

People Matters

How To Recruit, Retain and Engage Your Most Important Corporate Asset

If 90 percent of your corporate assets walk out the door each night, what are you doing to bring them back the next day?

The answer to this question might very well mean the difference between a company that just gets by and one that thrives, especially our current economic situation.

Another question we regularly ask our clients is, “Why do you offer a benefits package to your employees?”

The answer we receive most often includes, “Because we can’t hire and retain employees if we don’t.”

But is this really true?

Towers Perrin published a study (Towers Perrin Global Workforce Study, 2007-2008) where they looked at the main drivers behind employee attraction, retention and engagement. This study shows that employees today care a lot about their work, and given the right opportunity, will commit to a career with a given company. But, the study also reveals a dark side: “The global workforce is not engaged – at least not to the extent that employers need their employees to be in order to drive results.”

This is best evidenced by their findings that: 1) only one out of every five workers today is giving full discretionary effort – going well above and beyond what’s required of them – on the job; and 2) that close to four out of 10 (38 percent) are what they describe as disenchanted or disengaged.

This “engagement gap,” as they call it, poses a serious risk to employers because of the strong connection between employee engagement and company financial performance. Those companies that had high employee engagement outperformed those that didn’t by more than five percent in operating margin and more than three percent in net profit margin.

On the issue of employee retention, their study found that over half (51 percent) of those employees categorized as engaged had no plans to leave their job/company, as compared to 35 percent of those enrolled (partly engaged, but less connected emotionally), 23 percent of those who were disenchanted (partly disengaged), and 15 percent of those who were disengaged (those who have disconnected rationally, emotionally and motivationally).

Perhaps more interesting were the drivers (or attributes) behind attraction i.e., recruitment, retention and engagement. As you might expect, the order of these differed based on the generational group the employees belonged to (e.g., millennials, Gen X, baby boomers, etc.) but they all generally agreed in terms of what the attributes were.

By and large, stability, security and balance are the most important attributes to employees. They want challenging and interesting work, first and foremost; they seek opportunities to learn and grow; and they care a lot about ethical and moral standards.

What are primarily missing from the top of this list are salary (beyond an expected fair and competitive living wage) and employee benefits, both of which typically rank five and six, respectively, on most employee surveys.

On the other hand, when managers are asked their impression of what motivates their workforce, salary always is at the top of the list.

Why, as managers, do we routinely get it wrong?

Wouldn’t managing a company be a lot easier if the old military-style command-and-control system was in vogue? In other words, if we could just tell our employees to do something because we paid them to do it, wouldn’t that eliminate this whole conversation of attraction, retention and engagement?

The simple answer is “no”, because even the military doesn’t rely primarily on command-and-control any longer. Successful companies create a strong connection between organizational culture and the goals they are trying to achieve. When these objectives are in synch with one another, organizational achievement is superior.

What happens to the company’s performance if the order of these guiding principles were to change? What if, instead of product and employees being number one and two, they dropped to the bottom of the list and shareholders moved up to the top? Would that really make a difference?

Yes, it would! Profit would now be the main driver, instead of exceptional product and happy employees. That would lead to higher prices, lower costs (and, presumably, lower product quality), lower wages (and presumably, lower employee satisfaction and engagement) and so on.

Fortunately for Starbucks, the order of these principles is what it is, and as such, Starbucks operates under the philosophy, “If you make the employees happy, they will in turn make the customers happy, which in turn make the shareholders happy.”

This is the philosophy I choose to manage by.

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THE STARBUCKS EXAMPLE:

To understand how this company has managed to routinely outperform many of its competitors, you need to look at their mission statement: To inspire and nurture the human spirit— one person, one cup, and one neighborhood at a time.

Here are the principles of how we live that every day:

Our Coffee: It has always been, and will always be, about quality. We're passionate about ethically sourcing the finest coffee beans, roasting them with great care, and improving the lives of people who grow them. We care deeply about all of this; our work is never done.

Our Partners: We're called partners, because it's not just a job, it's our passion. Together, we embrace diversity to create a place where each of us can be ourselves. We always treat each other with respect and dignity. And we hold each other to that standard.

Our Customers: When we are fully engaged, we connect with, laugh with, and uplift the lives of our customers— even if just for a few moments. Sure, it starts with the promise of a perfectly made beverage, but our work goes far beyond that. It's really about human connection.

Our Stores: When our customers feel this sense of belonging, our stores become a haven, a break from the worries outside, a place where you can meet with friends. It's about enjoyment at the speed of life—sometimes slow and savored, sometimes faster. Always full of humanity.

Our Neighborhood: Every store is part of a community, and we take our responsibility to be good neighbors seriously. We want to be invited in wherever we do business. We can be a force for positive action— bringing together our partners, customers, and the community to contribute every day. Now we see that our responsibility—and our potential for good—is even larger. The world is looking to Starbucks to set the new standard, yet again. We will lead.

Our Shareholders: We know that as we deliver in each of these areas, we enjoy the kind of success that rewards our shareholders. We are fully accountable to get each of these elements right so that Starbucks—and everyone it touches—can endure and thrive. **Onward.**