



3 Impactful Opportunities to Transform Your Retention Strategy

How to drive cultural change and maximize employee retention in today's workforce



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Introduction

Hi there,

In almost all companies, it's the people that add the most value. Along with the many benefits of having great people, like adding to your company culture or contributing to your business' bottom line, when they leave your organization, it can create issues such as lower performance and productivity, increased stress for the remaining team, and the time and cost it takes to find and train someone new.

With U.S. turnover up almost 60% in the last five years, this is not an unfamiliar situation. So how can you lower your turnover, and increase your retention? **The answer lies in being proactive rather than reactive.** Rather than looking at short-term solutions like a heavy investment in job placements or hiring a new recruiting

firm, you should be thinking long-term. How can you get your best players to stay, so you don't need to continually bring in new hires?

When you shift your attention to engaging your people it will help you to BOTH attract and to retain your best people, and your business will benefit.

In this eBook, you'll discover the opportunities to retain your employees and how to think long-term about retention strategies for your business. We'll walk through:

- The retention landscape in the U.S.
- Five different focus areas to improve retention for today's evolving workforce.

- How the right kind of technology can bridge a multi-generational and dispersed employee base to amplify retention.
- A checklist of small ways to start decreasing turnover to put in action ASAP.

By the end of this eBook, you'll gain actionable tips for engaging your people and be well-equipped to increase employee retention and make your world a better place to work.

Let's get started.

Alexandra Powell

U.S. Director of Client Culture and Engagement
alexandra.powell@rewardgateway.com

Exploring the U.S. Retention Landscape

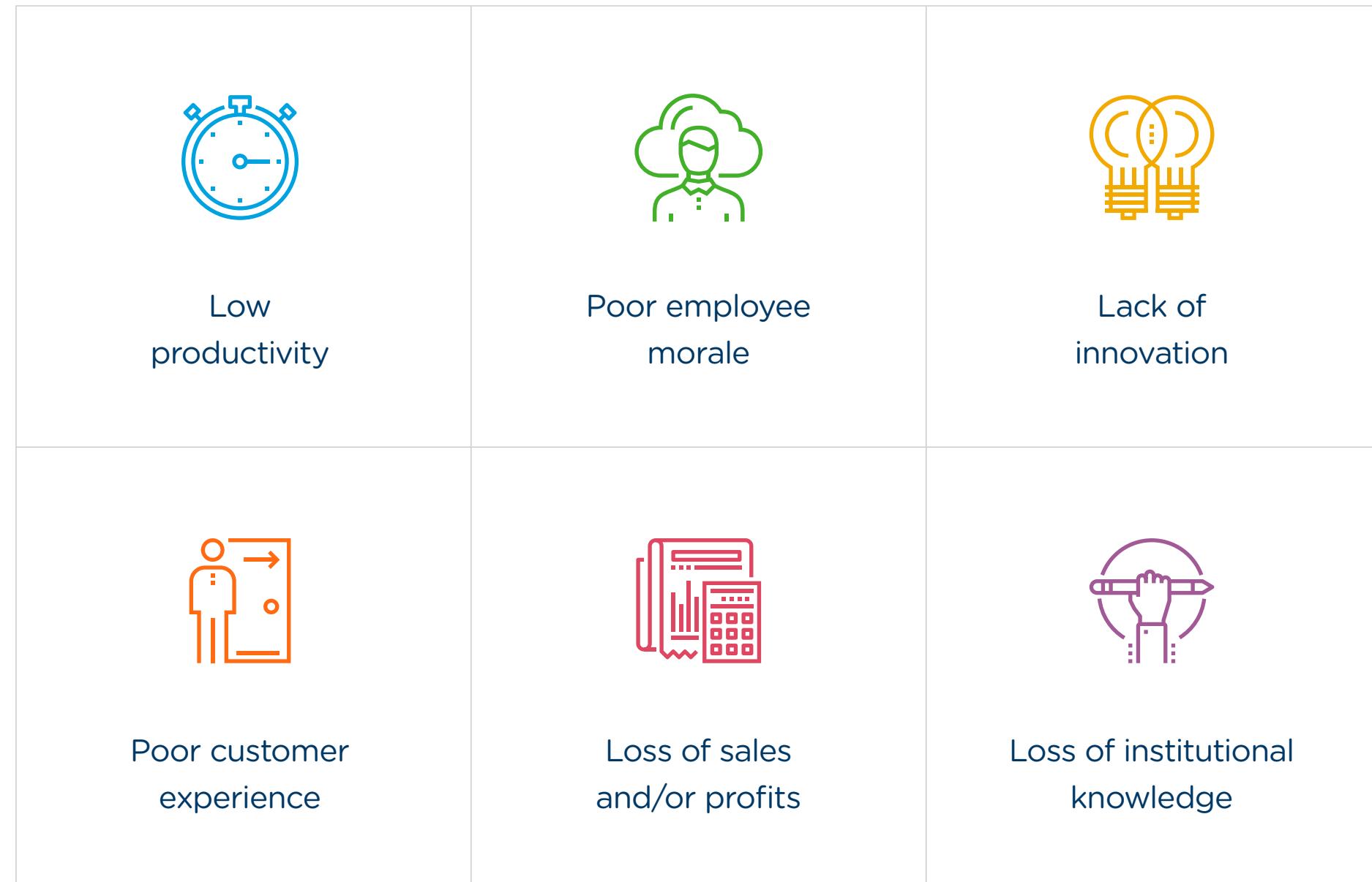


A company's turnover rate is directly linked to an organization's employee retention strategy. According to the Bureau of Labor Statistics, the annual average turnover rate in the U.S. is 44.3%. Since 2014, that rate hovered closer to 40%, and has been steadily increasing.

And it's damaging to employers, costing well over \$600 billion a year.

