Keep 'em from *Leaving*

BY PRESTON INGALLS, PRESIDENT/CEO TBR STRATEGIES LLC

According to the Bureau of Labor Statistics, the construction industry's high turnover rate of 21 percent makes it difficult to retain folks. There are hidden costs to this turnover that we often are not aware of that affects the bottom line. A 2012 study conducted by The Center for American Progress found that the loss of a construction employee earning between $30,000 and $50,000 annually will cost 20 percent of their salary.

If you do the math, an entry-level laborer with overtime earning about $13.40 an hour, according to Payscale.com, would probably work 55-60 hours per week. Therefore, they could expect to earn about $49,000 a year (excluding any bonuses or benefits). If we take the factor from the CMP study, 20 percent of this person would cost about $9,800 to replace. With low unemployment, it doesn't take much to encourage a new employee to depart. If you lose 20 employees at this level in one year, you are looking at a financial loss of almost $200,000.

> "Employees are our biggest assets – you can't afford to let them leave."

Related Costs

- Departure costs such as exit interviews, severance pay, and higher unemployment taxes
- Vacancy costs such as overtime for other staff or temporary staffing to cover for the absent person
- Replacement costs such as publishing the position, agency fees, screening applicants, interviewing and selecting candidates by multiple employees, background verification, employment testing, and hiring bonuses
- Training costs such as orientation, on-the-job training, and safety equipment
- Additional costs incurred include errors and omissions from mistakes as well as productivity losses

How to Improve Retention

According to The Society for Human Resource Management's Job Satisfaction and Engagement research report, most employees will leave based on how they are treated by their supervisor. Specifically, employees want to feel respected, liked, and trusted by their superior. Rounding out the other important elements are compensation, benefits, job security, job opportunities, and recognition. But ultimately, many will stay in a job that pays less than other jobs if they feel valued and respected by their supervisor.

If you don't want employees to depart, understand what makes them happy. The importance of addressing these factors is generally well understood by most supervisors and managers; however, they are not always practiced. Here are some pointers from my personal experiences in four and a half decades of supervising employees:

1. A good technique to practice is one I have used for years called "One in Seven." It is a recognition technique that provides some form of recognition (praise, pat on the back, acknowledgment) at least once a week. In other words, you deliberately search for something they did above and beyond or just consistently and acknowledge it weekly. They will feel like you earnestly value their efforts. It is important to remind yourself as it is easy to get distracted with all the obligations that we, as mangers, face.

2. Consider training your foremen, superintendents and managers in contemporary leadership skills. The old school method of screaming and yelling doesn't work for today's workforce, especially when the unemployment rate is low. Often, we don't provide training as to how to lead. There are many techniques that work and ones that don't that need to be learned. Smart companies hire for attitude and train for skill. Training has always been a key contributor in employee retention.

3. Consider conducting surveys like work climate or attitude surveys to find out how employees really perceive their job, benefits, manager, etc. A common and effective one is Gallup's Q12 Employee Engagement Survey, based on a study of thousands of organizations as to what keeps employees happily engaged in their enterprise. Find out what the issues are and address them. You can't address it if you aren't aware of its impact.

4. Hire the right people and set clear expectations. But even with the right people, you still need to coach. Remember, delegation is not abdication. You need to set clear expectations and provide feedback as to how employees are meeting standards and expectations. However, you don't need to tell them how to do their job over and over or micromanage. Help them learn from their mistakes by debriefing what they should have done different at the completion of a project. Get them into the habit of conducting an After Action Report or Debrief for Lessons Learned. What are the "repeatables" (to do again)? What are the "changeables" (need to alter while fresh in the memory)? Be a coach…not just the boss.

5. Remember, small gifts go a long way, such as gift certificates, lunches, a shirt, etc. It's less about the value and more about the time you took to notice their contributions.

Employees are our biggest assets -- you can't afford to let them leave. DP