



## Turnover and Retention in the Workplace

“**E**mployees quit their managers, not their company.” Perhaps you have heard this phrase before or, worse yet, have seen it or felt it. If the statement is remotely accurate, it would serve us best to get a 3-dimensional view of how this works.

Let’s look, first of all, at some of the essential reasons to retain employees and reduce turnover.

### Reducing Turnover, Why Retention is Important

There seem to be several reasons why correcting a high turnover problem and hanging on to valued staff bodes well for the organization. I’m suggesting four that seem to rank high:

#### 1. Cost of Turnover

HR managers, administration, and CFOs of any organization can speak to this the loudest. Among some of the reasons for such an increase in expenses are hiring cost, training, and a loss of productivity.

Guesstimates suggest that it costs 10 to 15 percent of an employee’s annual salary to rehire. So if the employee makes \$30,000 annually, that could be \$3,000 to \$45,00 a year in revenue. If you have 10 employees leave, now we’re talking a loss of \$30,000 to \$45,000 which is an entire salary of an employee. Obviously, the higher the employee is paid annually, the higher percent it will cost the company to train and recruit, etc. You do the math.

#### 2. Loss of Company Knowledge

When employees leave, they take valuable knowledge with them about your company, your customers, current projects, and past history, as well as the knowledge of other competitors (not a threat, just a fact).

#### 3. Disruption of Customer Service

If you put a high premium on customer-client satisfaction then you must know that a large motivating factor for your customers to frequent your business is the relationships and service they receive there. When employees leave without a lot of explanation or an explanation that is less than complimentary regarding the company, there could be customer loss as well.

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## 4. High Turnover can Spiral into More Turnover

The biggest hit that I witness from organization to organization is the potential loss of morale. When an employee (especially a good one) terminates, it is felt through the entire office and/or company. Co-workers are often required to pick up the slack. If the reason for the absence of the former co-worker is unspoken or less than favorable, insecurity can set in with the staff wondering if they are next, and the atmosphere can intensify with time.

I recently did training for several managers on “Building Trust with Staff in the Workplace” and surveyed them on their opinion regarding staff turnover and retention. Their answers were insightful:

### Why Employees Leave

#### ▶ Bad Managers

They felt that the statement, “Employees quit their managers, not their company,” was true in just about every case. Whether it’s a manager who lacks the proper skills or a manager who is talented and well-liked and has to terminate an employee, turnover or retention falls under the overall category of their leadership.

#### ▶ Toxic Culture and Environment

Poor leadership and lack of trust from the top down, problematic behavior that’s allowed to continue, management styles that don’t allow for collaboration or staff input, gossip and poor communication channels, etc.

#### ▶ Difficult Co-workers

Bullying, people without filters, victim mentality, personality differences, etc.

#### ▶ Overworked

Work/life not balanced. Vacations not encouraged and little flexibility for personal crisis or legitimate request for time off.



#### ▶ Need for better wages

It’s stated that 25% of employees would leave the company over a 10% increase in wages elsewhere.

#### ▶ The job was not they thought it would be

#### ▶ Transitional Reasons

Moving out of the area, retirement, going back to school, changing careers, or a personal life transition of some sort.

#### ▶ Toxic, Unreasonable New Manager

The new manager is not personable, micro-manages staff, or doesn’t listen well to staff concerns.

#### ▶ Lack of appreciation for hard work

This could be reflected in low wages for the amount of output or a lack of verbal encouragement or appreciation from management.

As I boil these answers down and research a bit further, it seems that three common reasons for high turnover keep resurfacing:

1. Poor compensation
2. Incompetent managers
3. Not being valued

There are, of course, other reasons, but these seem the ones that get the most press.

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I also asked managers their opinion on retention and long tenure for a satisfied employee and received the following answers:

### Why Employees Stay

- ▶ The people they work with  
*(real high marks on this one!)*
- ▶ Excellent management
- ▶ Leadership that is transparent, honest, and supportive
- ▶ A certain amount of independence and manager's confidence in the employee
- ▶ They enjoy their clients, patients, and customers
- ▶ Good feedback from management with constructive criticism
- ▶ Management jumps in to assist and help, even with menial tasks
- ▶ An excellent culture from the top-down
- ▶ Good compensation and incentives
- ▶ They feel valued by leadership

It isn't complicated to notice that these answers were in sharp contrast to why people leave! Of course, the question of the hour is, "What are some ideas to retain the staff we have?"