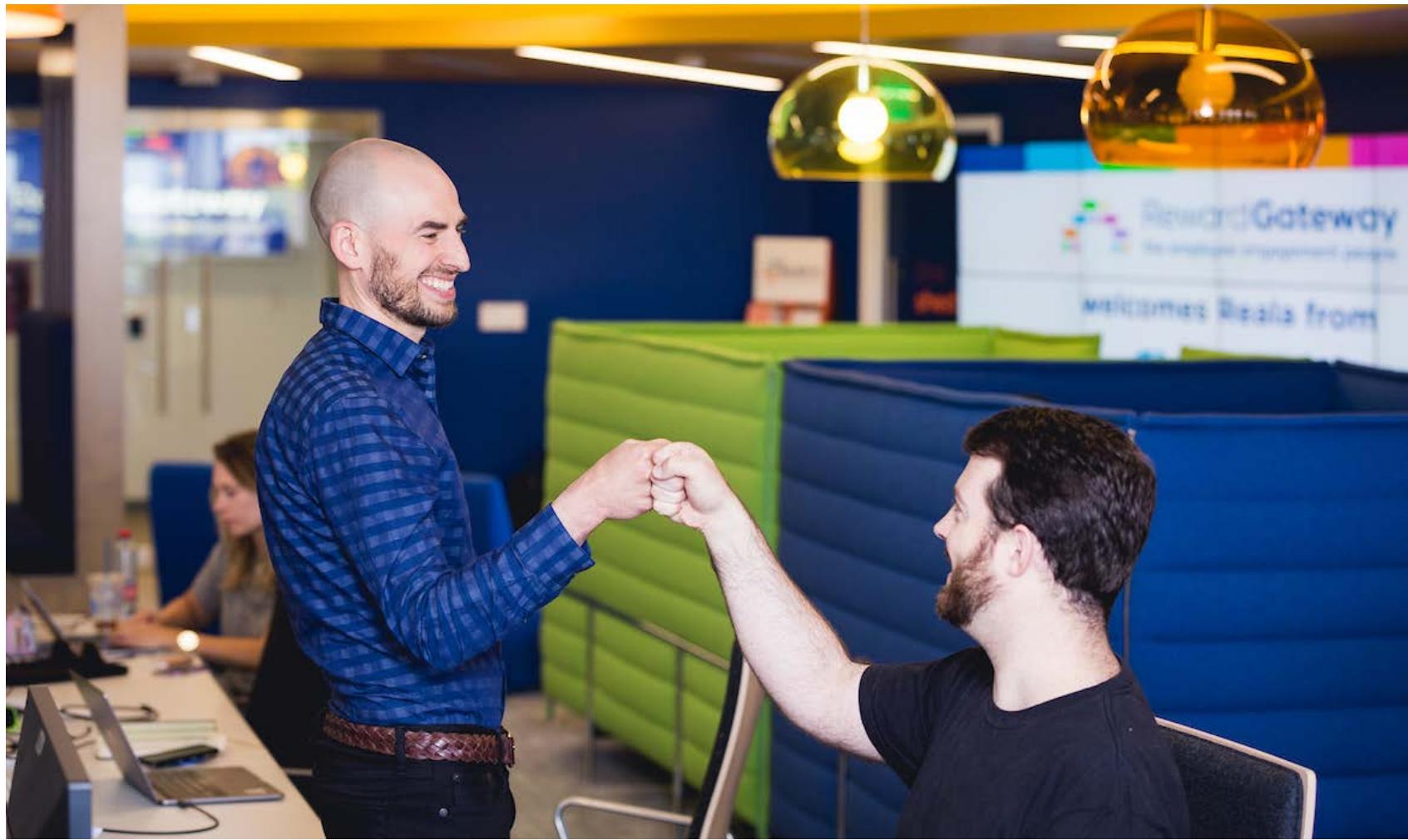
In fact, 45% of employees reported that they would be likely or very likely to look for other jobs outside their current organization within the next year, according to a report from SHRM.

Employee retention is a challenge for almost every industry and organization and has multiple impacts on businesses, including:





The good news: Employers can steadily increase retention by focusing on what their employees really want. And while your mind may instantly go to company-wide pay raises and promotions, tapping into cultural strategies to create an environment in which employees are excited to come to work and passionate about the business they're working for will bring long-term benefits to your company — *and* your people.



Even Google has turnover issues

The numbers we're discussing can be daunting, but it's important to note that turnover is a challenge that *all* businesses face.

Even with some of the country's best perks, decompression pods and an on-site laundromat, Google's average tenure is only 1.1 years!

The generational divide on employee retention

How old a person is can greatly influence how long they stay with a company as well, with the average tenure sitting at more than seven years once an employee is 45 or older. But, as we'll discuss in the next section, *just because someone is staying a long time doesn't mean they're good for your business.*

We know that millennials are eager to progress in their careers and have been labeled as "job-hoppers." The statistics agree:

21% of millennials say they've changed jobs within the past year, more than 3x the number of non-millennials

(Gallup)

A survey of millennials and Generation Z — born between 1983 and 2002 — suggests nearly half of this group would quit in the next two years.

(Deloitte)

By the age of 35, 25% of workers have held five jobs or more.

(Career Builder)

However, millennials may be your best shot at improving retention as well.

Consider:

Millennials who feel they're at a great workplace are 25 times more likely to plan a long-term future at that workplace

(Great Place to Work)

Engaged millennials are 26% less likely than millennials who aren't engaged to say they would consider taking a job with a different company for a raise of 20% or less

(Gallup)

40% of millennials who plan to remain in their jobs beyond 2020 say their employers have a strong sense of purpose beyond financial success

(Deloitte)

We're seeing more gig-workers, freelancers and part-timers (a recent survey from Upwork points to that number being nearly 40% of U.S. workers), and this is changing the way that employees approach work.

Instead of tenures of 10, 20 even 30 years, the average tenure now sits at 4.2 years (according to the Bureau of Labor Statistics) and is even shorter for a millennial (2.5 years).

Does your retention strategy address this?



The impact of turnover on business

How much does turnover *really* cost a business? According to the U.S. Labor Bureau, on average, employee turnover costs a company up to 38% of the employee's salary (and this drops down to about 16% for employees earning under \$30,000 annually).

Naturally, this gets much higher in costs when you get to the executive level, where you can see recruiting costs and additional training jump to **more than 200%** of that executive's salary (Center for American Business).

You can calculate your own base turnover costs using this formula:

[Average salary per employee]

×

[131%]

Employer costs for employee benefits

×

[number of employees at your business]

×

[38% of average salary per employee]

Average turnover costs at 38% of the annual salary

×

[your company's annual turnover rate]

(Industry statistics from U.S. Bureau of Labor Statistics)

There are additional costs that aren't featured here (recruiting fees, temp workers while searching for a replacement, productivity costs, etc.) — but this can give you a ballpark figure of your annual turnover costs.

You can see how quickly the numbers add up.

It's inevitable that people will leave. Sometimes you'll have an idea in advance, but often it's a shock. There are however, times when you have influence over the reasons people want to go.

It's the classic case of the chicken and the egg: How can you retain your staff unless you improve engagement? Taking a measured approach to retaining your staff will improve your staff's engagement and save you money. Not only that, but as a happy by-product, it should also improve your reputation in your industry and the community to make you a more attractive employer to potential candidates.

Understanding the Link between Retention and Engagement



Almost one in seven of the nation's 6.1 million jobless Americans in May of 2018 were voluntarily unemployed, having left a previous position to look for another – the highest share of voluntary unemployment in more than 17 years, according to the “Wall Street Journal.”

People are leaving *just because they can*. It's hard not to look at the base numbers and feel powerless to stop your employees from leaving. But it doesn't have to be that way.

There is a further dimension of retention that is often overlooked, and that's the engagement dimension, which deals with the emotional and behavioral aspects of an employee's role.

How do employees *feel* about your business? Do they care? Do they understand why they're doing what they're doing, and feel like their contributions really matter to the business's bottom line? The emotional connection to your business and its purpose, mission and values is something that HR *does* have the power to influence. And that's where we've seen hundreds of businesses, of all sizes in all industries, improve their overall retention. It starts with your people.

Typically, HR has been told that the key to a successful business is to treat your people like your greatest asset. But here at Reward Gateway, we believe that people are **NOT** your greatest asset.

