

HR TOOLKIT

Employee Retention

Provided by: **SMJ Consulting**



Table of Contents

Introduction	4
Employee Retention Overview	5
What Is Employee Retention?.....	5
Why Do Employees Stay?	6
Why Does Employee Retention Matter?	6
What Is Employee Turnover?.....	7
Why Do Employees Leave?.....	8
Talent Challenges	8
Lack of Qualified Candidates	8
Matching Employee Demands.....	9
Remote Work Opportunities	9
Workplace Retention Factors	10
Onboarding.....	10
Employee Engagement	11
Employee Communication	12
Learning and Development.....	12
Remote and Hybrid Arrangements	13
Company Culture	13
Workplace Environment	14
Employee Benefits	15
Retaining Employees With Benefits	16
Summary	17
Workplace Initiatives	18
The Audit Phase.....	18
The Planning Phase.....	19
The Implementation Phase	19
Setting Implementation Goals	20
The Evaluation Phase.....	20

Summary	21
Appendix	22
Employee Retention in Today's Workplace - Infographic.....	23
Employee Retention Cheat Sheet	24
Employee Communication Scorecard	25
Employee Retention Scorecard.....	26
Employee Satisfaction Survey	27
Employee Communication Survey	29
Employee Communication Strategy Checklist.....	30

Introduction

Retaining employees is an ongoing challenge in most work environments. Unfortunately for employers, if their organization is experiencing high turnover, chances are they're also experiencing relatively high financial losses. Research suggests that it can cost as much as 50% or more of an employee's annual salary to replace a current employee. The costs of reviewing applications, processing candidates, conducting interviews, training and purchasing equipment for new hires aren't only monetary—they also result in lost time and productivity, which can negatively impact company culture.

Given the high cost of losing an employee, retention should be a top priority for every organization. Employees often voluntarily leave their jobs for better compensation, benefits and workplace environment factors such as work-life balance and remote or hybrid arrangements. As employers develop plans for the future of their workplace, critical employee retention factors, including meaningful benefits and career development opportunities, must be thoughtfully included as part of a strategy to keep employees.

Both internal and external factors can influence employee retention. In today's landscape, examples of external factors can include unemployment rates, the local economy, industry competition and industry compensation standards. While employers can't always control those external factors, they can strive to understand the current talent market and focus on how they can meet the needs of employees and improve employee retention in their workplace.

This HR Toolkit offers an overview of employee retention in today's workplace, trends shaping today's workplaces and how the employee experience impacts retention. Additionally, it explores workplace strategies that employers can execute to positively impact employee retention and turnover at their organizations.

Employee Retention Overview

Striving for high employee retention is a worthwhile effort that often pays for itself in productivity, cost-savings and organizational success. Regardless of an organization's size, active employee retention efforts can help reduce turnover and the costs that come along with it. Keep in mind that it's more efficient to retain a quality employee than to recruit, hire and train someone else of the same caliber.

This section provides an overview of employee retention, employee turnover, causes of attrition and specific employment challenges in a pandemic-era landscape.



What Is Employee Retention?

Employee retention refers to an organization's ability to retain its employees successfully. Employee retention can be represented by a simple statistic or refer to an employer's workplace strategies to keep employees in their organization. Employee retention calculations provide a baseline and point of reference when determining how a company's retention rate compares to others. These calculations can also be used to see how retention rates at an organization change over time.

$$\text{EMPLOYEE RETENTION RATE} = \left(\frac{\text{Total number of employees} - \text{Total number of employees who left}}{\text{Total number of employees}} \right) \times 100$$

Benchmarking helps organizations capture data and continually measure their performance. Employee retention can be measured weekly, monthly, quarterly or annually to actively monitor and benchmark retention efforts. Ultimately, organizations compete against themselves and strive to improve their retention. An employee retention rate is not a one-time measurement, and it can seamlessly be incorporated into other ongoing HR or organizational metrics.

Keep in mind that retention rates vary by industry. For example, an annual employee retention rate of 80% could be considered good in one industry, but poor in another. Industries with the highest retention rates often include government, finance, insurance and education. Lower retention rates are more common in the manufacturing, hotel, retail and food industries. As organizations observe positive or negative trends in their retention rates, they will be better equipped to determine what factors contribute to their ability to retain employees.

Why Do Employees Stay?

When it comes to retention, employers often only focus on why employees leave the organization. However, it's just as critical to understand why employees stay. When an organization understands why employees stay, they can alter their policies and procedures to reinforce the qualities that employees like most about the workplace.

Several factors play into employee retention; however, satisfaction with the workplace, management and overall organization are general reasons employees may choose to stay, as happy employees are less likely to quit. Success factors for employee retention include the following:

- Competitive total rewards, including compensation and benefits
- Employee engagement and motivation
- Meaningful work
- Professional development opportunities
- Recognition and respect
- Trust in leadership and organization
- Workplace camaraderie
- Strong company culture
- Safe workplaces

Why Does Employee Retention Matter?

