

SPECIAL ADVERTISING SECTION

HOW COMPANIES ARE ATTRACTING & KEEPING VALUABLE EMPLOYEES

# RECRUITMENT & RETENTION

the talent connection



PRODUCED IN ASSOCIATION WITH  
THE SOCIETY FOR HUMAN RESOURCE MANAGEMENT



# RECRUITMENT & RETENTION

## the talent connection

PEOPLE HAVE MORE CHOICES THAN EVER BEFORE, AND ORGANIZATIONS ARE

**T**alent in most of today's organizations is becoming a primary determinant of shareholder value. People implement strategies. People create customer value. People make (or fail to make) things happen. As a result, the battle to attract and retain talent is becoming more intense. There are both tangible and strategic costs when an organization loses talented people.

Consider the costs to attract, hire, orient, train, develop and grow talent. Add to this the costs of compensation and benefits. These represent many of the tangible investments made in people. Then, combine these dollars with the time and involvement of executives to motivate and create a winning culture. These are the investments that are at risk if companies fail to retain their best talent.

As the marketplace for products and services has become more competitive, so too has the marketplace for talent. This is not merely a function of a healthy economy and low unemployment, but changing market demands and demographics

worldwide. Customers want more personalized service, companies need higher productivity and businesses are growing globally. These are the strategic costs of losing one's talent.

The demand for talented people has outstripped the supply. This is acute in several functions such as information technology, engineering, sales and executive management. When looking to fill jobs, the power has shifted from the employer to the employee. People have more choices than ever before and organizations are often now measured by how attractive they are as a place to work.

This Special Section will provide an in-depth look at the attraction and retention of talent. We will review the results of the Society for Human Resource Management national survey then, we will examine a few premiere companies that have developed successful strategies to attract and retain their talent. These case studies represent some of the "best practices" in the market and provide some very interesting insights.

To develop a strategy for retaining the best talent, answer these simple, but important questions:

### 1. WHERE ARE YOU AT RISK?

Identify the groups or individuals that are the most critical to the current and future business. Identify where it is the most difficult to find people, internally or externally.

### 2. WHAT IS THE IMPACT OF THIS RISK?

Examine what would happen if these people left your organization. Would they take customers or proprietary information? How hard would it be to replace them? Further, identify replacement costs for recruiting fees, relocation expenses, hiring bonuses, or special arrangements. How would their terminations impact the people that remain? Would they leave, too?

### 3. HOW COMPETITIVE AND ATTRACTIVE IS THE COMPANY?

Determine how competitive your total compensation programs—salaries,



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incentives, equity—are in the market. There are a variety of market surveys and an emerging group of on-line information centers (e.g., SalaryTicker.com). Determine how attractive your current benefit programs are to your people. Conduct surveys or simply ask people what they value. Assess the opportunities people see to develop, work for strong positive leaders and feel challenged with exciting work. Is your company an attractive, distinctive, and "cool" place to work?

#### 4. WHAT DO YOU NEED TO DO TO GAIN A COMPETITIVE ADVANTAGE?

A retention strategy needs to be based on what the company needs to do, can do and wants to do. It requires a customized solution. The strategy should not just

require more money, but create a competitive advantage by how you accomplish key things.

The strategy needs to include four areas:

- Performance based compensation and rewards.
- Meaningful employee benefits and perquisites.
- Opportunities for challenge, development and contribution.
- A respectful and responsive workplace environment.

#### 5. HOW WELL ARE YOU DOING?

Like organizations, people are dynamic and ever changing. Attraction and retention efforts are valued only in the eyes of the receiver. Therefore, what works for some will not likely work for others. What works now may not work the same later.

Consequently, keep seeking new ways to make your company unique.

The challenge of competing for people is becoming increasingly important to the success of companies. But, like any major issue, some companies react to pressures and other take a proactive position. By answering these questions, the company can build a plan that works.

People choose to work for and invest in companies they value and where they receive value in return. This creates competitive advantage and real results. These results bring excellence to customers and returns to the shareholders. The challenge is to implement a strategy that works, implement it with impact and continue to learn and improve. This may define the difference in companies that prosper and those that don't.