Why? Because we believe it's the *right* people who drive your business forward that you need to work hard to motivate and retain.

Improving your retention strategy starts with focusing on your company's actual greatest asset: **Engaged employees**.

An engaged employee is someone who **understands and believes** in the direction the organization is going. They understand how their role affects and contributes to the **organization's purpose and mission**, while living and breathing **company values**. And lastly, they genuinely **want the organization to succeed**, and feel shared success with the organization.



So what's the impact for your business? Engaged employees:

1.

Make better decisions for their companies and clients because they understand more.

2.

Are more productive because they like or love what they are doing.

3.

Innovate more because they deeply want their organization to succeed.

You can unlock the power of your business – and your greatest people – by empowering them with the right tools to feel appreciated and connected at work. Your employees will benefit from gaining respect and finding purpose in what they do, while building strong relationships with their colleagues, managers and the business as a whole.

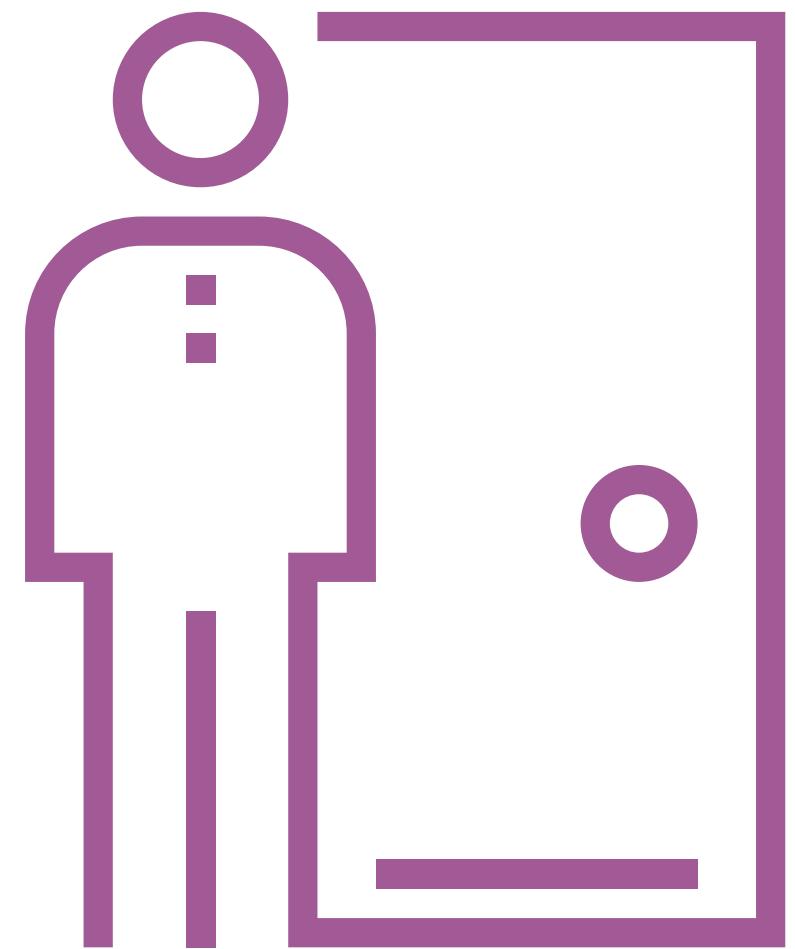
Strategic HR teams have an opportunity to impact business results when solutions are put in place that reinforce the right behaviors, connect employees and create an environment where employees are their most motivated and engaged.

Why employee engagement matters

Engaged employees lead to stronger businesses and happier customers. It's simple, right? Great leaders understand the link between employee engagement, retention and better business results:

- Companies with engaged employees outperform those without by 202% (Gallup)
- 50% of referred employees stayed in their positions five years on average (SilkRoad)
- Highly engaged business units achieve a 10% increase in customer ratings and a 20% increase in sales (Gallup)
- 19% of executives said new hires, especially millennials, leave because they do not like their organization's culture (Korn Ferry)

3 Impactful Opportunities to Improve Retention



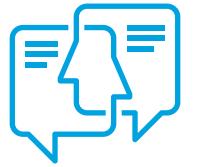


Solving your retention issues doesn't happen overnight. There's no silver bullet answer to fix every people-oriented problem in your business. Just like no two organizations are the same, your journey to engage your employees, increase retention and improve your company's bottom line will all be constantly evolving.

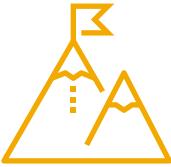
Working with hundreds of clients — from the investment banks, manufacturing sites, healthcare and aging services organizations and rapidly growing financial institutions — we've helped them improve retention while engaging their workforce through three key focus areas:



Continuous recognition



Transparent, two-way communications



Company culture and mission

Let's take a look at each of these areas, one by one.

Improving retention for the modern workforce

Today's workforce poses its own challenges: No longer are employees often sitting side-by-side in cubicle-land, but instead are more apt to embrace flexible working, remote locations and work-life *integration* versus work-life balance, where they set their own work schedule and are more connected to work than ever.

We're seeing a mix of generations in the workplace, oftentimes with employers having to engage and meet the demands of up to four generations at once.

Plus, this era is more digital than ever, making it a necessity to reach employees where they are (e.g. on social media or on their smartphones), leading to increased attention on mobile apps and the need for different media formats of communications.

But by tapping into core areas of recognition, communication and culture, HR leaders can engage employees of *all* generations, no matter how (or where) they work.



How continuous recognition and retention go hand-in-hand

One of the primary benefits of employee recognition is making an employee feel appreciated and important to the success of the organization. And one of the pieces of the puzzle that makes employees stay longer?

Feeling as though they are contributing to the business, seeing their accomplishments recognized and understanding their career progression.

Our recent survey of 1,500 decision-makers at global businesses showed that 91% agreed an effective recognition

and reward program has a positive effect on employee retention.

Yet more than 70% of employees surveyed believe that their businesses could do more to show their appreciation and make employees feel recognized.

Take credit unions, for example, where the average turnover is nearly 20%, according to a financial services survey from BalancedComp. With new laws in effect to raise minimum wages, credit unions are looking for more cost-effective ways to retain their people and stand out from competitors who may be trying to lure their top performers away.

Recognition and rewards can improve morale among your team or employees, which can positively influence your retention goals.

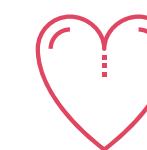
As an example, a young teller could be congratulated with an eCard from a manager for handling a frustrating customer correctly, and then recognized socially so that key team members can share in the accolades.

We've seen recognition positively impact retention at a number of manufacturing, retail, hospitality and restaurant sites, particularly organizations with shift workers or those who are geographically-dispersed.