Nothing influences organizational success quite like employee knowledge and expertise. Retaining employees is vital, as losing them can have a far-reaching effect on employers, including the following impacts:

- **Cost**—Finding and hiring employees is a necessary cost that can become even more expensive when employers frequently have to replace open positions.
- **Disruption**—Organizations that aren't actively capturing or preserving institutional knowledge may significantly lose this knowledge and expertise when an employee leaves. When an organization or its leaders don't address knowledge transfer until an employee announces their departure, this disruption can have an even larger effect.
- **Time and resources**—Hiring and onboarding employees is a necessary and time-consuming process. When turnover happens constantly, it can hit productivity hard. In addition to the resources spent on hiring a new employee, there is also an organizational investment to onboard new hires and train them.
- **Reputation**—A poor reputation may cause more employees to look for other career opportunities and leave the organization. Typically, the stronger (and more positive) an employer's employer brand is, the easier it is to attract and retain employees. Keep in mind that an organization's reputation is created by the perceptions of current and prospective employees. According to LinkedIn, a strong employer brand reduces turnover by 28% versus a weak one.

If employers don't prioritize retention, they'll constantly be focused on attraction and hiring. Employee retention requires continual attention, care and consideration. It's an ongoing relationship that takes work and effort, but is well worth it in the long haul.

What Is Employee Turnover?

Employee turnover is the loss of talent in the workforce over time. Also referred to as attrition, turnover occurs on an individual level when an employee is separated from the organization. Employees leave for many reasons, but there are two main types of turnover:

1. **Voluntary turnover** is when an employee actively chooses to leave an organization. The choice may be driven by various factors, such as a job offer elsewhere, a career change, retirement or other personal reasons. Voluntary turnover can be costly to organizations (e.g., recruiting and hiring expenditures) as the employer didn't plan for it, and voluntary turnover often involves losing a high-performing employee. Furthermore, these departures can be unexpected, requiring teammates to pitch in to avoid business disruptions.
2. **Involuntary turnover** is when an employer terminates an employee. Employees are usually let go or dismissed for poor performance, policy violations or layoffs.

While involuntary turnover is a reality in the workplace, this toolkit focuses on voluntary turnover and how a company can combat the various reasons employees choose to leave their jobs. To further understand turnover at an organizational level, another key metric to measure and track is the employee turnover rate. An organization's turnover rate measures the number of employees who leave during a specific time, such as a month or year.

$$\text{EMPLOYEE TURNOVER RATE} = \left(\frac{\text{Number of employees who left}}{\text{Average number of employees}} \right) \times 100$$

Similar to the retention rate, the turnover rate is essential for benchmarking and ongoing organizational metrics. With a baseline, organizations can continually track their performance and goals, making the appropriate adjustments or changes as needed.

Turnover is expected and natural for any organization, and it isn't necessarily a bad thing. For example, turnover resulting from poor performers leaving the company is often expected. Conversely, if top performers are frequently leaving, that can be damaging for a company. Keep in mind that it's entirely natural for employees to move or pursue a career change elsewhere. Furthermore, when employees leave on good terms, they can often be advocates for a healthy work environment.

Turnover looks different for every organization, so a healthy turnover rate depends on the organization and industry. As previously mentioned, various industries maintain different turnover standards because they face unique challenges associated with talent who have the necessary skills for the job.

Since turnover rates significantly vary by industry and circumstance, check out [BLS data](#) for industry retention and turnover averages to learn more about what these numbers look like within a specific industry segment.

Why Do Employees Leave?

Similar to why employees stay at an organization, several factors may impact an employee's decision to quit voluntarily. Such factors include the following:

- Burnout and personal well-being
- Insufficient total rewards, including compensation and benefits
- Lack of appreciation or recognition
- Lack of professional development opportunities
- Lack of workplace flexibility
- Unhealthy or poor relationship with management
- Weak or toxic company culture
- Work-related mental health issues

These factors may cause employees to feel uninspired or underappreciated in the workplace, and seeking a new job may be one way to feel passionate about work again. Understanding the primary cause(s) of employee turnover can help organizations make the necessary change(s) to engage and maintain their workforce.

Talent Challenges

Employee attraction and retention have become major obstacles for most employers and will likely continue to complicate organizations' race for talent. In today's employment market, employers face several unique employment challenges, such as meeting employees' current desires and recruiting candidates with the right skill sets.

6 out of 10 employers today consider attraction and retention a top-five business challenge, according to Zywave's 2023 Attraction and Retention Employer Pulse Survey.

Lack of Qualified Candidates

In some cases, organizations are receiving many applications for open positions. However, these applicants don't always have the right skills and experience for complex roles. To combat this challenge, some organizations are embracing a dynamic approach to reskilling current talent to shift vital employee skills and help develop skills as they become relevant. This strategy can combat labor challenges, as many employees are interested in learning and professional growth opportunities.

In addition to finding the right skill sets, addressing current and future skill gaps was reported to be a significant challenge for 19% of employers who participated in Zywave's 2023 Attraction and Retention Employer Pulse Survey. Organizations understand that the skills needed for an organization change rapidly due to technology, artificial intelligence and market trends. Years ago, employers struggled to get workers in the door at all. Now, they are trying to find workers with the right skills, all while upskilling existing staff. The skills needed to perform a job at a high level change every year, leaving employers with the option of trying to acquire those skill sets by hiring talented workers or upskilling current employees.

Matching Employee Demands

Additionally, Zywave's research found that employers listed "matching worker demands for compensation" as their top current attraction and retention challenge, with 48% listing it in their top three. According to industry data, employers are budgeting for an average salary increase of 4% in 2024, down from 4.4% in 2023. While these numbers are high by historical standards, they don't match the raises workers want. Employers will need to make tough decisions about how to increase employee compensation or face the prospect of losing workers to competitors who are offering more.