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### Reversing the Turnover Cycle

There seems to be one common denominator to be aware of that sets the stage for unrest and turnover.

If the organization has faced a recent onslaught of change, good or bad, things can get shaky. Perhaps a new supervisor or manager has stepped in after a much loved one has retired. Maybe you are changing to a new computer program or the office is being remodeled. Maybe a handful of employees have resigned recently to find work elsewhere. Whatever the case, even necessary changes can leave staff feeling insecure and unsteady.

It might even be something as practical as relocating to a larger facility due to growth and, consequently, losing the “sense of the family” that existed at the prior facility. Whereas there might have been a common kitchen area for staff to congregate in, now each are separated and eat in their individual silos.

A friend of mine just told me that Steve Jobs noticed a change within his staff because of their new floor plan. Each employee was divided in their own workspace, thus creating a new office dynamic that he was dissatisfied with. He decided to put a common eating table outside of each section of cubicles to regain a sense of teamwork, and it worked.

The key here is for management to locate the core issue that creates the exodus of staff and address it immediately.

### Ideas for Motivating Staff Loyalty and Long-term Employment

If the environment down at the office or in the organization has lost the sense of family or the sense that everyone has each other's back and if key employees are considering leaving or have left, it sounds like a culture shift and the way of managing needs to be embraced.

One of the models I have practiced when an office has staff morale that's fractured (*when it wasn't before*) is to follow these steps:

1. Have management sit down with staff and begin by acknowledging that they take ultimate responsibility for where the company is today and want to take immediate steps to turn it around.
2. Management should then meet with each staff member to interview or survey them with some very practical questions and discussions. The commitment to confidentiality should be expressed, with a promise of no retribution or judgement for what will be said. Of course, if there is no trust left in the office environment, then an outsider should be brought in—perhaps EAP, HR, and/or a private firm.

Believe it or not, when a staff realizes that management is finally aware of what has happened and is willing to publicly address it and take the steps necessary to resolve it, there is a new sense of hope!



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3. A report should then be given to management and then the entire organization highlighting the strengths and weaknesses discovered, how the company got to the place they are currently at, and what changes they can take to turn the ship around.

By the way, did you know that it takes seven miles to turn an aircraft carrier around? Change doesn't happen overnight but it is absolutely possible.

4. Maybe staff teambuilding or training is necessary. Perhaps old commitments made by management to staff that were never kept should be revisited and fulfilled. There might be a new approach to the former chain of command style leadership (*that, by the way, millennials hardly respond well to*) with more of a collaborative emphasis encouraged. Did you know that "A change imposed is a change opposed"? The more buy-in, the stronger the company, and the higher the retention.

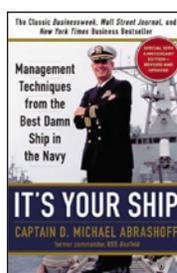
Generally, when morale drops and turnover increases, the staff begins to feel disjointed, poor communication follows, and employees only watch their own back. So, without fail, it's necessary to gather staff around for transparent discussion, new strategies that they can speak to, off-site lunches, consistent training opportunities away or in-house, and a ton of creativity to spark retention!

**So, remember, "Employees quit their managers, not their company."**

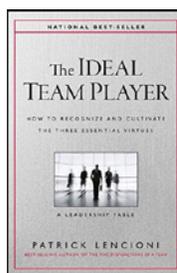
A couple of good reads to go from turnover to retention:



*Leaders Eat Last*  
by Simon Sinek



*It's Your Ship*  
by D. Michael Abrashoff.



*The Ideal Team Player*  
by Patrick Lencioni



Bill Gallagher has been counseling and working with professionals since 1980. His emphasis in the workplace is to help develop both relational skills and professional standards among administration and staff. He has worked in multiple organizational settings and of recent has spent most of his time addressing workplace issues in healthcare and city government.

Bill formed TeamWorks in 2001 to help organizations achieve their goals for establishing high morale and client satisfaction. TeamWorks currently specializes in offering one-on-one surveys and evaluations for management and staff to assess the current culture's needs and recommended trainings going forward.

In addition to conducting a variety of workshops and in-services on workplace issues, Bill mediates conflict among partnerships and staff relationships, speaks at conventions, facilitates management retreats, and offers personal consultation and counseling for staff.

Bill's strengths are in public speaking, mediation, and understanding the complexities of relational dynamics in the workplace. He lives in Medford, Oregon, with his wife Jenny, and enjoys spending time with their five children and five granddaughters.