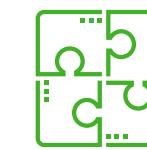
Core elements of an R&R strategy to improve retention

While service awards are a popular option for recognition, we like to encourage a more modern approach to reward and recognition (especially since so many employees are at risk of never reaching that first milestone!), to build a continuous culture of appreciation by shining a spotlight on particular moments of recognition when it happens. Here are some MUST-haves for R&R programs:



Meaningful

Make moments of recognition matter by making them detailed and meaningful. Why does your fellow colleague deserve recognition? Ensure the person knows specifically what they've done, and how they've helped you.



Unified

Make sure to build an initiative that allows for all to give and all to receive recognition under one brand to better connect your people.



Spotlight

Shine a spotlight on moments of recognition, either through social capabilities or other public means, to celebrate achievements and to reinforce habits for the rest of the company.



Timely

Make recognition more impactful by sending moments of recognition instantly that are easily accessible anytime, anywhere.

Reveal retention detractors with recognition data

Understanding the groups that are being recognized the most and the least can also uncover warning signs of teams or even individuals who may be disengaged or disenchanted with your business.

With real-time dashboards, you can see the flow of recognition from team to team and interpret the patterns shown.

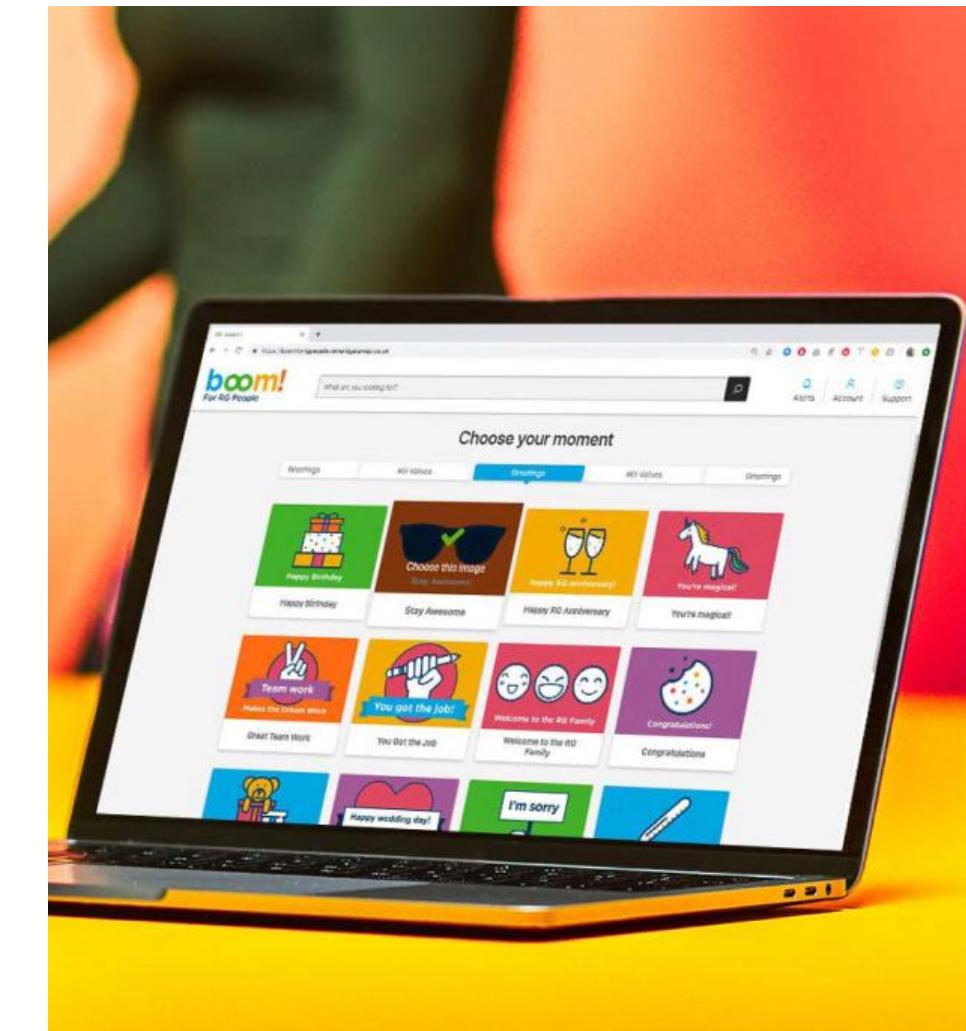
For instance, where is your leadership team focusing the most of their recognition? I'd bet you see a direct correlation in the groups that the leadership team is recognizing and a higher retention rate. Likewise, if a group is feeling ignored, undervalued or underappreciated, there is a higher chance that it will lead to increased turnover.

It's important to note here that just because a group or individual isn't receiving recognition doesn't mean they don't deserve it — it may be an opportunity to call more attention to that individual or team performance in different ways.

While a bird's eye view into your recognition data can help you spot potential issues, it can also highlight your company's strengths, including how to pinpoint where you have the *most* engagement.

These are your star performers, who are regularly giving and receiving recognition for their contributions to the business, and the ones who likely are the most valuable to your overall bottom line.

You might ask yourself if there is another opportunity to recognize these ambassadors even more to increase their retention rate.



Let's look at an example of how a culture of continuous recognition drives retention forward:

Focus on innovative R&R strategy increases Best Companies Score by 60 points

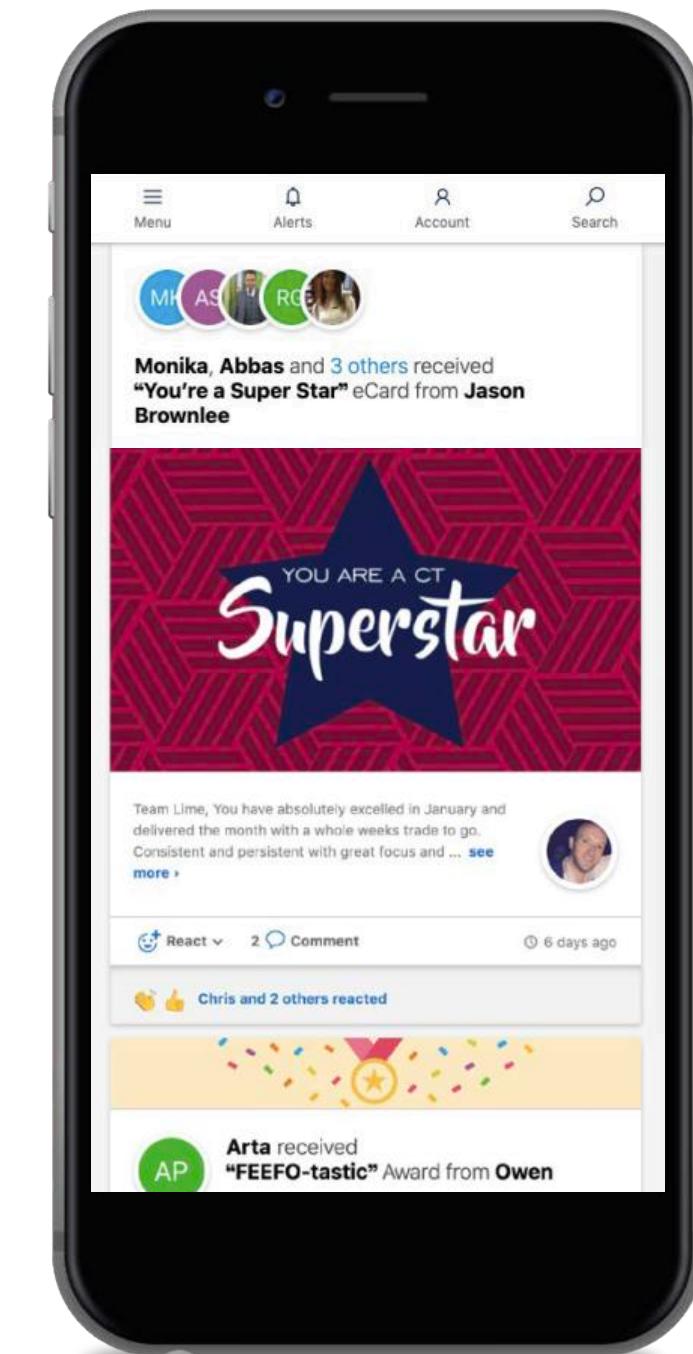
With 41 stores across the UK, France and the USA, global retailer Charles Tyrwhitt has a spread out workforce of about 1,100 employees and does over 26 million transactions annually.

