

# It pays to concentrate on employee retention

It's difficult to find skilled workers so high turnover rates can be costly

## WORKPLACE STAFF

**H**OW much does employee retention really cost? We all know the answer: a king's ransom and then some!

According to a study conducted by USA-based management solutions, Flex Eexecs, companies are cautioned to guard against high staff turnover rates for the following reasons:

- The impact on the bottom line
- The cost of terminating employees
- The cost of hiring replacements
- The cost of training new employees
- The cost of lower productivity of new employees
- The cost of customer dissatisfaction with less or lower-quality service from new employees
- The additional marketing and sales cost to find replacements for unhappy customers, keeping in mind that it costs five-to-11 times more to develop new business than it does to expand existing business
- The cost of new, less experienced employees maintaining your business in lieu of growing it
- The cost of lost ideas and suggestions because of less-experience
- The impact on the implementation of the corporate strategy
- The cost of not realising the full implication of the company's loss, until the following period's financial results are posted

According to Charl Viljoen, managing director of Communicate Personnel, unless you are able to accurately quantify and qualify probable losses, companies may never fully compute and appreciate the loss of experienced employees.

"It is estimated that the loss of one exemplary employee could cost the company between one-and-two times the average salary and benefits, of that one model employee," he says.

Communicate Personnel, recently engaged with its specialist recruitment consultants and clients in a market-related survey, in order to ascertain the primary motivators as to why employees leave.



**DEAL BREAKER:** An unpleasant commute to work and back has been identified as one reason why staff do not remain in their jobs. Introducing flexitime, or virtual workspaces, can counter this.

PICTURE: HUMBLING ENGLISH

The following reasons topped the polls, in no particular order of importance:

- Unpleasant work culture
- Inadequate compensation/remuneration
- Limited opportunities for professional development
- In addition, the following motivators were flagged as contributing factors of paramount importance:
  - Toxic manager
  - Undesirable commuting times and traffic congestion
  - Unreasonable work hours; no work/life balance

Viljoen believes it is possible to turn the tide. "We advise all our

clients to shift the spotlight to focus on their staff," he says.

"We understand that it is difficult to find top skills in this country and therefore the emphasis on retaining such skills, is of paramount importance.

"It requires businesses to be more forward thinking in the way they manage their staff complement.

For example, although an employer cannot necessarily do something about an employee's arduous commute; he or she may be able to offer this staff member more flexible working hours, or perhaps a mobile office structure."

Special attention should be paid to the following areas of the business:

- Additional training for managers, supervisors and/or team leaders
- Look to improve relationships between employees
- Do not accept poor management behaviour; this could prove costly in today's ultra-competitive business environment.
- Investigate whether the top people in the company invest at least 80 percent of their time managing people or tasks. If the answer is 'tasks,' the business could be building a turnover

problem.

"Always look internally and evaluate what works intrinsically for your business and brand," Viljoen advises.

"Based on the trends in the current employment market: The result of not concentrating on the reasons why staff members are leaving your organisation, is far reaching.

"And it includes not only a direct impact on the bottom line, but also valuable time and effort invested into an endless supply of new staff, continuous training of new employees, low productivity of new team members, and the list continues."