Planning to Become an Employer of Choice

An employer of choice recruits and engages talent through practices that address both tangibles and intangibles, focus on the long term as well as the short term, and are tailored to the organization. The author examines how several companies turned around high turnover with retention and hiring strategies geared to the particular needs of critical talent—managers, professionals, or front-line workers. He also offers a dashboard of talent management metrics to track progress towards becoming an employer of choice. © 2005 Leigh Branham.

Leigh Branham

In February 2004, senior executives polled by McKinsey Consulting reported that their "most pressing concern," other than the overall economic climate, was "hiring and retaining talent."[1] Even after several years of slow labor-market activity, it seems that most company leaders still appreciated the need to focus on talent acquisition and retention as a key imperative.

When the competition for talent gets heated, many companies begin to scramble and cast about for ideas on how to stop the bleeding. Some just put more time and money into their recruiting efforts, which has been likened to speeding up the pace of the blood transfusion while the patient is bleeding to death.

Many companies know they need to stop the bleeding first, but in their search for answers, it seems not to have occurred to them to look for the root causes. Instead, in many cases the CEO asks the HR department to do something about the turnover problem, and the search begins for "what other companies are doing." The only problem with that approach is that the practices that fit the business strategies of other companies may not fit your company.

For example, it may not be appropriate to increase hiring from a pool of temps, adjunct staff, and part-time workers if there are already too many of these workers in the company. In such a situation, customer service may begin to suffer because there are too many temps and part-timers, and not enough full-time employees with solid customer service experience. Increasing hiring from within may not be advisable for companies

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that are pursuing a business strategy focused on innovation and product development and already know they don't have enough innovators and product developers currently on board.

Yet the instinct to find out what other companies are doing and copycat their practices is irresistible to many conscientious professionals. I can even recall seeing several articles in the late 1990s that listed the "top 20 effective retention strategies" in broad terms, like this:

1. Training
2. Flexible work arrangements
3. Tuition reimbursement
4. Sabbaticals
5. Extended parent leave

and so on through all twenty items on the list.

First of all, these are not strategies. Second, they may not be the right practices for your company. And third, these lists are usually dominated by pay-and-benefit practices and typically feature very few intangibles—cultural or management practices, which, as we know, may have a much bigger impact.

Part of the problem is that it is more tempting to select short-term, tangible practices over long-term, intangible ones (see **Exhibit 1**). Being only human, we prefer short-term solutions to long-term ones. Besides, we are impatient to get results and believe we need to score a quick success. Likewise, the intangible stuff seems just too soft, too squishy, too hard to implement, and too difficult to change in a reasonable time frame. Or so the thinking goes.

Actually, there is plenty of evidence now, such as Gallup's study of 80,000 managers,[2] to support the conclusion that the greatest drivers of employee engagement and retention are intangible—mostly related to the way a manager treats employees. In fact, in reviewing the list of 54 engagement practices in **Exhibit 2**, you will see that most of them are intangible, and within the power of the manager to implement. In the end, it doesn't matter whether they are short-term, long-term, tangible, or intangible. What matters is whether they are the right practices for your current situation.

So, as you consider the 54 engagement practices in Exhibit 2, think of them as items in a cafeteria. Some you have already tried and found satisfactory. The ones you have not tried and now choose to put on your tray may be few, but they will be the right ones.

Exhibit 1. Four Strategic Employer-of-Choice Options

	SHORT-TERM	LONG-TERM
TANGIBLES	• Base Pay • Yearly Incentives • Health Insurance	• Stock Options • Profit-Sharing Plans • Pension/401(k)
INTANGIBLES	• Work-Life Benefits • Hiring Practices • New Hire Engagement	• Work Climate/Culture • Supervisor Behavior • Trust in Leaders

Exhibit 2. Summary Checklist of Employer-of-Choice Engagement Practices

Because it is difficult to focus on implementing several practices all at once, you may wish to use the checklist to put items in order of importance or urgency as you begin to plan your employer-of-choice strategy.

