

The cost of losing top talent (and how to avoid it)

■ Keep your staff happy and you'll make more money... plus, losing good people is more costly than you think, says **Jane Sunley**, Founder of LearnPurple, a talent management consultancy. ■

When you think about, it's not rocket science. Happy employees are motivated employees, motivated employees are productive employees, and on the cycle continues.

It's people who make or break a business yet, in most companies, all the focus is placed upon earning money and not on how employees play a vital role in this even though research shows that the companies that employees say are great places to work are also the most commercially successful.

According to the Harvard Business Review, companies with highly engaged employees generated 200 per cent higher three-year returns to

shareholders than low-commitment companies between 1999 and 2002. The research also showed that, over a period of five years, companies that employees rated as great places to work showed a 25 per cent growth in share and dividend returns, compared to 6.3 per cent for the rest.

Even so, given that it doesn't take a genius to see that a company staffed by a load of miserable, unfulfilled workers probably won't be the next Google, few employers put much emphasis on a structured approach to staff retention via keeping the troops happy. But the employers who do take pains to manage their talent end up making more money, says Jane Sunley, Founder of

LearnPurple, a consultancy specialising in the engagement, development and retention of staff.

"The heart of it, it's simple, if people love their jobs, they're going to work harder and stay. If you've got everybody aligned, all working in the same direction, doing it with their hearts and minds because they want to, it affects your output. You're bound to make a lot more money than if you've got a load of automatons going through the motions.

"One of our metrics is the Happy Scale, a survey that companies can do on our website. People say, 'oh, that's a bit wet and fluffy isn't it' and actually it's not, the Happy Scale is the be all and end all of everything. We have



Are your best people starting to crack under pressure?

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lists such as the 'Best Places to Work' or the 'Top 100 Employers' and the sort of companies that are doing well financially and growing well are the sort of companies that are on those lists."

DON'T LEAVE ME THIS WAY

Not only does a happy workforce increase productivity, it also lessens the considerable costs of recruitment as well as the unseen costs associated with high attrition rates.

"People never measure the true cost of attrition," says Sunley. "They measure direct costs like recruitment and maybe a bit of management time and interim cover but what they don't measure is the indirect costs, things like the effect on morale of those remaining, the impact of word of mouth if that person leaves on bad terms, or someone taking their contacts with them, or even other team members.

"If you've got to keep replacing people the costs mount up. A piece of research by PwC Saratoga, which is a world leader in workforce measurement and employee engagement, worked out that if you lose a middle manager, it will cost five times their salary to replace them. For a director, it's 10 times their salary."

The issue of talent management has become more important as companies aim to thrive in the current economic climate where every dollar or dirham counts and as employee expectations evolve.

The rules of the game are changing, says Sunley. The generation known as Generation Y that is now entering the workforce has different priorities and expectations to predecessors, the Gen Xers and the Baby Boomers.

"You've got Generation Y employees coming through now and they just won't put up with some things. For them, top priorities are work-life balance, respect, adult to adult relationships... employers won't be able to treat people like they have in the past, Baby Boomers and Gen Xers put up with things like a parent-child relationship with their employer but Gen Y employees won't."

KEEPING THE TROOPS HAPPY

If everyone recognises that staff happiness and retention is crucial to a business's health and bottom line, why don't more companies have a structured approach to it?

"Because they don't know how," says Sunley, "so it goes in the 'too hard' basket. Everybody pays lip service to the importance of staff retention but few actually take the steps to manage it. Some employers even think the happiness and job satisfaction of their staff is something they don't have much control over but they couldn't be more wrong. That's where we come in, we fill that gap because it's important to manage it in a tactical, measurable, outcome-lead, material-investment type way. We advise on how to get and keep your talent engaged, get them working towards their potential, retain them... it's all about top talent and everybody's fighting for it."

Of course, some staff attrition is natural and healthy. "You can't progress everyone to where they want to go, leaving can be healthy but you want people to leave on friendly terms, you should not get someone's resignation on your desk unexpectedly, you should know how they're feeling, what they want out of life and how they're planning to get there."