The team put in place a number of different reward and recognition initiatives that would appeal to its entire workforce, regardless of location, age or job, while also reinvigorating its values to “BEiefs,” otherwise known at Charles Tyrwhitt as the “3BE’s” with a set of BEhaviors underneath each of the BE’s:

- BE the Boss
- BE the Customer
- BE the Best

The value refresh was a critical piece of Charles Tyrwhitt’s new reward and recognition platform, which the team named “The Celebration Station.” This hooked into the company’s existing communications tools, all a part of the Reward Gateway offerings.

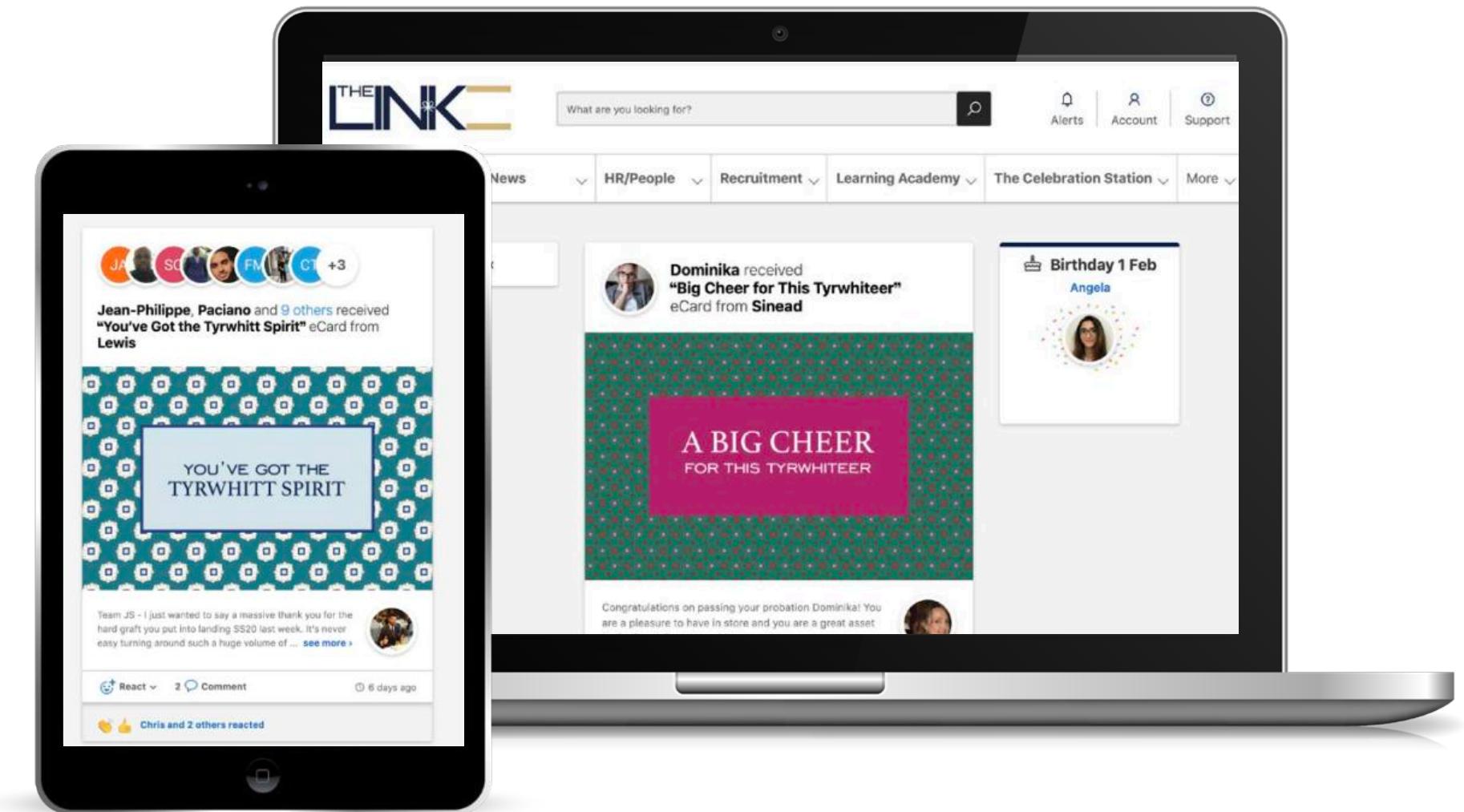
The Celebration Station hosts a dozen tailored eCards that correspond to the three BE’s, and awards for going above and beyond like the “Customer Star of the Month” or the “Store of the Month.”



Thinking outside the reward and recognition box, Charlies Tyrwhitt also delivers a special award from the CEO, called the “Tick from Nick,” which helps align employees to the organization’s corporate social responsibility initiatives as it recognizes the biggest charity support in the business. In fact, each board member has their own personalized eCard they can send to employees.

So far, employees have sent over 2,500 cards, which levels out to about two eCards per employee in just over nine months.

As a result of all these efforts (and a whole lot more), Charles Tyrwhitt has moved up 60 points in Best Companies scores and is now a one-star company.