To match candidates' expectations with work realities:

1. ❑ Conduct realistic job previews with every job candidate.
2. ❑ Hire from pool of temp, adjunct staff, interns, and part-time workers.
3. ❑ Hire candidates referred by current employees.
4. ❑ Create a realistic job description with a short list of most critical competencies.
5. ❑ Allow team members to interview candidates.
6. ❑ Hire from pool of current employees.
7. ❑ Create a way for candidates to "sample" the work experience.
8. ❑ Survey or interview new hires to find out how to minimize new hire surprises in the future.

To match the person to the job:

9. ❑ Make a strong commitment to the continuous upgrading of talent.
10. ❑ See that all hiring managers perform talent forecasting and success-factor analysis.
11. ❑ Cast a wide recruiting net to expand the universe of best-fit candidates.
12. ❑ Follow a purposeful and rigorous interview process.
13. ❑ Track measures of hiring success.

To match the task to the person:

14. ❑ Conduct "entrance interviews" with all new hires.
15. ❑ Work to enrich the jobs of all employees.
16. ❑ Delegate tasks to challenge employees and enrich jobs.

To provide coaching and feedback:

17. ❑ Provide intensive feedback and coaching to new hires.
18. ❑ Create a culture of continuous feedback and coaching.
19. ❑ Train managers in performance coaching.
20. ❑ Make performance management process less controlling and more of a partnership.
21. ❑ Terminate nonperformers when best efforts to coach or reassign don't pay off.
22. ❑ Hold managers accountable for coaching and giving feedback.

To provide career advancement and growth opportunities:

23. ❑ Provide self-assessment tools and career self-management training for all employees.
24. ❑ Offer career coaching tools and training for all managers.
25. ❑ Provide readily accessible information on career paths and competency requirements.
26. ❑ Create alternatives to traditional career ladders.
27. ❑ Keep employees informed about the company's strategy, direction, and talent need forecasts.
28. ❑ Build and maintain a fair and efficient internal job-posting process.
29. ❑ Show clear preference for hiring from within.
30. ❑ Eliminate HR policies and management practices that block internal movement.
31. ❑ Create a strong mentoring culture.
32. ❑ Keep career development and performance appraisal processes separate.
33. ❑ Build an effective talent review and succession management process.
34. ❑ Maintain a strong commitment to employee training.

To make employees feel valued and recognized:

35. ❑ Offer competitive base pay linked to value creation.
36. ❑ Reward results with variable pay aligned with business goals.
37. ❑ Reward employees at a high enough level to motivate higher performance.
38. ❑ Use cash payouts for on-the-spot recognition.
39. ❑ Involve employees and encourage two-way communication when designing new pay systems.
40. ❑ Monitor the pay system to ensure fairness, efficiency, consistency, and accuracy.
41. ❑ Create a culture of informal recognition founded on sincere appreciation.
42. ❑ Make new hires feel welcome and important.
43. ❑ Ask for employee input, then listen, and respond.
44. ❑ Keep employees in the loop.
45. ❑ Provide the right tools and resources.
46. ❑ Keep the physical environment fit to work in.

To reduce stress from work-life imbalance and overwork:

47. ❑ Initiate a culture of "giving-before-getting."
48. ❑ Tailor the "culture of giving" to the needs of key talent.
49. ❑ Build a culture that values spontaneous acts of caring.
50. ❑ Build social connectedness and cohesion among employees.
51. ❑ Encourage fun in the workplace.

To inspire trust and confidence in senior leaders:

52. ❑ Inspire confidence in a clear vision, a workable plan, and the competence to achieve it.
53. ❑ Back up words with actions.
54. ❑ Place your trust and confidence in your workforce.

TALENT ENGAGEMENT STRATEGIES IN ACTION

The strategies companies use to engage their workers depend not only on their business strategies, but also on the size and complexity of the organization and its workforce. Here are several examples of companies big and small that are implementing talent selection and engagement strategies differently, but successfully.

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United Parcel Service

The Challenge: Engaging and retaining the young, mostly part-time workers that load, unload, and sort packages in the company's 270,000 square-foot Buffalo, New York, distribution center. In 1998, the turnover rate was 50 percent, creating customer service disruptions and proving to be costly in several ways.

