Why "Fluffy" Employee Retention Programs Fail and What to Do About It

When your turnover rates tick past manufacturing industry and vertical norms or remain persistently high, the impact on productivity and throughput add up quickly. Here are three "fluffy" things you shouldn't do to improve employee retention. How to dig deeper and get the data you need to establish best practices and improve employee retention.

Key Takeaways

- To retain employees, it takes more than retention programs that provide quick-fix type gifts that are nice but don't improve or sustain employee satisfaction in their jobs.

- The cost of turnover adds up and includes more than just training and onboarding costs. High turnover impacts productivity, throughput and the

ability to meet operational and financial goals.

- Understanding the root cause of high turnover is difficult to pinpoint without doing proper measurement or analysis. By measuring employee activities and tasks or establishing KPIs you will be better positioned to make the right process or human capital improvements.

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It is time to dig deeper to find the root cause of your employee retention issues, create a plan for improvements, and develop KPIs for the coming year

One of the best and most expensive ways to fail at talent retention is to fixate on programs that provide employees "fluffy" benefits and shiny objects. Employees may certainly appreciate holiday turkeys and hams, gift cards and other giveaways. But rather than providing incentives for people to stick around, these types of programs just lead to additional expectations and do little to affect whether or not employees are happy and stay on board.

In reality, some of the biggest reasons people stay or go are usually related to the quality, safety and effectiveness of your processes. But even when you recognize this fact it can be difficult to step back and really see what process issues are causing turnover when you're dealing with other big operational challenges.

Obvious and hidden costs

Even if you have the luxury of quickly replacing people who leave their positions, the costs of turnover still add up fast. It's not just the additional expenses that go into finding and onboarding new people. It's also the fact that high turnover impacts

productivity, throughput—and ultimately your ability to meet production goals. Moreover, management departures can have a ripple effect with steep costs to manufacturing organizations. Sometimes loyal employees will follow a manager out the door. Or maybe the organization ends up making a poor hiring decision for a plant manager and half the shop floor leaves. Or maybe high turnover in management or supervisor positions leads to frequent changes in expectations about and adherence to processes and initiatives on the shop floor.

How things go off the rails

Retention-related issues can pop up in many areas of the business and processes. Here are some quick examples:

- **Unsystematic hiring processes**—It's human nature to get overly excited or optimistic about candidates before really digging into interview questions. When this happens, interviewers may "lead the witness" when asking their questions, resulting in poor fit and rapid turnover. Put another way, they end up in hiring who they want, not what they need and pay a price for it over and over again.
- **Sink or swim mentality**—Things like limited training support and a lack of clearly defined responsibilities or day-to-day tasks can lead to frustration and turnover. While employers may think that this approach helps them find self-starters and motivated employees, the employees may feel like their employer doesn't view their role in the company as important and isn't invested in them and act accordingly.
- **Focusing on the wrong (or only one part of the) issue**—Sometimes, employers will focus on a specific issue, such as wages, when it's only part of their problem. For example, we regularly see employers which have increased wages to be in line with other local employers continue to struggle to keep people. Although the higher wages usually help some, employees still may be frustrated with other issues, such as limited growth opportunities, constantly changing expectations or poorly defined responsibilities.

The key point is that a retention-related process issue is often tricky because it is difficult to link it back to just one root cause. You must investigate further to understand where the process is falling short. The problem is that many companies don't take the time to measure employee activities and tasks or establish KPIs against

operational performance.

No magic wands: the need for careful analysis

When you are immersed in day-to-day operations, figuring out what's causing talent retention issues can be difficult. Part of the challenge is related to the "invisible gorilla" idea we mentioned in a recent post (not seeing a potentially obvious issue because you are too focused on running, measuring or addressing something else). But it can also be related to deeply engrained cultural perspectives. Take the simple example of the temperature settings on an industrial furnace we asked a client about during a factory floor tour; the tech describing the heating process for the furnace said the temperature was always set at 375 degrees. When we asked why, no one could provide a specific answer related to quality or efficiency or anything else. At some point someone decided that was the best temperature and no one had questioned it instead of testing the process at a lower temperature to save on cost.

When things seem to be moving at Mach speed, accepting established approaches are all too easy. Especially when you are always pressed for time. But if retention is an issue, then now is the time to dig in and identify and address the root cause. It is worth the time to assemble a cross-departmental team of people with different perspectives to consider where issues may be arising across processes. It's important to look further than just the answers people give in exit interviews and ask more difficult questions, such as:

- What steps do we take when we hire somebody new to set them up for success?
- What KPIs are we tracking and what is the data telling us as it relates to human capital?
- What typically happens when we promote somebody into a different department, and why?
- What typically happens when we have turnover in a supervisor or management role?
- How are we utilizing data from exit interviews and stakeholder surveys to improve our current processes?

The value of a fresh perspective

We'd like to tell you that there are magic tricks or incentives for fixing talent retention issues. But the reality is that every company is dealing with unique challenges and it usually takes hard work to find and fix the real root causes. If you're struggling with retention, give us a call to discuss and we can provide a fresh perspective on your human capital challenges and recommendations for improvement.

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