

How to IMPROVE YOUR EMPLOYEE RETENTION

by SUE JONES



Why is it we spend so much time on hiring and finding the right people, but when it comes time to employee retention, managing performance and recognition, we often fall short? When running your business there are countless things to consider, so it is not surprising that employee retention is not a top priority. However, it only takes one instance of losing a key employee before employee retention becomes a higher priority.

Filling open positions and the process of onboarding can be very costly and time consuming.

With the increasing cost and difficulty of hiring, the topic of “retention of talent” remains hot and a top focus of vacation rental management.

In a recent study, the Deloitte Human Capital Trends Report¹ found that 78 percent of today’s business leaders rate employee

engagement and retention as one of their top concerns; this isn’t surprising. When the economy is good and unemployment is low, employees start actively exploring opportunities that provide more growth opportunities and challenging work.

Studies from the Society of Human Resources Management indicate that it can cost between six and nine months’ salary (on average) to replace a position. If you lose a position paying \$40,000 a year, you can expect to incur \$20,000 to \$30,000 in replacement costs — not including the loss of productivity and team morale.

Turnover is a big deal and is getting bigger with more and more job options for top-performing employees to turn. Unfortunately, managers are feeling the effect of it with rising turnover rates.

Unless you are self-employed, there really is no way to guarantee that you will never lose an employee. However,

1. <https://www2.deloitte.com/global/en/pages/human-capital/articles/introduction-human-capital-trends.html>

creating the right environment goes a long way toward retaining your best employees. If you are experiencing high turnover or losing key employees, now is the time to take a hard look at your employee's engagement, satisfaction with management, compensation, opportunities for professional growth and cultural fit with co-workers. Typically, employees decide to move on for one (or more) of these key reasons:

- **Poor management.** I am sure you have heard the statement, "Employees don't quit their job; they leave their managers." Regrettably, very few managers realize that they are the problem and reason their employees are racing to the exit. Managing performance and evaluation is key to your employee engagement and retention.

Conversations between managers and employees need to be frequent, positive and, most importantly, interactive. Teach your managers how to coach and lead versus simply managing. Have your managers work toward balancing employees' authority — by providing the tools and resources employees need to their jobs; empowering them and staying close by to regularly check in as they perform their responsibilities. This will go a long way toward building your employee's trust and respect with management.

Providing more training on soft skills for your managers, such as how to give effective feedback, setting smart goals and dealing with conflict, will go a long way towards your employee engagement and retention.

- **Inadequate compensation.** Remember: It costs a lot less to retain a key employee than to find a new one. While compensation isn't always the reason employees leave, it plays a significant factor in how they value their job and contributions. Routinely monitoring your local/regional market data will help you gauge how competitive your compensation is.
Xerox HR Services conducted a Compensation Planning for 2017 Survey of U.S. employers and found that many companies are ready to boost pay in 2017 to retain high-performing and high-potential employees and those with in-demand skills.
- **Uncompetitive benefits.** These days, offering company paid benefits are no longer considered "nice to have" — employees now expect them. Offering competitive benefits, such as health insurance, a retirement program and ample vacation time, is a must if you want to attract and retain talent.
- **Lack of personal recognition or reward.** Think about your team: Who are your top performers? How do you recognize and reward their work? Too often the answer is to reward them with more work. While producing high-quality results in a timely manner is the expectation of the job, don't overlook the importance of recognition for doing the job well. Rewarding and recognizing good work is never a wasted effort.
- **Conflicts with co-workers.** Collaboration, communication and teamwork are an important part of your employees'

ability to perform their job well. Your employees need to work together to accomplish the goals and objectives of your business. Hiring too quickly or taking too long to fire an employee puts unwarranted stress on other employees to keep things moving forward.

Think about all the daily interactions you have with your peers. It would be pretty difficult to work with them day-in and day-out if they failed to respect you and your contributions to the team. In the vacation rental industry, most operations involve a high level of interaction between employees, peer to peer. Oftentimes, employees interact with their colleagues more than their direct supervisors. These day-to-day interactions play a big part in an employee's decision whether to stay or to go.

- **Too few opportunities for career advancement.** Employees become stagnant and find their work monotonous without opportunities to develop new skills and take on greater challenges. Without open feedback, ongoing coaching and development, employees become bored, disengaged and often leave.

Prepare your employees for advancement by letting them take responsibility for their work and decisions. The more they can exercise independent judgment, the more they will feel challenged with using their new skillsets. Help your employees by being clear about performance expectations and what types of decisions employees can make. When hiring, make it a point to look inside your organization first; make internal development a priority. Constantly scan your employees' performance and skillsets to see who could stretch into an open position.

Rarely will employees let their bosses know they are unhappy and looking for new work. Fear of retaliation or being labeled a "whiner" are among the factors that prevent them from having these open and candid conversations. More often than not, employees check out and look for a job while they are employed by you.

If you want to retain your employees, it is critical that you learn what is tempting them to move on. Stop conducting exit interviews when the employee is walking out the door and start implementing "stay" interview with your employees to find out why they are staying, what they like and don't like about their current position, and what is important to them. Wouldn't you rather know what keeps your employees rather than waiting until they leave to find out why they left? 📍



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