Strategic Actions: The new district manager, Jennifer Shroeger, created a five-part strategic plan, as follows:

1. *Meet the expectations of applicants.* Instead of hiring anybody that walked in the door, which it had been doing, UPS started asking applicants if they were hoping for full-time jobs. If the answer was "yes," then they were probably going to be disappointed at some point, because full-time jobs rarely open up. It usually takes six years to work up to a full-time driver's job. "I can't hire workers who want full-time work if there aren't any full-time jobs," Shroeger said. Instead, the company sold part-time work for what it was—short, flexible shifts that could fit the schedules of students from the many colleges in the area.
2. *Communicate differently to different groups of workers.* To better understand the needs of her entire workforce, Shroeger analyzed information that broke down the worker population into five distinctive groups, closely paralleling their age and the stage of their careers. She realized that those older than 35 valued different motivators than their younger coworkers. Understanding these differences, the company tailored its recruiting and re-recruiting messages accordingly.
3. *Take better care of the new hires.* To make the warehouse environment less intimidating to new hires, UPS improved the lighting, upgraded the break rooms, and installed more personal computers on the floor, which provided access to training materials and human resource information on the company's intranet. The best part-time supervisors became trainers, spending a week shadowing new workers. Shroeger initiated an employee-retention committee, composed of both managers and hourly workers, to track new hires through their first few weeks on the job and fix small problems before they become bigger ones. The committee also plans fun social activities, such as after-hours baseball games and floor-wide "super-loader" contests.
4. *Give supervisors the freedom and training to manage people their own way.* The company lets managers figure out their own best way of motivating different workers. Supervisors also complete training in how to handle difficult situations and respond to different career questions. They also learn how to have more flexibility with students and moms, who have frequent changes in their schedules, and are challenged to find out and remember something about the personal lives of workers.
5. *Let them move on with new skills and good will.* Shroeger realizes that young, part-time workers are going to move on with their lives. But, having given them the opportunity to build their skills via tuition reimbursement, Saturday computer classes, and career planning discussions, she hopes they will leave with good feelings about UPS and perhaps become customers someday, as many have.

The Results: By the first quarter of 2002, part-time turnover had dropped to 6 percent, which equates to 600 workers staying who otherwise would have left four years earlier. Annual savings due to lowered hiring costs totaled $1 million. Lost workdays due to work-related injuries had dropped by 20 percent, and the percentage of packages delivered on the wrong day or at the wrong time dropped from 4 percent to 1 percent.[3]

Motek Software

The Challenge: This small, privately held southern California firm customizes industrial computers for use on warehouse forklifts and dominates its market niche. The goal of Motek's founder and CEO, Ann Price, is to attract the very best IT workers and make them want to remain in a work environment that allows them to have a life outside of work.

Strategic Actions: Price expects her twenty employees to keep 9 A.M. to 5 P.M. hours. She also buys lunches for them at the best restaurants, brings in a hairdresser for employees once a week, and gives new employees one month of vacation per year. When employees postpone taking their vacation, Price has been known to book it herself and go along with them to make sure they take it. "We're robbing ourselves of the best years of our lives," she says. "I'm living proof that you can achieve the same goals and not give that all up."

The Results: A turnover rate of less than 1 percent and a highly stable workforce, which helps to avoid disruption of service to its clients.[4]

IHS Help Desk

The Challenge: Even though this IT consulting and training company was growing and succeeding, owner Eric Rabinowitz realized that a 113 percent turnover rate was threatening the future of the business. On further inspection of company data, he found that 20 percent of turnovers were happening in the new hires' first month on the job.

Strategic Actions: Rabinowitz began asking employees what he might do differently and he got an earfull. He had expected that offering full-time work and good benefits would be enough, but his employees saw themselves as temp workers with no career path, and were always looking for their next job. Because most of them worked off-site, they felt like they were working for the client. They also mentioned that they wanted more training and a clearly defined career path.

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Rabinowitz realized that most employees would not stay with the company more than two years, but resolved to give them whatever training would cause them to stay at least that long. He surveyed employees to find out what kind of training they wanted, then set up Web-based training programs that met their needs. He also started a communication program to make workers feel less isolated at remote locations—he created a newsletter and hired an employee advocate to visit work sites once a week and create a stronger bond with the company. The company also improved its benefits plan to include dental and life insurance, and started incentive and employee recognition plans.

The Results: Within a year, the company had lowered its turnover rate to 19 percent.[5]

Meers Marketing Communications, Inc.