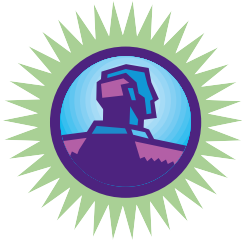
This section is written by Thomas B. Wilson, President of the Wilson Group, Inc. in Maynard, MA ([www.wilsongroup.com](http://www.wilsongroup.com)). WGI is a consulting firm that assists clients in improving their competitiveness by developing strategic reward systems for executives, sales, operational and service employees.

RECRUITMENT & RETENTION PROFILE

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[SHORT CALLOUT TO COME]

[case study to come]



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# SHRM RETENTION PRACTICES SURVEY

The Society for Human Resource Management (SHRM) recently conducted the 2000 SHRM Retention Practices Survey. Respondents to the survey shared their insights on employee turnover and the measures undertaken to reverse the trends.



The Society for Human Resource Management (SHRM) is the leading voice of the human resource profession. SHRM provides education and information services, conferences and seminars, government and media representation, online services and publications to more than 140,000 professional and student members throughout the world. The Society, the world's largest human resource management association, is a founding member of the North American Human Resource Management Association (NAHRMA) and a founding member of the World Federation of Personnel Management Associations (WFPMA). Visit SHRM Online at [www.shrm.org](http://www.shrm.org).

## ARE VOLUNTARY RESIGNATIONS RISING?

A sizeable number of respondents (41%) said the number of voluntary resignations increased during the past three years. Another 40% said resignation levels remained unchanged. Larger employers have been the most affected; 50% of respondents in organizations with over 1000 employees said voluntary turnover had increased, compared to 39% of organizations with fewer than 1,000 employees.

## HOW MANY PEOPLE ARE LEAVING?

The overall average voluntary turnover rate in survey respondents' organizations was 17%. The highest rates were found in large organizations. Table I shows the voluntary turnover rates by company size. Large companies are clearly facing the greatest challenge of retaining talent. However, the impact of losing people in a small company can have more dramatic consequences.

TABLE I. AVERAGE PERCENTAGE OF WORKFORCE VOLUNTARILY RESIGNING



Source: 2000 SHRM Retention Practices Survey

## WHO IS LEAVING?

The professional level positions are most susceptible to voluntary resignations, according to 25% of the survey's respondents. Turnover is lowest for officers and managers (3%). Resignation rates for other categories include: office and clerical workers (19%); unskilled laborers (15%); semi-skilled operators (12%); service workers (9%); technicians (6%); sales workers (5%); and, skilled craft workers (4%).

## IS THE CONCERN GROWING?

In 1997, 74% of SHRM Retention Survey respondents said they were concerned about the number of voluntary resignations. In the 2000 SHRM Retention Survey, 84% of respondents said they are either concerned or very concerned about retention.

Senior managers appear to be less concerned. Only 16% said senior managers at their organizations were very concerned, 26% said they were concerned. Slightly more than one-fifth (22%) of senior managers appeared to be unconcerned, according to human resource professionals.

TABLE 2. FACTORS POSING A THREAT TO EMPLOYEE RETENTION

		LARGE THREAT	MODERATE THREAT	SMALL THREAT	NO THREAT
1	Higher salaries offered by other organizations	30%	45%	18%	5%
2	Dissatisfaction with potential career development	20%	41%	30%	6%
3	Employee feels unappreciated	17%	33%	38%	10%
4	Rising acceptability of job-hopping	15%	38%	30%	15%
5	Difficulty balancing work/life issues	13%	28%	41%	15%
6	Burnout	13%	31%	40%	13%
7	Better benefits offered by other organizations	10%	30%	39%	18%
8	Perceived lack of job security	6%	13%	31%	48%
9	Conflicts with supervisor or coworkers	5%	21%	53%	18%
10	Viability of organization	5%	10%	28%	54%
11	Conflicts with organization's mission or values	2%	8%	31%	56%

## WHAT ARE THE BIGGEST THREATS TO RETENTION?

Table 2 shows the factors that threaten employee retention from greatest to least. Three-quarters of respondents said higher salaries obtainable elsewhere pose either a large or moderate threat to their retention efforts. Dissatisfaction with potential career development (61%) and the rising acceptability of job hopping (53%) rounded out the top three.