Remote Work Opportunities

Employees have proven that they can be productive and focused working remotely and have become comfortable with the flexibility. Some employees are also now experiencing better work-life balance by eliminating their daily commute. As a result, many workers are interested in pursuing desirable remote roles and careers. However, remote and hybrid work arrangements remain a challenge for employers, especially those wanting employees to work on-site.

Workplace Retention Factors

Employee retention is strongly connected to employee satisfaction with the workplace, management and overall organization. There are several ways for employers to show up for employees and enhance the workplace experience, leading to happier and more engaged employees. Such employees believe in what the organization stands for and are eager to contribute to the company's success.

Since the overall employee experience matters, employers can make retention efforts at pivotal stages of an employee's life cycle at the organization. This section will explore the experiences of an employee's tenure and how they can significantly impact retention for better or worse. Employers should consider how their overall employee experience measures up and how they can optimize or improve to retain more employees.

Keep in mind that this section is not an exhaustive list of every aspect of an employee's experience, but rather topics that often significantly impact employee retention.

Onboarding

A common reason for leaving an organization is a poor onboarding process. The first weeks on the job are critical because the relationship between a new hire and their employer is vulnerable. An employee's first 90 days are arguably the most important ones for retention, so employers should ensure they have structured onboarding and orientation processes in place.

Orientation is the first chance to follow through on interview promises and set up new employees for success. Ongoing onboarding helps develop the employee experience and build a positive reputation among current and prospective employees. According to a Robert Half & Associates survey, 1 in 4 employees quit during their first 90 days on the job. The main reasons surveyed employees cited were that expectations and goals of the day-to-day job were unclear and that training stopped after initial onboarding.

If employers were accustomed to onboarding new hires in person, the pandemic ushered in major procedure and technology changes. While some organizations are back to the on-site workplace, many employers have embraced the process of onboarding employees remotely. Remote or hybrid employers need to be intentional with their onboarding experience and use any pandemic workflow breakdowns and lapses to help optimize hiring and onboarding processes for post-pandemic employees. Here are some general steps for employers to take with new employees:

- Share company goals and values with new employees.
- Encourage teams to show or explain their jobs to new members simultaneously.
- Help new hires understand that what they will be doing matters to the organization and that their performance will make a difference.

Employee Retention

- Illustrate the impact of new employees' roles by encouraging them to own their work and take pride in what they do.
- Keep all aspects as consistent as possible. Understandably, onboarding may vary by role, team or department, but overarching themes are critical to success.

Those general steps will land even better if ownership and accountability are already built into the company's values and culture.

Employees are **58% more likely** to remain with an organization after three years if they went through structured onboarding, according to a Wynhurst Group study.

The bottom line is that employees should be guided through well-thought-out, uniform onboarding experiences to be properly welcomed to the organization and set up for success. The better start with the company, the better the chances the employee will stick with the organization.

Employee Engagement

Nearly three-quarters of workers in the United States are not engaged. Additionally, studies have shown that companies with a high level of employee engagement are more likely to retain their employees. Although happiness is an important factor in employee engagement, workplace elements such as communication, collaboration and well-being need to be supported to create a truly engaged team. In general, a sense of belonging is a critical influence on employee engagement.

Employee engagement can be driven by company culture, internal communication, managerial styles and trust in a company's leadership, goals and vision. In today's workplace, manager recognition can significantly drive employee engagement.



1 in 5 employees feels underappreciated for their work contributions, hindering their engagement.



2 in 5 employees feel their manager is just "okay" at recognizing their work on an annual or at least quarterly basis.

Source: Achievers Workforce Institute

Employees want to know that their work is meaningful and their ideas are heard and respected. Employees are more likely to stay at organizations where they feel that their work is valued and appreciated and where they are nurtured and encouraged to grow in their careers.

Employee Communication

How an organization communicates with its employees has a tremendous impact on the overall workplace experience and retention. Effective communication keeps employees informed, keeps employees engaged and gives employees a voice for feedback, debate and discussion. Conversely, ineffective communication may increase the chances for misunderstandings, break employee trust and, ultimately, damage relationships between employees and organizational leadership.

It's important for organizations to provide concise, honest and timely employee communications. Organizational leaders must be transparent in companywide communication. Just as organizations share exciting news and successes, it's equally important to be transparent about failures and challenges instead of hiding them. With any communication, employees want to be engaged, respected and supported.

When employees can openly communicate with leadership and discuss their issues or concerns, their satisfaction rates tend to be higher. Employees can create a culture of open communication by welcoming employees' feedback and requests, which can help employees value both the organization and their work more. All of these factors can contribute to higher employee retention.

Learning and Development

As organizational needs evolve, employees must have the necessary skills to succeed and grow. Savvy employers are using or adopting a learning and development strategy to address today's talent shortages and skills gaps.

Employee retention rates increase by **between 30% and 50%** for companies with strong learning cultures, according to Deloitte.

Learning and development opportunities matter to employees, who are more likely to stay with an organization if they feel it is investing in their careers. Most employees are willing to learn new skills to remain employable and find companies more appealing if they offer skills training. One such type of professional development is upskilling. Upskilling refers to teaching current employees new skills to succeed in their current jobs. With upskilling, an employer invests in continuous learning efforts to teach employees new skills to succeed in their current roles. Upskilling initiatives vary depending on the organization, but common ways employers can implement them include offering microlearning opportunities, in-person training sessions or virtual learning.