The Challenge: This small advertising and marketing communications firm serves large clients by offering superior service and long-term relationships. However, the company began to experience turnover rates as high as 50 percent, compared to an industry average of 30 percent. As a result, they started losing clients as well, some within the first year. Owner and CEO Sam Meers knew that keeping clients less than a year meant they were probably losing money on them.

Strategic Actions: After losing a large client and taking another look at the firm's bottom line, Meers started working with a consultant to complete a strategic planning process, with a major emphasis on employee retention. One of the first issues addressed was hiring the right people in the first place, so Meers instituted a more rigorous interviewing process for applicants. Job candidates would be required to be interviewed multiple times by a variety of people before an offer was made.

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To create more ownership and give employees more of a stake in the company's success, Meers decided to open the company's financial books to employees. He would go over the financials with employees on a monthly basis and tie their bonuses to the performance of the company and to their own performance on a 50-50 basis. Meers also enlisted the help of all employees to create a procedures manual documenting 150 agency processes so employees would know exactly what was expected and how to do it. Finally, he committed to understand the differing needs of each employee, and decided to give them more flexible work hours, or leaves of absence, or whatever they might need to achieve a better balance between work and home life.

The Results: In the year following implementation of these measures, the firm only lost one person. Said Meers, "People like the culture and because of that, they do good work for our clients.… It's a much more consistent experience for our clients and our staff."[6]

Steak and Shake

The Challenge: When Peter Dunn took over as CEO of this fast-casual restaurant chain, earnings had slipped, and crew turnover stood at 200 percent—markedly higher than the 129 percent average reported by other restaurants in its category. At 50 percent, management turnover was also excessive.

If Dunn was going to achieve his goals to turn around the company and fuel an expansion, he knew he was going to have to reduce the high turnover among store employees because it was negatively impacting guest satisfaction scores. The company told investors that it could save $2 million to $4 million per year by increasing the retention of front-line workers. He also estimated that bringing manager turnover under control could save another $1 million to $2 million per year.

Strategic Actions: Dunn hopes to build customer retention based on increased employee retention, an idea known as building a "virtuous cycle." One of the ways the company planned to do this was by giving store managers more freedom to make decisions about how to increase revenues and efficiency. For the first time ever, Steak and Shake has provided managers with statistics on each store's operations, including turnover rates, customer satisfaction data, drive-through efficiency, and which items produce the most profit. Managers were challenged to create their own business plan for their stores and share them with employees.

The company also decided to increase benefits to front-line workers, starting with a 50 percent reduction in their vision and dental expenses, in addition to the health care insurance, and a full range of other benefits it already offers. One of these benefits is life insurance, which the company believes produces the greatest reduction in turnover for the money spent. Steak and Shake has also increased the amount of time new hires spend being oriented, based on industry data showing that restaurants that give four or more hours of orientation enjoy turnover rates 34 percent lower than those who provide only an hour or two.

The Results: In less than a year, manager turnover had dropped to 30 percent and turnover among front-line workers was down 24 points, to 176 percent. Guest satisfaction had improved from 81 percent to 86 percent and same-store sales had increased by 12 percent.[7]

FleetBoston Financial

The Challenge: To reduce annual turnover in the bank's retail operations, which had reached 25 percent overall, with rates as high as 40 percent among tellers and customer service representatives. Such high turnover rates had put the bank's customer-focused strategy at risk. An analysis of the bank's employee survey and exit interview data had suggested that employees were leaving because of low pay and heavy workloads. Despite raising pay rates and installing more flexible pay arrangements, turnover rates continued to rise.

Strategic Actions: The bank suspected that the reasons employees were giving for leaving during their exit interviews were safe and superficial responses, and that they were reluctant to discuss the real reasons. Fleet retained Mercer Consulting to conduct a comprehensive analysis of workforce characteristics and management practices that most directly influenced employees' decisions to stay or leave.

One of the first discoveries was that the bank's active history of mergers, acquisitions, and consolidations had resulted in the closing of some branches, which had raised employees' worries about job insecurity. To counter these concerns, the bank decided to focus on broadening career opportunities within the organization. The idea was that if employees could improve their mobility, they would see that as also enhancing their marketability, making them less vulnerable to possible future layoffs.

