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The Troops Are Getting Restless

To avoid a “brain drain,” take steps now to retain key employees and help them thrive. **By ANN CARLSEN**

As the economy continues to improve, that low rumble of restlessness you hear is about to get louder. And it may mean trouble for corporate leaders who think their best employees are too loyal and contented to leave.

The Bureau of Labor Statistics recently reported that in October, 2 million people quit their jobs. That’s a significant increase from the 1.7 million resignations in October of the previous year.

Think of it as productivity backlash. During the downturn, businesses have pursued productivity with a vengeance, cutting staff and demanding the same output from fewer people. The good news is that the strategy resulted in better bottom lines. But the bad news is that your most productive employees are probably feeling overloaded and underappreciated. And as the market comes back to life, these exhausted top performers are starting to look around for more rewarding opportunities.

Looking over the horizon, I foresee significant defections in key corporate positions. The cost of such losses is serious: in addition to expenses to recruit, hire and train replacements and bring them up to speed, the resignation of good people contributes to business disruption and the loss of critical information and institutional history.

On average, studies put the cost of replacing front-line employees earning \$8 an hour at 25% of their annual salary. The percentage rises with salary level and job responsibilities. Depending on the position, one resignation can cost an employer 100% to 200% of a key employee’s annual salary.

To keep business booming, we must get ahead of the problem now. It’s time to strengthen employee loyalty.

What keeps great employees happy? Human nature being what it is, one size doesn’t fit all. Baseball big-shot Alex Rodriguez doesn’t have the same priorities as a rising star like Troy Tulowitzki, who won the hearts of Colorado Rockies fans by signing a long-term contract with the team.

Money is the simplest answer: higher salaries, bonuses, 401K matches and stock options are among the most popular sweeteners for employees who eye greener pastures. Google, for example, recently gave all its employees a 10% raise.

In a struggling economy, opening the checkbook may not be an option for most companies. But be sure to consider the replacement costs described above before you dismiss the idea.

Money isn’t the only reason people stay with a job. For many

employees, knowing their employer values them is the magic ingredient. Communication is critical. Smart business leaders get to know their employees, demonstrating that they’re appreciated and learning how to keep their loyalty.

Appreciation can take many forms, and more creative approaches can distinguish the companies providing them. Don’t forget that priorities change over the course of a career. The same top performer may want greater opportunities for professional growth and visibility at one point, more flexibility at another. The table below provides a lot of other incentive suggestions.

Where to begin? First, recognize that employee turnover is inevitable. It will affect your bottom line, both short- and long-term. In addition to the hard costs of replacing employees, “brain drain” can limit your company’s ability to grow and seize new opportunities.

Next, make development and retention of talent a priority. Management adviser Ram Charan, author of the book *The Talent Mas-*

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HOW COMPANIES APPRECIATE KEY EMPLOYEES

Cross-training opportunities	Car allowance	Flexible work hours
Executive coaching	First-class travel	Job sharing
Personal brand enhancement (e.g., participation in industry panels, award nominations)	Paid memberships in organizations, paid attendance at conferences	Work from home
Education and career development opportunities	Personal trainer, gym membership	Child care; elder care leave and assistance
Harvard/Stanford leadership program participation	Financial planning assistance	Mentoring
Participation in interesting task forces	Office enhancements, like furniture and décor	More vacation, bonus days

ters, says the majority of Fortune 500 companies don’t pay enough attention to this issue. Keeping your best people happy and thriving can be a strong competitive advantage.

Take time to cultivate top talent. Find out how key employees want to be rewarded and recognized. Spend money when it makes sense, and then get creative! You don’t have to break the bank to build employee loyalty, but you do have to give it the attention it deserves. It’s an investment of time and energy that will pay important returns for your company.

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