

10 Keys for Reducing Turnover

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The problem of employee turnover is a conundrum for any organization. One would think that during times of high unemployment, the turnover rate in most organizations would be at an all-time low. The reality is far from that. While there is a lot of variability from one industry to another, if you take all industries together, the total turnover rate in 2009 was a whopping 15%.

We know the cost of employee turnover is more than the annual salary of the individual lost. In fact, most estimates place the total replacement cost at roughly 150% of the employee's salary. A quick calculation shows that for a company with 1000 people who have an average annual salary of \$50,000, the annual cost for employee turnover adds up to over \$10 million. These costs go directly to the bottom line.

Reducing employee turnover is not rocket science; however, many companies struggle with very high turnover year after year. The common denominator of high turnover in organizations is poor leadership. Therefore, organizations that stress leadership development have an inherent advantage that can mean the difference between survival and extinction.

Let's examine several ways an organization can drastically reduce the level of turnover at very low cost.

1. **Develop People** - Organizations that focus on employee development enjoy higher employee satisfaction, which leads to lower turnover. If each employee has a concrete development plan that is reviewed at least annually and contains a variety of growth opportunities, the employee will have little reason to look for greener pastures elsewhere.
2. **Recognize Good Performance** - Reinforcing people for doing good work lets them know they are appreciated. Tangible and intangible rewards are a great way to show management appreciation for workers who excel. This improves morale if done well. However, understand that reinforcement can be a minefield if it is not handled properly. Make sure employees receive sincere appreciation by management on a continuing basis.
3. **Build Trust** - By extending trust to employees, leaders demonstrate their willingness to support them. This pays off in terms of higher trust on the part of employees toward the organization. There is a whole science on how to build

4. **Reduce Boredom** - Employees who are underutilized, tend to get bored and restless. If there is a vacuum of activity, people often get into mischief. It is important for managers to craft job duties and responsibilities such that people are actively engaged in the work every day.
5. **Communicate More** - In nearly every corporate survey on employee satisfaction, the issue of communication surfaces as either the number one or number two complaint. Communication needs to be ubiquitous and consistent. It is not enough to have a monthly corporate news letter or an occasional town hall meeting. Communication needs to take many different forms and be a constant priority for all levels of management.
6. **Cross Train** - Employees, who have been trained on several different jobs recognize they are of higher value to the organization and tend to be less inclined to leave. Along with the pleasure of having more variety of work, employees appreciate the ability to take on additional skills. Having good bench strength allows the organization to function well, even during times of high vacation or illness.
7. **Don't Overtax** - During lean economic times, companies have a need to stretch resources as much as possible. Many organizations exceed the elastic limit of what employees can be expected to maintain long term. This leads to burnout and people leaving for health reasons or just plain quitting in disgust over the abuse. It is important for management to assess carefully how far resources can be stretched, because going beyond the elastic limit guarantees a high level of employee turnover. I believe this rule is habitually violated in many organizations, and they pay for it big time. Stretching people too far is a false economy. If you organization is guilty of this, print out this article and put it on the bulletin board.
8. **Keep It Light** - When managers apply constant pressure to squeeze out the last drop of productivity, they often go over the line, and it becomes counter productive. If leaders grind people down to a stump with constant pressure for perfection and ever higher productivity, the quality of work life suffers. Employees can tolerate a certain amount of this for some time, but eventually they will break down. It is smart to set very high goals, but very important to have employees believe the stretch goals are attainable. One good way to provide this assurance is to have the employees themselves participate in setting the goals. The best companies find ways to work in a little fun somewhere, even (and especially) in high pressure situations.

9. **Feedback Performance** - there needs to be a constant flow of information on how all employees are doing in each area of the organization. People who are kept in the dark about their performance become disillusioned and cranky. The simple kindness of letting people know how they are doing on a daily or weekly basis pays off in terms of lower turnover.

10. **Train Leaders** - All levels of management and supervision need to be highly proficient at creating an environment where the culture is upbeat, positive, and has high trust. This does not happen by accident, or simply by desire. It takes work and lots of emphasis by senior leadership to make sure that there are no weak links in the management chain. In most organizations there is a dud of a manager somewhere between the well intentioned and talented top brass and the worker bees. The result is that great objectives, ideals, and processes are morphed into oblivion by the time they reach the shop floor. The antidote is to improve leadership effectiveness at all levels and remove any dud who is incapable of changing.

These are 10 ways in which leaders can lower the level of turnover in any organization. The magic here is not any new discovery; but the consistent application of these principles will make a huge difference in any organization. The good news is that the items mentioned above are not very expensive. They are all common sense – too bad they are often not common practice.

If you study the best companies to work for worldwide, you will discover they have a much lower turnover rate than the average numbers. I believe having the kind of culture where employees are locked in with no desire to leave for any reason is a sustainable competitive advantage. It is easy to achieve if you follow the 10 rules listed above.

*The preceding information was adapted from the book **Leading with Trust is like Sailing Downwind**, by Robert Whipple. It is available on www.leadergrow.com.*

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