By examining the career path history of employees, the bank had learned that those who progressed more rapidly through different jobs were more likely to stay. This finding was surprising to some managers who believed that employees who broaden their experience in the company and become more marketable are more likely to pursue outside opportunities.

Managers began paying more attention to career development needs and encouraging employees to consider a broad range of possible movements within the bank, operating on faith that they would receive their share of mobile new employees to replace those who moved on. The bank also learned that there were two categories of employees at greatest risk of leaving: high-performers who had been in their same position for two or more years, and employees who had just completed their undergraduate or graduate degrees. Managers were encouraged to initiate discussions with these employees in particular to address the sources of their concerns.

Another interesting and valuable finding was that nonexempt employees who had progressed into exempt positions tended to stay longer and earn more frequent promotions than those who entered as exempt employees. As a result, Fleet clarified and publicized its policies outlining how nonexempts can become exempt employees, and began providing career coaching to nonexempt employees to encourage them to pursue new growth opportunities.

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Further analysis of employee data revealed that employees whose managers left the bank were themselves more likely to leave. To address this, the bank decided to raise the amount of variable pay that managers can earn in the form of higher performance-based cash bonuses. Fleet also replaced departed supervisors with internal candidates, already known and trusted by current employees.

In exploring the reasons for high first-year turnover, the bank realized it needed to enhance its new-hire orientation process and began giving more frequent feedback and more training during the first year of employment. Recognizing that it may also have been giving new hires more work than they could manage, the bank reduced workloads.

Finally, the bank examined hiring-source patterns and discovered that employees who had been referred by other employees were more likely to stay than employees recruited through agencies or want ads. Fleet decided to lower its investment in recruiters and to increase the bonuses it paid employees for referring new hires who stayed at least six months.

The Results: Within eight months of implementing the new retention initiatives, FleetBoston's turnover rate had decreased by 40 percent among salaried employees and 25 percent among hourly employees. The turnover rate among first-line supervisors declined to 6 percent and first-year turnover dropped by 10 percent.

These combined improvements are estimated to have saved the company $50 million.[8]

WHAT DO WE LEARN FROM THESE SUCCESS STORIES?

There are common threads that run through all these stories and are worth pointing out. Though there were significant differences in company size, industry, circumstances, and range of solutions, all shared a common approach:

1. Resolving to take action without delay as soon as they recognized there could be a serious threat to the fortunes of the business
2. Recognizing key employees on which the business depended and attempting to understand how to better meet their needs
3. Implementing targeted initiatives to meet the needs of those key employees
4. Tracking improvements to demonstrate progress and measure success

Instead of simply benchmarking human resource efficiency and cost measures against other companies, many companies are taking a broader business perspective.

In some cases, the approach was straightforward and based on common sense. Others pursued a more sophisticated approach, relying on complex analytical tools that produced some unexpected findings and led to a wide range of solutions. In every instance, the commitment of the CEO was the driving force for the new initiatives.

LINKING TALENT AND BUSINESS OBJECTIVES

These stories remind us of the business imperative for becoming an employer of choice. In order to reach our business objectives, we must consistently compete for talent and win, not just win in terms of attracting talent, but engaging and retaining it as well, knowing that current employees, especially the best, will always have choices to move elsewhere.

Yet, while 62 percent of corporate officers said that they see the importance of linking business and talent strategies, only 7 percent said their companies were actually doing it. And while 44 percent agreed that line managers should be held accountable for talent objectives, only 10 percent said their companies were doing so.[9]

Part of the problem lies in the fact that in many organizations, senior leaders look to the HR department to focus on increasing efficiencies and reducing costs when they should instead be focused on creating value for the business by linking talent strategies with business objectives. A prime example of focusing on efficiency at the expense of value is when a company measures cost-per-hire, but makes no attempt to measure quality-of-hire.

LINKING THE RIGHT MEASURES TO BUSINESS RESULTS

Instead of simply benchmarking human resource efficiency and cost measures against other companies, many companies are taking a broader business perspective. They are focusing internally, but in a more strategic way, and are measuring the company against itself, not against other companies who may have very different strategies.