Building trust with transparent, two-way communications

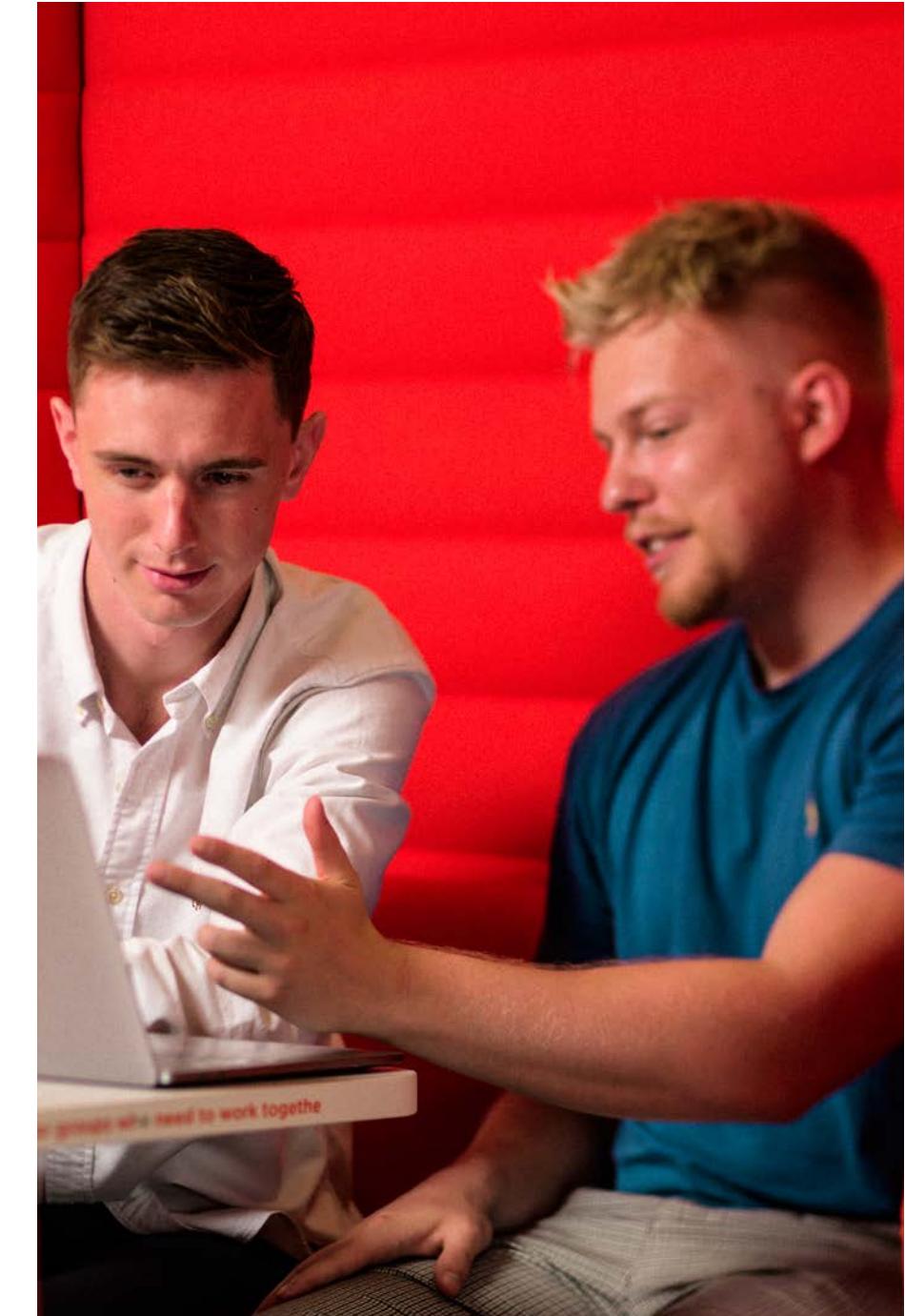
No one likes to be kept in the dark. At Reward Gateway, our first-ever HR Director held fast to one rule: “Be as open with your people as often as you can, as early as you can.” Even if a company is frequent and consistent with recognition, if employees don’t know what is going on, they won’t feel respected.

Improving your retention goes hand-in-hand with making your employees feel that they are valued, and can trust the organization they’re with. After all, why devote 40+ hours a week to a business that you don’t believe in?

Defaulting to transparent, open communications sounds scary, but when your people feel “in the know,” they’re more likely to be engaged and want to stay with a company they care about and feel connected to.

Importantly, members of your Leadership Team should be well, *leading* this charge. Removing that “leadership pedestal” is critical in creating an open environment where employees can speak freely, openly and honestly to their managers and leadership team.

In fact, 56% of employees say they would trust a leader to lead them into a better future if they “speak like regular people,” according to the 2019 Edelman Trust Barometer.



The importance of clear purpose, mission and values

A recent survey we did of more than 1,500 decision makers and employees showed that while 86% of those leaders believe that their business is transparent about how they're achieving the company mission, only 25% of those employees felt that they were completely informed about their mission.

There's a clear disconnect in leaders believing that they're communicating enough, and employees feeling left out of the conversation. Address the "support from the top" element.

Having a platform to create regular dialogue about changes within the company, whether big or small, can help employees feel more connected to the overall business and understand how decisions are made within the context of company values.

For example, if your organization is going through a merger or an acquisition, it can be a time of uncertainty among employees and morale can hit an all-time low as worries of job security and cultural changes run rampant.

According to Gallup's recent State of the American Workplace report, only 13% of U.S. workers "strongly agree" that their organization's leadership communicates effectively.

Transparent, timely communications that reach employees in all parts of the

business - even if the message is "nothing to share yet" - can open up channels for leadership to explain the "why" behind certain decisions, or inform employees about important upcoming changes as well.

When communications are interactive, inclusive, accessible and social, employees feel a stronger connection to your company's purpose and to one another - helping you improve employee engagement and establish stronger employee relationships.



Using transparent, human leadership communications to drive connection across a global business

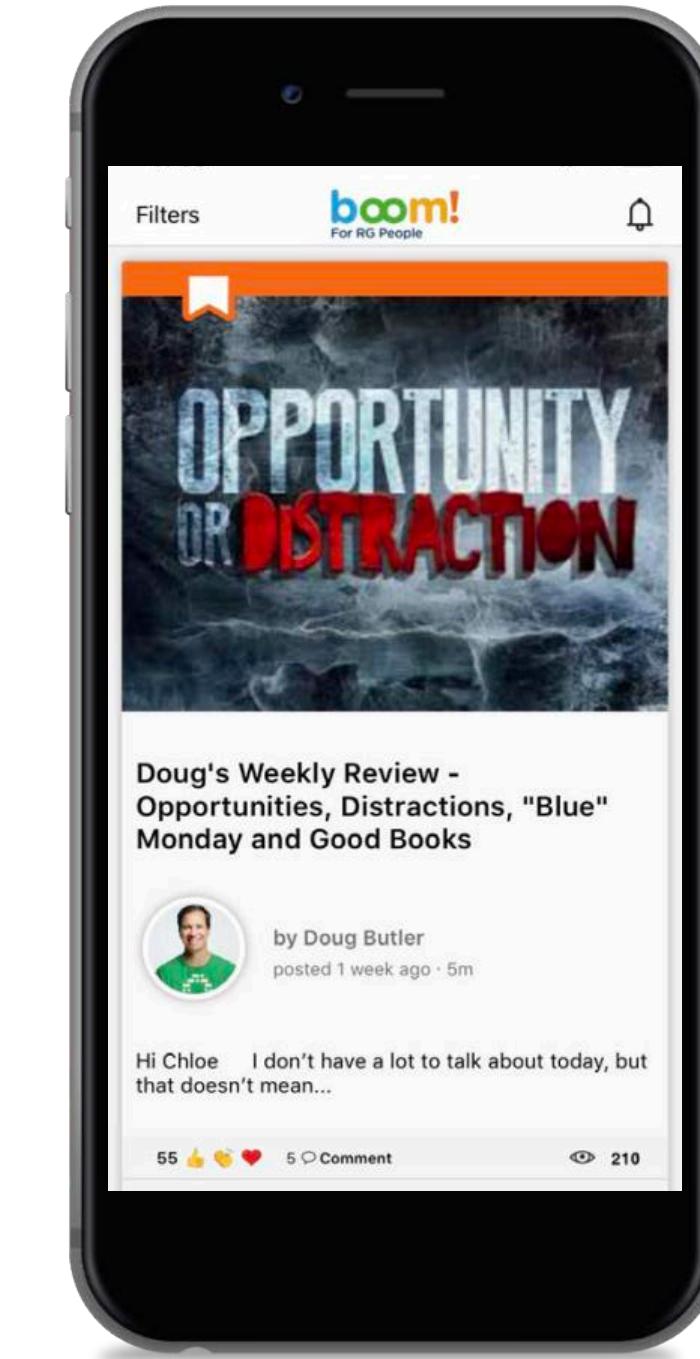
At Reward Gateway, we use themed communication initiatives to inform and educate employees about important company news. In particular, we dedicate one of these posts to our CEO Doug Butler, who writes “Doug’s Weekly Review” every Monday to tie the employees back to our mission and our values. He writes a blog post each week (from wherever he may be at the time) and every Monday posts that update to the whole company, which is shared on our employee engagement platform, boom!.