Upskilling is just one form of employee development. Other initiatives that employers can consider include:

- Individualized learning plans
- Career pathing
- Mentorship programs
- Tuition assistance

While learning and development initiatives can help close the skills gap, these efforts can also help engage and retain top talent. Ideally, employees are challenged to learn new skills for personal growth when it doesn't require a significant investment out of their own pockets. Employers can close skills gaps, boost employee engagement and retention, and reduce turnover costs. As such, learning and development efforts go hand-in-hand with employee retention.

Remote and Hybrid Arrangements

Many of today's employees are expecting or searching for remote and hybrid work opportunities. By definition, a hybrid workplace is a flexible model designed to support a distributed workforce of both on-site and remote employees. Hybrid employees typically split their time between working remotely and going into the workplace. Flexible work arrangements can help improve employees' work-life balance and reduce turnover.

There are pros and cons for each type of work model, so employers need to weigh the options and find what's best for them. Specifically, consider how a remote or on-site future might impact worker retention. Regardless of the workplace model, employers need to keep employee retention top of mind when changing or evolving workplace expectations. Flexible working arrangements aren't ideal for every role, business or industry, so employers will need to explore potential options and trade-offs. As everyone prepares for life on the other side of the pandemic, employers must prioritize employee engagement and well-being in workplace strategies and plans.

Company Culture

Company culture is an organization's personality and environment. Defined by more than just a mission statement or organizational values, company culture encompasses the unwritten norms of how employees interact with each other. While a poor company culture can be detrimental, a strong company culture and employee morale can positively impact recruitment efforts, retention and the organization's bottom line.

Company culture is critical to post-pandemic success. Culture doesn't disappear if employees are remote or hybrid; in fact, resilient cultures can even thrive in these environments. The pandemic led many people to think about their values and what matters most to them. That personal reflection is also trickling into the workplace. Workers want to be part of an organization that best matches their personal values. It can't just be on paper, either. Employees want organizations that put their words into action.

Organizations with an authentic mission, values and culture are more likely to win the race for post-pandemic talent.

Every company is different, which means the way that its culture is formed will be different and unique. However, positive cultures support the following themes that genuinely matter in today's workplaces.

**Agility****Collaboration****Inclusivity****Innovation****Integrity****Respect**

Company culture has long been associated with the way interactions take place among employees. For example, strong missions develop a human connection or an idea/behavior that employees can get behind and truly believe. Additionally, company culture is defined by its leadership, communication methods, wellness offerings, environment, corporate vision and social aspects. As it pertains to employee retention, knowing exactly what a company stands for and the culture it wishes to create is crucial to its success and appeal to current and prospective employees.

Remember that a strong workplace culture doesn't need an actual office to thrive. That is being tested more and more as many organizations change to remote and hybrid workplace models indefinitely. Location doesn't matter because authentic culture is based on the values that unify the workplace and employees.

Workplace Environment

Zywave's 2023 Attraction and Retention Employer Pulse Survey revealed that three of the top ways that employers plan on improving employee retention relate to improving the work environment. Here are the leading strategies:

- Training managers on how to effectively support employees—**35%**
- Implementing better employee communication strategies—**32%**
- Conducting employee surveys—**31%**

Many managers have strong business skills or expertise in their area, but struggle when it comes to interpersonal components of supporting each member of their team. Offering training to build and strengthen management skills or emotional intelligence may help enable managers to better support employees. Likewise, developing a comprehensive communication strategy (e.g., focusing on transparency, using a multi-channel approach, measuring results or allowing channels for employee feedback) can strengthen the relationship between senior leadership and the average employee. Conducting an annual survey can also help uncover the leading priorities of an organization's specific base

of employees. These three strategies require minimal financial investment, making them feasible solutions for employers that enter 2024 with high costs and tight budgets.

Employee Benefits

Employee benefits are vital more than ever and play a key role in retaining employees. When employers can offer a competitive benefits package that meets the needs of their workforce, employees are more likely to stay with that organization.

Beyond the standard offerings of a 401(k) and health insurance, many employees are interested in the introduction or expansion of the following benefits:

- **Mental health resources**—America’s mental health crisis isn’t getting better anytime soon. Expanding mental health benefits alone can’t combat employee burnout, stress or mental illness, but they may provide a lifeline that employees need.
 1. An **employee assistance program (EAP)** can be tailored to a workforce to provide critical employee resources. An EAP can expand beyond the traditional focus of substance abuse to behavioral health counseling, mental health resources or therapist appointments.
 2. **Telemedicine** has been expanding for years to offer employees nonemergency care from the comfort of their own homes. Similarly, telemental health (online therapy) can help employees get the support they need.
- **Flexible work arrangements**—Flexible work arrangements can allow employees to balance work and personal responsibilities. Employees often request arrangements that include flextime programs, compressed workweeks, telecommuting, part-time work and job sharing.
- **Caregiving support**—Balancing work and caregiving responsibilities can be challenging and contributes to decreased productivity, poor mental health and increased employee stress. Employers can support employees with child and elder care responsibilities by offering initiatives like work-from-home arrangements, workplace flexibility, paid or unpaid family leave, and employer-sponsored child care.
- **Voluntary benefits**—Typical voluntary benefits include dental coverage, vision insurance, financial counseling, critical illness insurance, life insurance and others. Offerings such as identity theft, pet insurance and critical illness have also risen due to the pandemic. Many voluntary offerings are 100% paid for by employees, but some employers may cover a portion of the premiums. As such, they can be an excellent way to provide meaningful perks to employees without raising costs. In fact, according to Zywave’s 2023-24 Voluntary Benefits Benchmarking Overview, the majority of employers (64.75%) offer voluntary benefits as part of a strategy to improve employee attraction and retention.