The first requirement is for the business to actually have a clear and detailed business strategy. Next, the organization must target the job roles that are most critical to achieving the plan. As we know, as few as 20 percent of the workforce can contribute 80 percent of the value. In the case of a national restaurant chain with a business strategy that depends on improvements in customer service, the front-line workers would have to be considered pivotal to the success of that strategy.

There are many questions to ask: Are there enough of these people on board? Do they have the right competencies and, if not, how will they be developed? How will we attract people with the right talents for these critical roles? Do we have the right human resource systems and practices in place to engage and retain these people? Are they receiving the right rewards? And what about the noncritical employees and "B players" we depend on—are we focused on keeping, re-engaging, and rewarding them as well?

Another important lens to look through is the growth phase of the business. For example, a start-up retail venture would concentrate on selecting and rewarding its top executives, but focus more on middle managers as it begins to expand nationally and open up new stores. Similarly, employers of choice stay attuned to the career phases of their employees. The recruiting pitches, rewards, benefits, and management practices they use to attract, engage, and retain new hires are different from those used with more experienced workers. The same goes for women and other demographically diverse populations of workers.

One definite trend indicating a more proactive approach to talent management is that more companies seem to be conducting comprehensive "talent review" processes, often beginning with indepth assessments of high potential employees. Senior officers and department heads then review the capabilities of specific individuals deep into the organization, to not only discuss their readiness for promotion but also assess their strengths against strategic talent needs. Following these sessions, managers are expected to create action plans for employees and talent strategies for their units.

Ultimately, managers and human resource leaders need to be focused on linking talent-related outcomes to customer measures. For example, tracking employee retention as a leading indicator of customer retention and revenues has proved to be particularly compelling. In a recent poll of HR executives, 50 percent of respondents report that their companies are increasing their investments in tracking the impact that metrics such as turnover rates, productivity, and employee morale have on the bottom line.[10]

A Conference Board survey also reported that 76 percent of HR executives say that senior management in their companies will increase their support for "people metric projects" over the next few years. The same report also mentioned that Cisco Systems, one of the most progressive companies when it comes to strategic talent management, has developed "human capital dashboards" to analyze revenue per employee and other such data.[11]

CREATING AN EMPLOYER-OF-CHOICE SCORECARD

Rather than try to benchmark themselves against other employers, some companies are creating ways of measuring their own progress toward becoming employers of choice. In other words, they are starting to track year-over-year improvements by creating their own dashboards of talent management indicators. One way of doing this is to track measures of the four things every organization must do with talent: attract, select, engage, and sustain engagement (see **Exhibit 3**).

Ultimately, managers and human resource leaders need to be focused on linking talent-related outcomes to customer measures.

Measures of attraction could include the following:

- Ratio of employment applicants to open positions
- Percentage of applicants considered "A" candidates
- Average days to fill vacancies
- Ratio of acceptances to offers
- Applicant dropout rate
- Number of recruiting sources used
- Percentile rank of total compensation versus talent competitors
- Percentage of new hire referrals who stay at least six months
- Average monthly percentage of open positions

