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Retention – Keeping your Talent

Where to find us - Public Events Q3 / Q4 2006:

- **ISPI Management of Organization Performance Conference** September 14-16, Florida
- **SHRM Diversity Conference** October 14-16, Los Angeles
- **IQPC Capability Development & Skill Pool Management in the Canadian Energy Industry** October 31- Nov 2, Calgary

Check our website: *News and Events* for details: ngenperformance.com

n-gen People Performance Inc. has programs with:

- Schulich Executive Education Centre, Schulich School of Business, York University

AND

- The Canadian Management Centre

Retention – What's the Issue?

Organizations should be concerned about retention for a number of reasons:

1. The labour market is competitive and increasingly employee driven in many functions –employees can easily switch employers.
2. The cost of replacing employees can range from 50%-300% of an employee's salary.
3. We have an ageing workforce, so being able to retain experienced workers longer will be key to sustainable business success.
4. Your ability to retain is linked to your ability to engage employees.

The classic method of retaining employees was done by increasing salaries / bonuses / pay. Employees who voice that they are leaving are offered more money to stay. Strategies that try to keep people with money are not sustainable.

To retain employees, we recommend executing total rewards and recognition programs that are robust and inclusive. The execution of a well-constructed strategy demonstrates *transparency, responsiveness, and partnering*.

In our next issue, we will focus on talent management. We discuss performance management, learning and development, career-pathing and mentoring as other key retention mechanisms to keeping your talent.

Characteristics of a Total Rewards Program – What's important?

Your total rewards program should consist of the following characteristics:

Holistic: a range of financial and non-financial rewards

Best fit: tailored to your organization's culture, structure, work processes and business objectives

Integrative: aligned with other human resource policies and practices

Strategic: rewards, activities, behaviours and values that support your strategic business goals and objectives

People-centered: focuses on what employees value in the total work environment

Customized: flexible mix of rewards that offers choice and is aligned to generational preferences

Distinctive: unique – differentiates your employment brand from your competitors

Execution: consistent delivery by managers at all levels

Communication: features and benefits of the total rewards program are frequently communicated to employees.

These characteristics ensure that your program demonstrates the qualities of engagement. The program is *transparent* through communication and execution. It is *responsive* because it solicits and takes into account components that different employee groups think are important. It is *partnering* because the program contains a range of options that are customizable to employee needs.

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Total Rewards Program Components – Where's the greatest impact?

Total rewards programs are comprised of financial and non-financial rewards.

The financial components include:

- Base pay
- Variable pay
- Benefits – fixed and variable
- Long-term / short-term disability
- Pension – defined and undefined

Non-financial rewards include:

- Recognition
- Skill Development
- Career Development
- Quality of Work / Life

It is within the non-financial area that the characteristics of distinction, execution, and communication have the greatest impact. Organizations must live within their financial constraints, so you cannot create and offer endless programs (wellness, L&D, coaching). However, what you can do is create a finite range of great programs that align to employees' values, expectations, and motivations.

By offering programs that employees can use to their professional / personal advantage, they will be more engaged and appreciative. The likelihood of retention increases.

Recognition Programs – Who's Involved?

The more flexible your recognition program, the more successful it is at engaging a range of employee groups. Employees should be recognized for tenure. But they should also be recognized for performance, and for demonstrating your organizational values while achieving business goals. The criteria for employee recognition should be readily available to all employees and promoted by senior leaders.

The types of rewards provided should vary, so that they tap into what employees value most. While some employees might enjoy material items (stuff), others may prefer time-off, or donations to charities. To encourage open recognition, those who can nominate employees for rewards of should come from all levels of the organization. Not only should managers and senior leaders be able to nominate high performers, but also front-line and individual contributors should be allowed to participate in the process.

A recognition program with all of these features will be transparent, responsive, and partnering in its approach, which will result in increased employee engagement.

Generational Considerations

Total Rewards: All generations desire a competitive salary aligned to market pay, with standard levels of benefits. However, within the non-financial components, there are different elements that can be emphasized. By understanding what is important to each generation, you tap into the values of everyone.

For example, Traditionalists value your organization's stability, reputation, and promotional ladder. Baby Boomers value brand reputation, high-visibility projects, and support around work-life issues. Gen Xers value learning and development opportunities, work-life balance, and independence. Gen Ys value corporate citizenship / community involvement, teamwork and meaningfulness of their work.

Recognition: A robust, inclusive recognition program that has a top-down, bottom-up customized approach is bound to tap into each generation, as well as drive your business forward. The younger generations may want time-off or lunch with the CEO, while the experienced generations may chose 'stuff' or additional wellness dollars as the most effective way to be recognized.