Also, employees are looking for better guidance on how to use their offerings, so it’s important to have a plan to help explain benefits so employees can fully utilize what’s available to them. Employers may also notice increased spouse enrollment, as labor statistics indicate that more spouses stay home due to the pandemic and need coverage. Fortunately, employers are in a great position to highlight their benefits package and their value to employees and their families, which can help retain or attract employees.

Creating a truly competitive employee benefits package can be a struggle—especially for smaller companies—but employers need to dive deep into their current offerings and optimize them for today's employees to keep their competitive edge. Employers are uniquely positioned to help educate and guide employees about taking advantage of all available resources.

Retaining Employees With Benefits

Especially in today's labor market, employers can strategically leverage benefits offerings as employee recruitment and retention tools. Employers should ask employees regularly about benefits usage in order to add or adjust offerings. The goal is to offer attractive and meaningful benefits to keep employees around and gain a competitive edge in today's labor market.

Employers can start by surveying current employees to discover needs, challenges, and other factors that could increase benefits utilization and employee satisfaction. Successful surveys address the following topics to receive valuable responses:

①

Current needs and challenges

- Ask about any significant life changes, such as caregiving responsibilities.
- Ask whether financial services might be necessary. o Ask whether telemedicine or other virtual care is necessary.
- Ask whether establishing or expanding mental health resources is a desire.
- Ask about the need for schedule flexibility or other arrangements.

②

Employee satisfaction with current plans

- Ask employees to rate their current plan satisfaction.
- Ask which benefits are the most important or have employees rank available offerings to understand which benefits are appreciated and utilized the most.

③

Feedback and other questions

- Ask employees to share desired benefits that aren't included in current plans.
- Encourage employees to ask questions for understanding or clarification about plans and benefits.
- Ask how satisfied they are with the enrollment process and for any suggestions.

Not only can survey responses help employers identify gaps in offerings and the overall enrollment process, but then employers can help employees navigate available options and point them toward the appropriate plans.

Employee communication can strategically help drive new benefits when done frequently and openly. Organizations that are already finding new ways to innovate and evolve their existing benefits have an advantage in standing out to employees. Much time, effort and resources go into benefit plans, so ensure that employees understand their benefits and how to access or use them.

Summary

Many factors can influence an individual's decision to remain employed at an organization, including career development opportunities, company culture and values, employee recognition, non-salary or on-the-job perks, management style and work-life balance. Especially in today's work landscape, a competitive benefits package is necessary to attract and retain workers.



Workplace Initiatives

A thoughtful and holistic employee retention strategy can play a critical role in attracting and retaining top talent and reducing unwanted turnover.

The previous section outlined factors that impact the overall employee experience. Many of those topics may fit into an employer's workplace strategies or initiatives. When considering how to support and improve employee retention, employers should consider reviewing factors that may impact retention and turnover and consider workplace strategies.

This section outlines the general process for developing and managing workplace initiatives and how they can tie into organizational employee retention efforts. Organizational leaders need to keep in mind that many HR strategies or ventures are ongoing efforts. There's no one-time fix for employee retention, as the workforce will continually change. However, employers can continuously pair a solid retention plan with ongoing evaluation to optimize tactics and strategies.

The Audit Phase

Whether or not an organization's turnover rate is healthy, employers need to know why turnover occurs. Employers can get back in control and make necessary adjustments by uncovering employee turnover's root cause(s).

Traditional methods of gauging employee experience include annual employee surveys and exit interviews. Effective and open two-way communication can help employers identify common reasons for attrition. Employers may notice a pattern and identify common denominators by tracking and monitoring employee feedback. Here are some general steps for tracking turnover:

Keep track of why employees voluntarily leave, including details such as:

- Employee tenure
- Role
- Reason(s) why the employee left the organization

Try to spot any turnover trends as more data is collected. For example, ask the following types of questions:

- Are there positions or departments that are often challenging to fill? Why is that?
- Do employees tend to stay for a similar length of time before leaving the organization?
- Do employees seem to be leaving for similar reasons?

In addition to understanding the causes of employee turnover, organizations may find it beneficial to conduct a turnover audit to track the costs and other consequences of attrition. Employee retention and turnover rates are additional key metrics to calculate and analyze one's workforce.

For example, an audit could find that one specific team within a department has notably higher levels of turnover than others, and this trend has sustained over time. The audit could further uncover several

reasons why employees are leaving. For example, the audit could find that one particular manager has failed to offer frequent check-ins compared with other managers within the department. An organization could then address this shift with the identified manager and encourage them to set up regular check-ins with direct reports, as well as provide supplemental support for managers.

As another example, an organization could notice that their employee retention rates are marginally below industry standard, despite offering above-average compensation. The organization may think its benefits package is competitive. However, data from exit interviews and industry comparisons suggested the high turnover was due to a lack of specific voluntary benefits. The HR department could then survey employees to determine which benefits were important and plan to update or enhance their open enrollment. They could then offer the top voluntary benefits from the survey and highlight it as part of an open enrollment communication strategy and a new hire onboarding process.

These examples highlight how workplace initiatives can improve retention at an organization. Most importantly, the initiatives were successful since they started with a thorough audit.