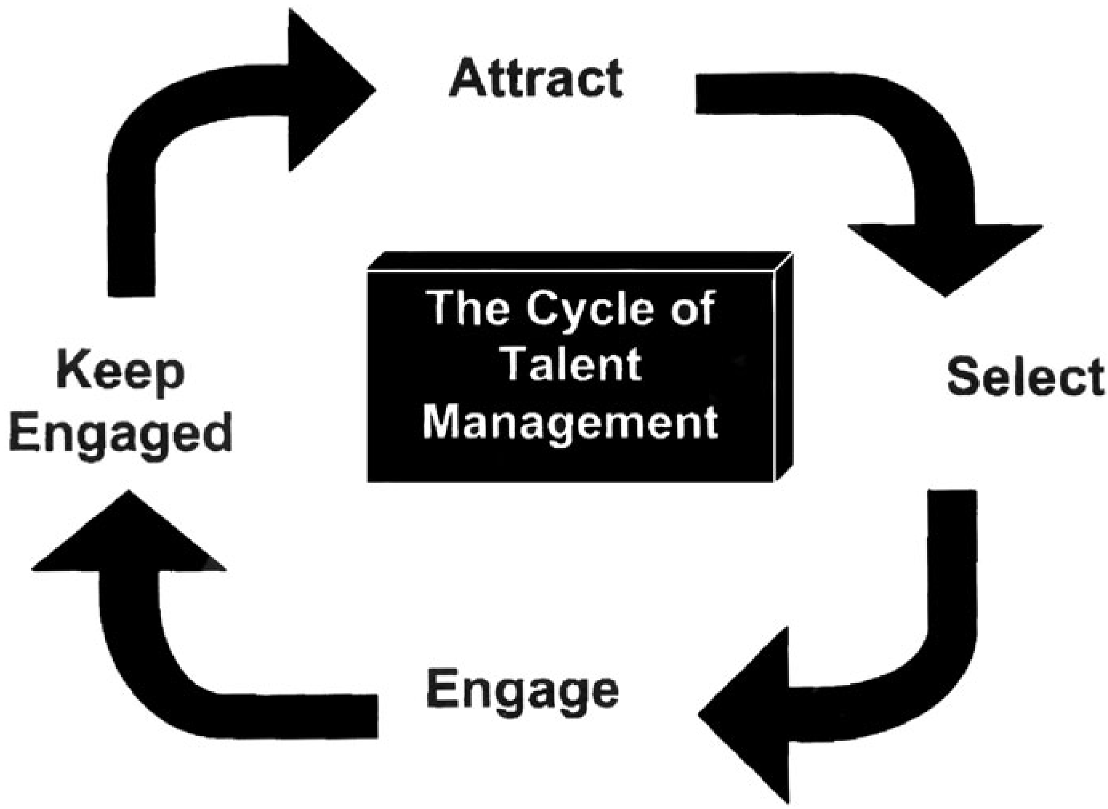
Employers of choice, for example, typically have ratios of employment applicants to open positions of at least 20 to 1, some as high as 100 to 1.

New-hire referral rates of 30 percent are considered healthy, usually indicating that current employees speak well of the company to their friends and feel comfortable recommending the organization as a good place to work.

Measures of selection might include:

- First-year voluntary turnover rate
- First-year involuntary turnover rate
- First-year performance results
- First-year performance evaluation by managers
- First-year absenteeism rate
- First-year employee engagement survey scores
- Percentage of candidates hired using behavioral interviewing
- Percentage of selection decisions based on competency analysis

Exhibit 3. Talent Management Cycle



Engagement surveys have become an important tool for many companies, which are using them as a primary indicator of how well talent is being managed. Many see engagement as a much more meaningful measure than employee satisfaction, because it encompasses satisfaction, plus dimensions of performance along with commitment, or intent to stay with the organization. As you would expect, engagement survey scores appear as a key measure in the next two categories.

Measures of new-hire engagement might include:

- Percentage completing comprehensive orientation process
- Percentage completing "entrance interview"
- Percentage coached by buddy or mentor
- First-year employee engagement scores
- Percentage of new hires considered "outstanding" performers
- First-year voluntary turnover rates
- Employee survey results of first-year employees
- Percentage whose supervisors leave or are reassigned in first year

Some companies that are especially concerned about quick turnover among new hires might want to track some of these measures during the first 30, 90, or 180 days.

Measures of sustained employee engagement could include:

- Voluntary turnover rate
- Top performer voluntary turnover rate
- Performance/quality results
- Absenteeism rates
- Employee engagement scores
- Training hours per employee
- Ratio of internal to external hires
- Percentage of employees completing individual development plans
- Percentage of re-hires among all hires

There are dozens of similar measures that a company might begin to track and report. As shown in **Exhibit 4**, the scorecard becomes more meaningful in the second and subsequent years as improvements and drop-offs become apparent at a glance. The next logical step would be to begin showing the relationship between some or all of these measures and business results, such as revenue per employee (including outsourced operations) or customer retention rates.