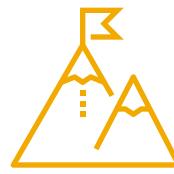
The goal of this is to align and engage our global workforce with important company updates so that everyone feels confident

in the direction we’re headed. It’s also a time for leadership to recognize how we’re supporting our mission of making the world a better place to work, while demonstrating how we live our values each day.

Doug’s updates are consistently open, honest and transparent. These types of conversational, blog post updates are part of our company culture and are an extension of our company values.

These CEO updates allow employees to respond via reactions or comments so they can get their questions answered and so Doug has insight into how the updates are being received by real people. In a company of 400+ employees, these posts regularly receive **more than 60% engagement** with multiple employees commenting and reacting to further interact with Doug.





Showcasing your company culture

Your company culture is what makes your organization special. While you can't control or dictate culture — and you shouldn't try to! — be aware that culture is a driving factor for how long employees are going to stay with your business.

70% of employees would not work at a leading company if it meant they had to tolerate a bad workplace culture.

(Source: LinkedIn)

Company culture is more than having a table tennis or foosball table. It's about how we treat people, how we work together and the shared understanding of values that drive inspiration and innovation for your business.

What does “good” vs “bad” culture mean? The answer may vary from person-to-person, but we like to look at our culture as the output of your approach to employee engagement where you can pull different levers to improve engagement. The Engagement Bridge, a 10-step strategic model to employee engagement, helps anchor the “levers” you can pull:





You can see some similarities here in what we've been discussing - the value of open and honest communications, bringing your purpose and mission to the forefront and showing your employees that you appreciate them, for instance.

It's all about balancing the elements that you can influence at the right times. While you might not be able to give your employees company-wide pay raises to retain top performers, are you able to allocate some of that budget to a reward and recognition program that can show them that you appreciate them day in and day out?

Maybe you can't put a staffed cafeteria in your office kitchen, but can you offer free snacks or a monthly lunch and learn? If your leadership team can't visit each and every office throughout the year, can they send video updates or reward

employees with a special Leadership Lunch for some one-on-one time?



Culture “Fit” vs. Culture “Add”

Many times, I hear that an employee is leaving because “the organization wasn’t a culture fit.” At Reward Gateway, we like to use the phrase “culture add” instead of fit. Part of your company culture should include welcoming in a diverse set of opinions to move the business forward, rather than keep it stagnant.

Put simply, workplace diversity and inclusion makes everyone feel better, about coming to work and also working for a company that cares about them. If you haven’t already, consider creating a diversity and inclusion statement, creating an open space for employees to share stories or speak more openly about the demographics of your company and how it affects their day-to-day contributions.



Uniting employees, both new and old by showcasing the company culture and values

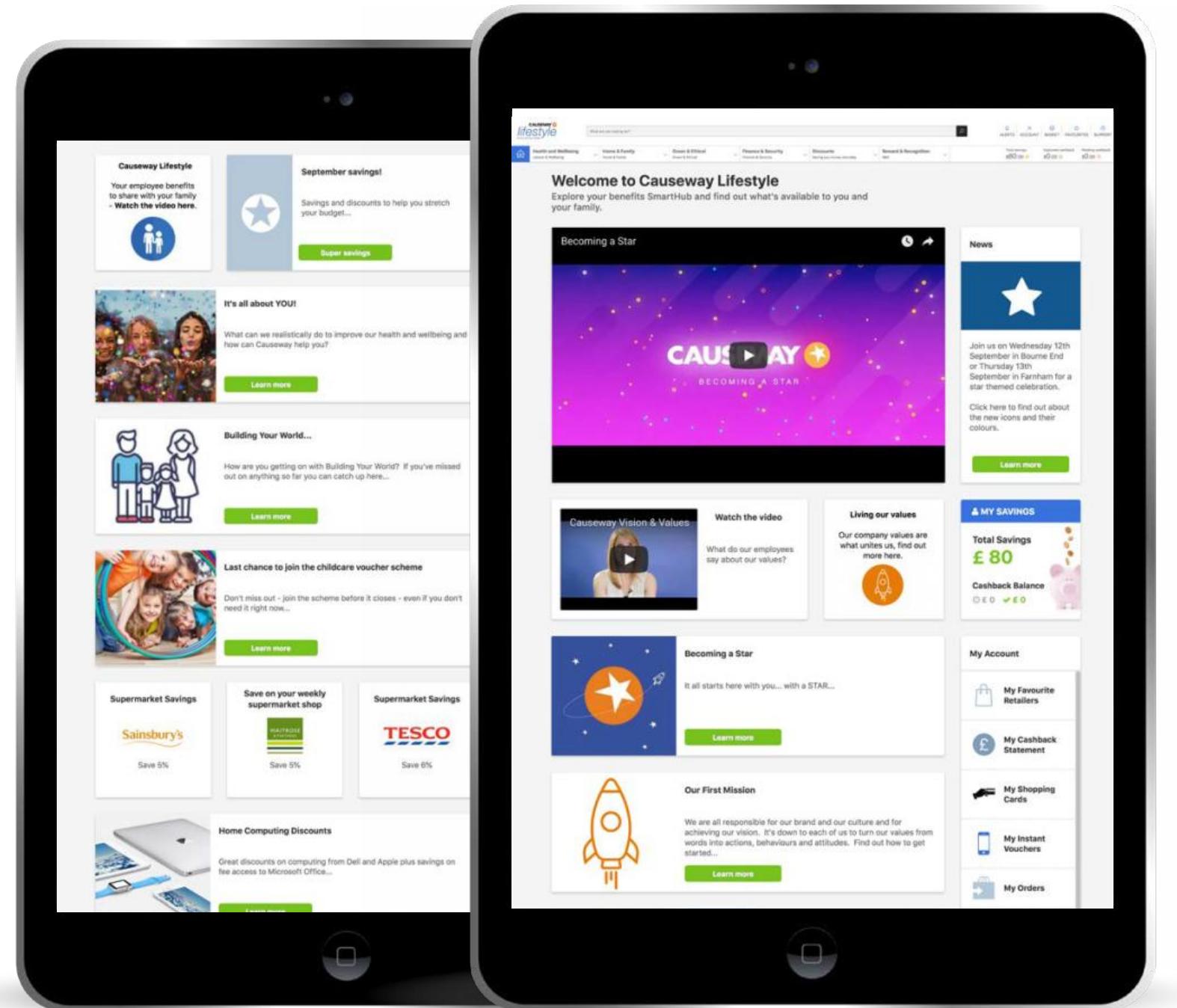
When Causeway's workforce increased by 50% due to four acquisitions (within just one year!), the team needed to find a way to unite existing and new staff in order to reduce any negative impact these changes had on employee engagement.