The Planning Phase

An assessment should reveal what your organization is doing right and potential development opportunities. Once armed with the data, employers can build their employee retention strategy and workplace initiatives.

For example, if an employer determines that employees are disproportionately leaving in their first 90 days, they could develop an initiative to revamp their onboarding and orientation processes. If the root cause was training, the employer could overhaul their training or professional development offerings to address employees' needs.

Once opportunities or gaps are revealed, it's essential to review and analyze why they impacted retention. Then, employers can build and develop a game plan based on the reality of their workplace and employee experience.

The Implementation Phase

Successful employee retention strategies are broken into actionable tactics or initiatives and realistic goals. An initial audit provides benchmark metrics and can shape an employer's goals to hold the organization accountable.

When creating a new initiative, consider outlining the following items:

- Timeline inclusive of the start date, milestones and due date
- Responsible employee(s)
- Required internal resources
- Required external resources
- Desired outcomes or employee behaviors
- Specific goals and key performance indicators (KPIs)

Setting Implementation Goals

It's important to formalize workplace initiatives and receive an organizational commitment to them. Accountability will be critical for success.

Here are a few goal-setting examples for HR initiatives:



Employee retention – Increase the annual retention rate from 80% to 90% by next year to retain top talent and uncover any gaps or common turnover reasons.



Employee turnover in the first 90 days – Reduce turnover during new hires' first 90 days from 30% to 15% by next year to improve the onboarding process and overall employee tenure.



Time-to-hire – Reduce current time-to-hire from 45 days to 30 days to improve the experience for prospective employees and new hires.

Powerful goals and employee accountability can make a difference in organizations achieving their HR and organizational goals. Furthermore, company leadership should clearly understand the workplace, employee experiences, and plans to support talent management efforts.

The Evaluation Phase

Any solid and effective strategy should be continuously evaluated and improved. Benchmarking and calculating retention's return on investment can demonstrate the benefits and savings of implementing a formal employee retention strategy or initiative. Retention and turnover rates are foundational formulas and can help influence an organization's goal setting, as seen in the previous section. Although the annual retention rate may measure success, it's important to track it at least monthly to identify trends early on. Some organizations also track factors such as employee satisfaction and employee engagement on an ongoing basis.

It all comes down to how employers and leadership handle the findings and feedback and appropriately address issues resulting in employee turnover. Employers should celebrate the successes and address any issues or gaps revealed during the process. To support companywide authenticity and transparency, employers must openly communicate the good and bad findings with employees. Employees want to know that their voice is being heard and that leadership takes it seriously. When employees feel acknowledged and understood, they are more likely to stick around with the company, even if they are working to resolve any issues.

Ultimately, employee retention strategies and initiatives vary from business to business. It's critical to have a pulse on the overall employee experience and jump in to take action when turnover turns unhealthy. Formalize the plan and get buy-in from leadership and managers, as they are linchpins in company culture.

Summary

Retention remains a top workforce management challenge. Organizations can't afford to forego employee retention efforts in today's employment landscape. Turnover is costly, and its effects can ripple through the entire organization.

With many workers looking to change employers, employers will have to re-evaluate how their compensation, benefits, and work environment factors match up with the competition. The goal is for the organization to stand out against the competition based on employee satisfaction and workplace experience.

Now is the time for employers to evaluate their overall employee experience and other critical internal factors within their control. HR professionals can tackle retention head-on by assessing employee turnover and moving ahead with a plan. Then, they can develop specific and relevant goals to help improve or strengthen the organization's employee attraction and retention efforts.

This toolkit is merely an introduction to employee retention. For additional employee retention resources, contact SMJ Consulting today.

Appendix

This appendix features valuable information, including an infographic, employee retention cheat sheet, surveys, scorecards and an employee communication strategy checklist. When designing your employee retention strategy or assessing overall talent efforts, please review these resources. The information included in this section may require some customization, and it should only be used as a framework.

Please consult with SMJ Consulting if you have any questions about these materials or other content in this toolkit. They also can provide access to retention resources specific to your state.

Printing Help

There are many printable resources in this appendix. Please follow the instructions below if you need help printing individual pages.

1. Choose the “Print” option from the “File” menu.
2. Under the “Settings” option, click on the arrow next to “Print All Pages” to access the drop-down menu. Select “Custom Print” and enter the page number range you would like to print, or enter the page number range you would like to print in the “Pages” box.
3. Click “Print.” For more information, please visit the Microsoft Word [printing support page](#).

Employee Retention in Today's Workplace

The costs of reviewing applications, processing candidates, conducting interviews, training and purchasing equipment for new hires aren't only monetary—they also result in lost time and productivity and can negatively impact company culture. Given the high cost of losing an employee, retention should be a top priority for every organization.



Employee retention is even more of a concern as the world continues to be impacted by the pandemic and its ripple effects. Employers are exploring various strategies and tactics to address current challenges to attract, retain, and engage employees in today's employment market. Many employers are:



Evaluating compensation



Offering greater workplace flexibility



Expanding benefits offerings



Offering more upskilling and development opportunities

Prioritize Employee Retention Efforts

A thoughtful and holistic employee retention strategy can play a critical role in attracting and retaining top talent and reducing turnover. Consider this four-step process for an effective retention plan:

- 1. Audit—** Calculate your employee retention and turnover rates to understand benchmarks.
- 2. Plan—** An assessment should reveal what your organization is doing right and opportunities for improvement. Once armed with intel and facts, you can get specific with a retention strategy.
- 3. Implement—** Successful teams break down the strategy into actionable tactics and achievable and measurable goals. It's also helpful to identify a complete timeline, responsible individuals, required resources and desired outcomes.
- 4. Evaluate—** Any solid and effective strategy should be continuously evaluated. Celebrate the successes and address any issues or gaps. Openly communicate all findings and changes being made across the company.