Other primary threats mentioned relate to how people are treated, such as employees feeling unappreciated, burnout, difficulty balancing work/life issues and getting better benefits at other organizations. Organizations were least concerned with the organization's viability and conflicts with the organization's mission.

## WHAT ARE THE MOST EFFECTIVE RETENTION TOOLS?

Survey respondents were given a list of retention tools and evaluated their effectiveness using a five-point scale (1: "very effective" and 5: "not effective at all"). Using weighted averages, the tools were then ranked and ordered from most to least effective.

Competitive health and other employee benefits as well as competitive salary programs appear to have the greatest effectiveness on retention. In contrast, the survey respondents consider concierge services, non-compete agreements and telecommuting less effective. Table 3 shows the list of the tools and their ratings.

## CONCLUSION

The high costs associated with employee turnover and recruiting mean employers must make every effort to retain talented employees. The survey indicated that companies use compensation and benefit packages as the primary strategy for retaining talent, followed closely with flexible schedules and employee development programs.

TABLE 3. EFFECTIVENESS OF RETENTION TOOLS AND INITIATIVES

	EFFECTIVENESS AVERAGE Scale: 1=very effective; 5=not effective at all	OFFER THE INITIATIVE?	
		YES	PLAN TO
1	1.96	94%	--
2	2.02	83%	5%
3	2.05	75%	6%
4	2.09	92%	1%
5	2.11	89%	4%
6	2.21	73%	2%
7	2.21	75%	2%
8	2.25	60%	4%
9	2.26	88%	4%
10	2.32	93%	2%
11	2.32	92%	3%
12	2.32	52%	2%
13	2.40	3%	5%
14	2.41	40%	2%
15	2.41	59%	--
16	2.42	77%	3%
17	2.43	22%	4%
18	2.46	8%	4%
19	2.48	43%	6%
20	2.53	27%	3%

## RECRUITMENT &amp; RETENTION PROFILE

## INROADS

## WHERE DO YOU FIND YOUR TALENT?

Organizations need people who are committed to their goals and able to perform; successful companies create many channels to recruit people. Where does one look to find new sources for talent? On place is INROADS, which provides today's organizations with an important pool of ready, energetic, and highly resourceful people of many colors.

INROADS was founded in 1970 by Frank Carr. Inspired by Reverend Martin Luther King, Jr.'s "I Have a Dream" speech in Washington, D.C., Carr realized that few people of color were in corporate management in the U.S., and he wanted to change how they gained entry into that world.

INROADS' mission is to develop and place talented minority youth in business and industry and to prepare them for corporate and community leadership. Starting with 25 students and 17 sponsor companies in Chicago, INROADS has grown to an international organization with 60 offices serving approximately 7,000 interns in 900 companies.

There are three keys to success for INROADS students. The first is **selection**. Individuals apply to the INROADS' program. By demonstrating the needed desire and commitment, the students—who are in college—become members of INROADS' talent pool. Then, they must be selected as interns for one of INROADS' sponsoring companies (GE Capital, Bank of America, Procter & Gamble, to name a few).

The second key is **education and training**. After students become working interns in their sponsoring companies, they participate in internal job training as well as various programs provided by INROADS. The interns must remain in school and do well academically (maintaining a GPA of 2.8 or better). They also must attend all assigned training sessions provided by INROADS' Leadership Development Institute, where they are trained in seven critical competencies that enable them to be highly successful contributors and advance

their careers.

The third key is **performance**. INROADS interns are reviewed regularly by their sponsoring organization and receive ongoing coaching and assistance by an INROADS mentor. They must perform well both academically and on the job. The rewards are worth it.