The fast-growing technology firm took a culture-focused approach, using the engagement platform to communicate in a lively and memorable way.

Feedback from an employee survey showed that the current vision message was too long, and many employees didn't understand it. To help, the leadership team took the opportunity to refresh communications around company culture and vision, anchored by the organization's "star" logo and a communications campaign called "Becoming a star."

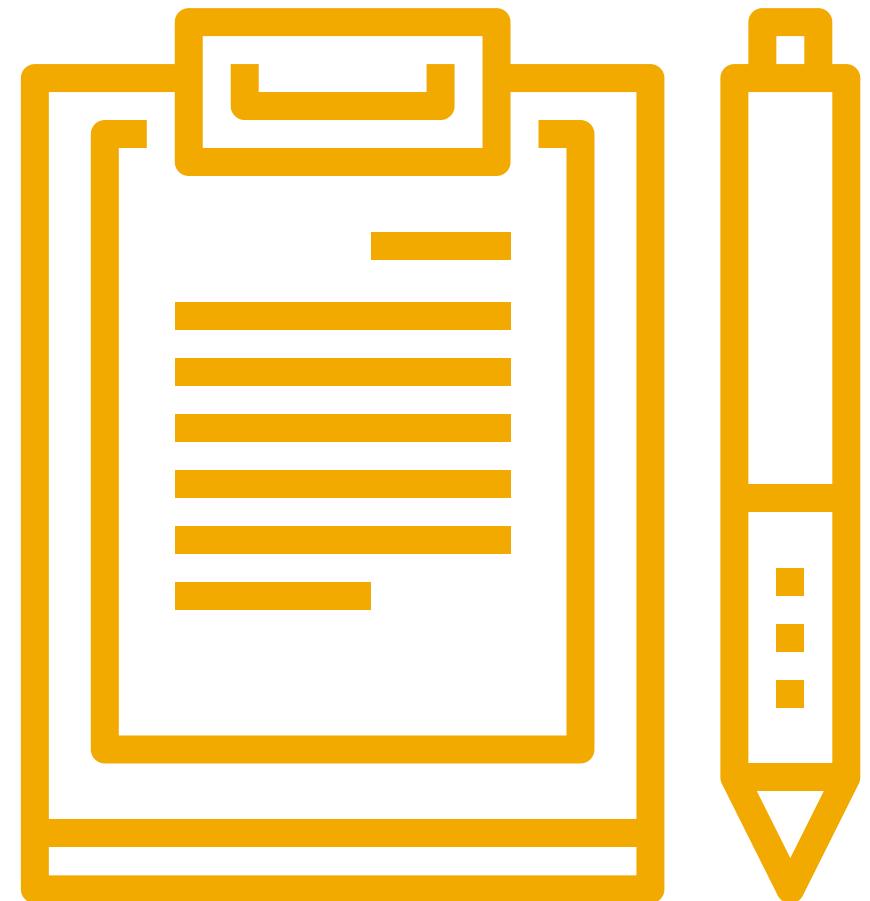
The team has used their engagement platform to promote a values "mission" to maintain momentum, including:

- A values "mission" to maintain momentum.
- An online values quiz to test employees' learning.
- A self-assessment matrix to guide behavior and inform personal development.
- Communication of the different aspects of Causeway's culture via the employee engagement portal to help deliver the key messages.
- Multimedia with employee feedback on mission and values workshops.



Because of this, during the initial acquisition period **95% of employees actively used the employee portal** to find out about the Causeway culture, and **94% of employees now understand** how the values apply to them in their role.

15 Ideas to Kick off Your Strategic Planning



Improving your retention doesn't happen overnight — it's a combination of listening to what your people need, what they want, and what your business needs to be successful. Here are a few ideas that you can put in place right away:

How to Improve Employee Retention

Continuous Recognition	Transparent Communications	Showcasing Culture
Introduce layers of reward and recognition to show everyday appreciation for your people	Survey current employees with an eNPS	Create a "Culture Book" to document and embed company values
Survey your employee "ambassadors" to see why they are with your company	Host "Town Halls" for open Leadership Q&A	Improve employee wellbeing with champions in financial, physical and mental pillars
Encourage cross-departmental recognition and communications to keep everyone aligned on big projects	Empower leaders and senior managers to blog about important company updates	Gather data from exit interviews to find common themes of why employees are leaving
Celebrate company success through special moments of recognition or larger company-wide announcements	Bring mission, purpose and values to your forefront for increased buy-in from front-line employees	Give PTO for Volunteer Days
Reward <i>contributions</i> more than tenure	Provide an open environment to facilitate additional comments and ideas to continue conversations	Find ways to stretch income that affects employees' everyday lives



Conclusion

I hope you've gained a few new ideas on how to improve employee retention at your business. Getting to that magical number for employee retention to decrease turnover costs in your organization won't happen overnight, but you can make smart decisions and re-focus your efforts on key areas to the business to make it happen. Taking a closer look at how you engage your employees through strategic recognition, transparent communications and a standout culture can move the needle in your retention strategy to keep your top performers helping your business move forward.

If you're interested in learning more about Reward Gateway's employee engagement solutions to align, motivate and engage your people, please get in touch.

The benefit of making these changes will be truly tangible. Employees who won't just go to bat for your company, but will stick around and help you succeed; today, tomorrow and right down the line. Here's to improving your retention, one great employee at a time.



Alexandra Powell

U.S. Director of Client Culture and Engagement
alexandra.powell@rewardgateway.com

Our employee engagement tools are powered by a centralized hub tailored to your organization to bring your culture to life.

If you're interested in learning more about ways to align, motivate and engage your people, please get in touch. We'd love to help you get started.

Connect with the team:

E: engage-us@rewardgateway.com