The pandemic has brought about many unique challenges for employers, but forward-thinking employers can adjust to ensure the organization continues to retain employees and meet business goals.

Employee Retention Cheat Sheet

Employee retention refers to an organization's ability to successfully retain its employees. While employers strive to keep top performers, employee turnover is expected and natural for any organization.

While retention and turnover rates are helpful to understand, employers can also track and analyze the following factors:

Turnover rate categorized as voluntary or involuntary	Turnover rate due to internal promotions or transfers	Positions opened	Positions filled	Average employee tenure
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Organizations can keep this poster handy to reference common employee retention terms and formulas.

Benchmarking helps organizations capture data and continually measure their performance. Employee retention can be measured weekly, monthly, quarterly or annually to actively monitor and benchmark retention efforts. Organizations can use these metrics to evaluate their own performance.

Retention Rate

Employee retention refers to the ability of an organization to retain its employees.

$$\text{EMPLOYEE RETENTION RATE} = \left(\frac{\text{Total number of employees} - \text{Total number of employees who left}}{\text{Total number of employees}} \right) \times 100$$

Turnover Rate

Another key metric for organizations to measure and track is the employee turnover rate. An organization's turnover rate measures the number of employees who leave during a specific time period, such as a month or year.

$$\text{EMPLOYEE TURNOVER RATE} = \left(\frac{\text{Number of employees who left}}{\text{Average number of employees}} \right) \times 100$$

To calculate the average number of employees, simply add the number of employees at the beginning of the time period you're measuring and the number of employees at the end of that same period. Then, divide by two.

EMPLOYEE COMMUNICATION SCORECARD

Communicating effectively with employees is consistently a top priority for businesses. Falling short in this area can make employees feel underappreciated, which contributes to low morale and decreased productivity. Now more than ever, technology makes it simple to communicate with your workforce. However, doing so effectively can still be challenging. Complete the scorecard below to see if you are doing everything to communicate effectively.

Instructions: Begin by answering the questions below. Each response will be given a numerical value depending on the answer. After completing the questions, total your score using the scale at the bottom of the page.

Yes: 0 points | **No:** 2 points | **Unsure:** 2 points

QUESTIONS	YES	NO	UNSURE	SCORE
1. Do you offer monthly newsletters on topics employees find interesting?	☐	☐	☐	
2. Do employees receive easy-to-understand descriptions of their benefits prior to open enrollment?	☐	☐	☐	
3. Are you reaching out to employees through methods besides email, like social media or mail-home flyers?	☐	☐	☐	
4. Does your organization hold in-person, all-staff meetings at least once a year?	☐	☐	☐	
5. Are your internal communications written so that everyone can easily understand them?	☐	☐	☐	
6. Are employees kept up to date on important news regarding the company, like mergers, executive-level structure changes or open positions?	☐	☐	☐	
7. When relaying important news, do you set aside time for employee questions and feedback?	☐	☐	☐	
8. Have you surveyed employees in the past two years about their preferred methods of communication?	☐	☐	☐	
9. Do employees receive praise in a semi-public forum, like a team meeting or an all-company email?	☐	☐	☐	
10. Are employee promotions announced to individuals outside of the immediate department?	☐	☐	☐	
TOTAL SCORE				

Low risk. Contact SMJ Consulting to confirm: 0-6

Moderate risk. Contact SMJ Consulting today: 7-14

High risk. Contact SMJ Consulting today: 15-20

EMPLOYEE RETENTION SCORECARD

Retaining employees is critical for any business and falling short on retention can be devastating to your bottom line. It costs nearly 20% of an annual salary to replace an employee, so implementing proactive retention strategies is key to maintaining your workforce.

Answer the questions below to determine if your organization has a high turnover risk.

INSTRUCTIONS: Begin by answering the questions below. Each response will be given a numerical value depending on the answer. After completing the questions, total your score using the scale at the bottom of the page.

- **YES:** 0 points

- **NO:** 2 points

- **UNSURE:** 2 points

QUESTION	YES	NO	UNSURE	SCORE
1. Have you reviewed employee pay scales within the last three years?	☐	☐	☐	
2. Do you survey employees' career growth desires each year?	☐	☐	☐	
3. Have you compared your health insurance against similar companies in your industry?	☐	☐	☐	
4. Do you routinely survey employees to ensure they feel comfortable and included in the workplace environment?	☐	☐	☐	
5. Do you track top employee performers?	☐	☐	☐	
6. Do you monitor the market to ensure top performers are appropriately compensated?	☐	☐	☐	
7. Have you surveyed employees in the past to gauge their workplace satisfaction?	☐	☐	☐	
8. Do you have a retention strategy in place for when a top performer comes to you with another offer?	☐	☐	☐	
9. Do you offer incentives beyond health benefits to employees?	☐	☐	☐	
10. Have you implemented employee engagement strategies to curb turnover proactively?	☐	☐	☐	
TOTAL SCORE:				

Low risk. Contact SMJ Consulting to confirm: 0-6

Moderate risk. Contact SMJ Consulting today: 7-13

High risk. Contact SMJ Consulting today: 14-20

Employee Satisfaction Survey

Please take the time to fill out this survey honestly. There are no right or wrong answers, and your response will be kept confidential. Select how you feel about each statement by checking the box that corresponds with your response. If you would like to leave comments, there is a space available after each section to do so, but it is not required.