Exhibit 4. Employer-of-Choice Scorecard

EOC Indicators	2005	2004
Voluntary Turnover Rate	11.9%	13.2%
Employee Referral Rate	21.2%	17.4%
Ratio of Jobs Filled Internally	39.8%	33.5%
New Hire Retention Rate	76.3%	71.8%
Quit Rate	13.5%	14.4%
Ratio of Acceptances to Offers	64.7%	59.7%
Percentage of Engaged Employees	36.6%	27.9%
Absenteeism Rate	4.0%	5.1%

THE PLAN WORKS . . . IF YOU WORK THE PLAN

You may have seen the Dilbert cartoon where Catbert asks Dilbert's boss if he has a plan for retaining employees, and the boss responds, "I whittle at their confidence until they believe no one else would ever hire them." The bad news is that there really are such bosses. The good news is that you are now armed with 54 engagement practices from which you can choose to create a better plan for your employees. And the really good news, as we have seen in the success stories presented earlier in this article, is that if you work the plan, the plan will work.

When I ask audiences what they hope to get from my presentations, someone often says, "I was hoping for a magic bullet." The urge to slay the two-headed monster of employee disengagement and turnover is primal and hard to resist, but we must. There is only one "magic bullet," and that is the steady commitment to a plan that is made up of several well-targeted practices.

As Jim Collins points out in *Good to Great*, good companies become great not through quick changes, but through patient and determined application: "Sustainable transformations follow a predictable pattern of buildup and breakthrough. Like pushing on a giant, heavy flywheel, it takes a lot of effort to get the thing moving at all, but with persistent pushing in a consistent direction over a long period of time, the flywheel builds momentum, eventually hitting a point of breakthrough."[12]

PARTNERS IN WORKING THE PLAN

Becoming an employer of choice is a possible dream for every company, no matter how big or how small it may be. But if it were easy, every company would be one. It takes a team effort, with everyone pushing on the flywheel—senior leaders, human resource leaders, managers, and employees.

Senior leaders make the commitment, enlist the support of the board, build the culture of trust, competence, and caring, approve the budgets, and hold all managers accountable for engaging and retaining talent.

Human resource leaders link talent strategies to business objectives, balance value-creating activities with those that cut costs, create the right support systems for managing talent, partner with marketing to build an "employment brand," help the organization understand the true reasons people stay and leave, recommend the right best practices, support line managers in the implementation of those practices, and track the right measures.

Managers bear the greatest responsibility, for they are the main reason most employees decide to stay or to go. The great managers are the ones that make their departments "employers of choice" long before the organization as a whole gains that status. And yet, great managers of people have not been honored as the heroes they are.

Companies need to select more of the right people to become managers in the first place, be more rigorous in the selection process, and take more care not to promote good technical performers above their level of competence. Managers must be challenged to be great managers, given the tools and training they need to become great, and rewarded in meaningful ways for engaging and retaining valued workers. And managers must be relieved of some of the loads they are bearing—doing the work of two or three people in addition to managing their direct reports. Too many managers are simply too busy managing budgets and "getting things done" to spend quality time with their employees.

Finally, many managers have to start taking more responsibility for their role in engaging or disengaging employees. They need to understand that pay is not the reason most employees leave, and accept that their way of managing is the number one reason. For many, that means stop blaming senior leaders for not paying more (when low pay is not the culprit), and stop depending on human resources to do all the recruiting and recognizing. In short, managers need to own all four phases of the talent management cycle: attract, select, engage, and sustain engagement.

As for *employees*, they may need to be reminded that no manager has as much power to engage them as they do to engage themselves. Even so, senior leaders in many companies now survey employees to track the percentage that are engaged versus disengaged, then challenge department managers to do whatever it takes to better engage their people and improve their scores in the next survey. While this does engender accountability for managing people with skill and emotional intelligence, there is a potential downside.

It is simply this: The responsibility for being engaged does not just fall on the shoulders of the manager—it is the employee's responsibility as well. One manager asked, "What about the employees? They shouldn't just be waiting around for the manager to engage them. Why don't we just score employees on how well they are keeping themselves engaged?!"

By overemphasizing the manager's role in engaging employees, organizations risk creating an environment where employees may become passive, expecting all motivation and incentive to come from external sources. It is easy enough for many employees to fall into a victim mentality and assume an attitude of entitlement, especially when organizations habitually fail to seek active employee input and put off confronting poor performers.

Maintaining the fine balance between engagement and entitlement is a shared partnership between company leaders and employees. The need for both parties to meet each other halfway in the process makes it all the more important for organizations to spell out exactly how they expect employees to keep themselves engaged, as well as how managers should work to engage their employees. ■

NOTES

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