This unique blend of personal and professional development provides sponsor corporations with a source of great talent. The program has achieved remarkable success, with more than 70 percent of its graduates receiving permanent positions (32 percent higher than other, similar recruitment organizations). Graduates are rapidly advancing and many have started their own companies. As corporations hire more INROADS graduates (there have been 11,000 to date), they create an environment in which people of color find support. This increases retention of a diverse workforce and fulfills an important community responsibility.

While INROADS is preparing individuals for meaningful professions, the organization itself needs to attract and retain its own staff. INROADS practices what it provides to others—training, support, and a job with a real difference. While its jobs are rewarding and challenging, as a not-for-profit organization, INROADS often must struggle to meet competitive salaries and provide career opportunities. To compete, INROADS offers flexible schedules, telecommuting, and attractive benefits. It also honors people who are recruited away, because these people become ambassadors for the organization, helping to create a culture that supports the professional growth of everyone.

While INROADS faces challenges in the battle for talent, it offers its sponsoring companies solutions that work. People have unique abilities. INROADS helps people of color develop their abilities and find an environment where they can make a real difference in the organization and their own lives.



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## RECRUITMENT &amp; RETENTION PROFILE

## LUCAS GROUP

RECOGNIZING YOUR STAFF IS KEY TO SUCCESS.



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As they prepare this year for their 30th Anniversary, the Lucas Group will not have to look far for things to celebrate.

Founded in 1970 by Art Lucas, the Lucas Group is one of the fastest growing recruitment firms in the nation. They specialize in professional and managerial placements. With their headquarters in Atlanta and offices in ten other cities including Dallas and San Diego, Lucas Group has a network of professionals that work closely with their clients and candidates to ensure the needs of both are met. As leaders in recruiting for professionals, such as lawyers, CFO's and engineers, they have created an environment where people feel like leaders, too.

With a talent for attracting candidates for their clients, Lucas Group has created a unique place for retaining their own staff. The recruitment industry has an average annual turnover rate between 80%-100%, but the Lucas Group has an impressive turnover of only 18%-20%. This is attributed to many things they do to make their employees feel valued.

The culture at Lucas Group can be characterized as personalized. It encourages managers to get involved and take an interest in each individual. It is a culture for learning and growing. Employees and managers participate in training programs on a regular basis. They are exposed to speakers from a variety of disciplines, including developing life skills. They engage programs where the learning is fun and meaningful.

The Lucas Group retains their key people by fostering an environment that is challenging and encouraging. They do not rely on the perks that many companies use, such as game rooms, outside activities or expensive benefits. They know

that people want to be recognized for their accomplishments (great and small) and to have fun doing so.

They have reward systems that reinforce goal achievement as individuals and as teams. They hold special contests and share rewards that are generated by the entire company. They utilize highly competitive incentive programs, company-wide profit sharing and stock options for key contributors. The environment reinforces honesty and high integrity, within the group and with their clients. This engenders a feeling of pride in the work that they do, success and accomplishment, and commitment to customers for the long term.

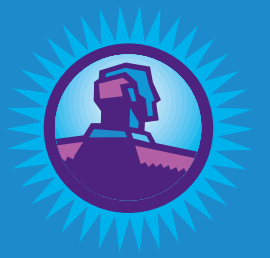
The Military Recruitment Division has created such an environment. In 1999 it placed over 2,000 military personnel in civilian jobs and the numbers are growing faster this year. There is a true dedication to find the best opportunities for military personnel who want a career in the private sector. Many of their clients are looking for individuals with strong leadership and technical skills. The strong values of duty, honor and commitment are reflected in the way Lucas staff work with their candidates and clients. This aligns their culture with their strategy. The outcomes are a business with minimal turnover and produces high results.

So, what is critical to retaining the talent of the Lucas Group? Realizing that employees are the company. Taking care of them on a regular basis, not just at year-end or on special occasions, but proving this everyday. Finally, knowing that the leaders and managers set the example and create the culture. Their people are a reflection of their managers and what the company values.

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ARTHUR D. LITTLE

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