Job Responsibilities

	All of the time	Most of the time	Neutral	Sometimes	Never
I know what is expected of me at work.					
I feel the freedom to "think outside the box."					
I feel that I am fairly compensated.					
I have the equipment, materials and resources I need in order to perform my job to the best of my ability.					
My assignments are clearly explained.					
I feel rushed to ensure that I meet deadlines.					
I feel like I do not get enough to do.					
I have opportunities to learn things outside of my specific job.					
I have the energy at the end of the workday to participate in my personal hobbies and interests.					

Comments:

Management

	All of the time	Most of the time	Neutral	Sometimes	Never
I feel that I can talk to my manager about matters that concern me.					
My manager stays up to date on what I am working on and what I have completed.					
I am complimented and given constructive criticism.					

I feel that my manager doesn't understand exactly what I do on a daily basis.					
Other managers within the company know who I am and understand my job responsibilities.					

Comments:

Company Environment

	All of the time	Most of the time	Neutral	Sometimes	Never
I get along with my co-workers.					
I like where I work.					
I feel that my opinions and ideas are listened to.					
is committed to quality and accuracy.					
praises or rewards those who put forth an outstanding effort.					
My workspace is comfortable.					
I am consistently informed of what is going on within the company.					
I feel that does not provide enough incentives for doing a good job.					
I am proud to work for .					

Comments:

Please provide any additional comments or suggestions here. Thank you for your feedback!

Signature

Date

--	--

Print Name Here

--

Employee Communication Survey

Surveys can be the best way of understanding how employees engage with internal communication. People are likely more willing to provide honest answers if they feel that their responses are anonymous. If necessary, break down the responses by department or role to understand preferences and perceptions. Survey data should be collected in a well-defined manner that helps an organization assess and pinpoint any problem areas.

To ensure employee communication is effective, ask reflective, open-ended questions, and ask them often. Consider customizing questions and available answers when adapting the following survey to discover employee communication benchmarks.

does its best to provide a transparent, comfortable and productive work environment. To ensure we are doing our part, we would like feedback from you. Please complete the brief anonymous survey below to help us enhance internal communication and updates.

Thank you in advance for your valued participation. Please speak with HR if you have any questions or concerns about completing the survey.

- Does provide adequate information about policies and goals?
- Does provide adequate information about important changes?
- How transparent does that information feel?
- How do you prefer to receive company updates and information?
 - Email
 - Intranet
 - Department meetings
 - Company meetings
 - Other
- How often do you prefer to receive company updates and information?
 - Daily
 - Weekly
 - Twice a week
 - Other
- Which days are best for you to receive internal communication?
- What communication channel or method do you utilize the least or find most ineffective at ?
- How seriously and effectively does take your feedback and suggestions?
- How effectively does act on the feedback you provide?
- How can improve employee communication?

CHECKLIST

EMPLOYEE COMMUNICATION STRATEGY

Presented by SMJ Consulting

Sixty percent of companies don't have a long-term strategy for their internal communication. Regardless of how large your organization is, it's critical to have a long-term plan for employee communication. The key to success is to be mindful of all communications across all levels of the organization—and find what's authentic and effective for both the organization and employees.

Use this checklist as a suggested step-by-step process for creating and managing a formal employee communication strategy. Components and the overall goal can also be implemented less formally in smaller organizations.

Planning

Conduct an audit to understand the organizational structure and specific needs for communicating with employees, including:

- Mission statement
- Company values
- Company culture
- Strategic business goals

☐

Evaluate the need for a communication strategy (e.g., inform employees, improve employee engagement or restore employee morale).

☐

Identify communication stakeholders across multiple departments.

☐

Assign dedicated communication leaders to help unify messaging, deliver a seamless experience and provide a go-to contact for employees.

☐

Developing and Implementing

Identify organizational updates or news to communicate.

☐

Ask the following questions about the content topic:

- What is important?
- Why is it important to employees?
- What should employees do?

☐

Assess current content format and tailor to new format, if necessary.

☐

Consider available channels and identify the appropriate channel(s) for the topic.	☐
Identify and tweak tone, if necessary, to be transparent, honest and jargon-free.	☐
Ensure two-way communication so employees can provide feedback or ask follow-up questions.	☐
Pay attention to the delivery and timing of the communication.	☐
Ensure communication messaging is: • Compelling • Concise • Credible • Consistent	☐

Measuring and Evaluating

Identify key performance indicators (KPIs). Common KPIs include: • Reach • Engagement • Feedback • Turnover • Other behavioral outcomes • Organizational goals	☐
Set clear and trackable goals as a baseline for communication efforts.	☐
Create and deploy employee surveys to discover employee communication benchmarks.	☐
Evaluate communication performance and effectiveness based on KPIs.	☐
Identify errors, gaps, improvements or successes.	☐
Ensure employee feedback is addressed and those actions are shared with employees.	☐
Update or enhance communication efforts and tactics as necessary.	☐

Use this checklist as a guide when sharing company news or updates with employees. For assistance with employee communication, contact SMJ Consulting.