Generational Recognition Toolkit

A key element of your TRP program is your recognition program. We offer a toolkit that helps anyone responsible for designing and implementing recognition programs to evaluate and build a program that motivates all four generations. We focus on recognition criteria, tokens and participation levels to ensure your program is robust enough to align to generational values and expectations. For information on our products and services please visit our website or call: **416-362-7564 Ext. 3** or send an email to: info@ngenperformance.com

Our book *Loyalty Unplugged: How to Get, Keep & Grow All Four Generations* tackles the why, what, and how-to, for all stages of the employee life-cycle. It layers on a generational perspective to HR challenges and people strategies. To purchase a copy visit our website www.ngenperformance.com