What's your company's Happy Scale?

To find out how happy and engaged the people in your company are, create a free employee engagement survey for up to 100 of your people by signing up at www.learnpurple.com.

The cost of putting in place structures to address staff happiness is far and away cheaper and easier than it is to continually lose your talent to competitors. Contrary to the fears of many employers, many of the key factors in keeping people happy are shockingly simple... even free.

So what are the key factors in keeping a workforce happily humming along? LearnPurple asked about 2,500 managers and executives in service industries what they needed to feel engaged and to stay with their company (therefore reducing staff turnover, increasing motivation and productivity). The results showed that career path

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Why people leave

LearnPurple carried out some research with a well known hospitality recruitment company, they asked every candidate why they were seeking a new position. Over 18 months, this amounted to 2,300 people.

- 52 per cent move because they perceive there are no opportunities for them in their current job
- 11 per cent move because they are bored or unfulfilled
- Seven per cent are just plain unhappy with their current company
- Three per cent were relocating
- Seven per cent were made redundant
- 20 per cent were returning from abroad, from another industry, previously unemployed or in further education

So, with the exception of a few who genuinely didn't have career opportunities with their present employer, LearnPurple say 70 per cent of these leavers could have been retained.



Gen Y aren't going to put up with being treated like children.

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planning, development, communication and good leadership were amongst the key factors in employee satisfaction.

Money was at number nine while the top five factors were as follows:

- **Communication:** "This is all about consultation and ongoing communication, so don't have a sign on the wall saying 'this is how we do it round here', talk to me about how I think it will work as a person who's here on the front line doing the work."
- **Leadership at all levels:** "It's not just about the people at the top, if people got the middle management and supervisory layer right, the world

would be a different place but too often a lot of money is spent on top management but nothing is done to create leaders at lower levels."

- **Career path:** "Not necessarily going up the ladder because the world is a different place now, people want to go sideways or perhaps take six months off to learn a language. This is about knowing what my career aspirations are and helping me to get where I want to go. And keep checking with me because my goals might change; things happen in my life."
- **Development:** "Don't send me on a training course for weeks on end and then expect me to come back

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with this massive file that I'll never have time to look at again. Shorter, relevant courses where I can go learn it really fast, have a good time, and come back and apply it is a more enlightened way of learning."

- **Culture and values:** "Be clear about the values of the business and make sure everyone in the company knows them and is aligned with them and working towards them."

LearnPurple was started by Jane Sunley in London in 2001. A Dubai branch was launched in April this year. LearnPurple UAE is headed up by Lynne Zarbhanelian. Go to www.learnpurple.com ME

LearnPurple's top tips for staff happiness and retention

"Our research has found that to feel engaged, employees need: communication, leadership, a clear career path, development and to have shared values with their employers whilst having their own aspirations met. With that in mind, unless you're doing the following things, the best people will go and you'll be left with the average people."

- **Respect:** Be nice to your staff and treat them like adults (the Gen Yers will accept nothing less)
- **Structure:** Make sure everyone knows exactly what they're doing,

what their responsibilities are and how this will be measured.

- **Accountability:** Measure everything, because what gets measured gets done.
- **Fulfillment:** Develop employees as people as well as for your business. It's about enriching their lives, developing skills and experience that will make their personal and work life better.
- **Ownership:** There's too much micromanagement here in the UAE, employees are not given the freedom to take ownership of their roles. Stand back and let people get on with it.

It's good to engage

Engaged employees are a vital asset and the best companies have the best people. Research shows that they:

- work at up to three times the rate of the disengaged (William James, Harvard)

- take less than half the sickness absence days (2.7 compared with 6.2, Gallup)
- are 87 per cent less likely to leave (Corporate Leadership Council)
- are far more likely to speak well of their employer to others (67 per cent compared with three per cent, Gallup)