

How to Keep Valued Employees

7 Powerful Retention Strategies for SMBs



If businesses are to thrive in today's economy, then finding and retaining qualified employees must be a top priority. Frequent turnover can damage a company's productivity, negatively affect employee morale, increase costs, and damage overall organizational performance. Conversely, retaining skilled workers who are committed to the company's success, who feel a sense of ownership and satisfaction with their jobs, and who contribute the exceptional effort that delights customers, creates true competitive advantages. Those powerful payoffs make employee retention a compelling imperative for the leaders of small and medium-sized businesses.

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Turnover Worries Employers

The U.S. Department of Labor's Bureau of Labor Statistics confirms that recent voluntary turnover across the nation has topped 2.2 million people. That number represents an increase of 34% since 2009. Hiring has been on the upswing, too, with job openings up by 73% in the past several years. Also highlighting turnover concerns, Monster.com reported that half of the employees it has surveyed expressed dissatisfaction with their current jobs, and a startling 82% have updated their resumes. Nearly six of 10 say they are actively seeking new jobs, and other sources put that figure even higher. For owners and managers in small and medium-sized businesses, fluctuations in turnover and the availability of competing jobs are especially worrisome factors.

When your company relies on a relatively small workforce, every loss – especially the loss of a star performer – can be crucial. A vacant position means business results could suffer, or that other employees must shoulder additional duties. Teamwork and workplace morale can decline.

When it comes to employee turnover, SMBs must compete for talent in the same labor market with much larger organizations. Small firms simply don't have the financial resources to match the salaries, bonuses, and benefits big companies can offer. Neither do SMBs have the scope to lure job candidates with promises of the extensive work experiences, varied work locations, and career growth opportunities that are possible in large companies.

“Improving quality of HR data analysis and reporting capabilities and leveraging technology to improve HR's cost effectiveness and performance are strategic priorities for HR in 2011.”

— Hackett Group

Good News for Small & Medium-sized Businesses

There is good news, though. First, every applicant doesn't aspire to work for a huge corporation. In a small company, high-performers can shine, becoming valued contributors to organizational success. Second, because employees in smaller firms often have to wear multiple hats, workers who thrive on variety and challenges find the SMB atmosphere more varied and stimulating. The Society for Human Resource Management confirms that the top driver of job satisfaction for employees in small firms is the opportunity to apply their skills and abilities, and SHRM reports higher levels of job satisfaction for workers in small companies.

Employees who enjoy the camaraderie of a work team may prefer the SMB setting, where groups work more closely and develop family-like bonds. Further, the choice to work for a SMB often affords employees opportunities for greater exposure to senior leaders. Smaller organizations also tend to offer greater flexibility in rules and procedures, and consideration for personal or family needs can be easier to arrange.

Technology Provides a Robust Tool for SMBs

HR and business leaders in SMBs need every available tool if they are to compete effectively and achieve the kind of exceptional results that spell lasting success. Efficiency is important, and technology is a leading enabler of faster and more efficient methods of accomplishing work. Because employees are an organization's single most-expensive and most valuable asset, technologies enabling greater efficiency in people-related functions quickly become vital tools for SMBs. Particularly systems with features that support strategies to identify, develop, and retain high performing employees.

For SMBs, the latest technologies can be work differentiators, but also unreachably expensive. Hardware, software, and in-house information technology professionals put some technical capabilities beyond the scope of small businesses. However, cutting edge, cloud-based information systems deliver the powerful capabilities of in-house solutions at a fraction of the price, making them real game-changers for SMBs.

The cloud-based HR management system from BambooHR is a flexible, easy-to-use, affordable tool for SMBs – one with a wide range of capabilities to help companies achieve success with retention programming. BambooHR uses software-as-a-service (SaaS) technology, making it possible for SMBs to enjoy all the benefits of a high-performing HR management system without investing in costly equipment and specialized personnel.

BambooHR users purchase the right to use software that resides in the cloud. Access is as simple as signing onto the Internet, and employee data is stored safely, securely, and remotely on BambooHR servers. Updates and backups occur automatically, and the product is customizable and scalable to handle the needs of diverse and growing organizations. The system puts reliable technology in place to support HR processes and employee data management, freeing HR to focus on building and retaining a talented, productive workforce.

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and the data features that support them

Before beginning retention efforts, it is wise to establish some baseline measures. This makes it possible to track progress and provides measures needed to fine-tune retention programs for maximum effect and return on investment. Often, companies choose to start with a few key metrics and then expand their tracking as retention efforts grow. In this baseline stage (and at subsequent regular intervals), the BambooHR system can deliver customized reports specified by the user. Some of the measures useful to capture at this stage include:

- Number of employees
- Employee tenure
- Average age of employees
- Turnover — both voluntary and involuntary
- Turnover rate
- Turnover rates for specific segments of employees (high-performers, those with specialized skills, hard-to-replace positions, and any other relevant groups)
- Replacement costs (or hiring costs)
- Retirement rate
- Promotion rates (by employee segments if applicable)

The most successful retention strategies are those an HR or business leader chooses based specifically on the unique needs of his or her organization. The list presented here describes some popular options that lend themselves to the financial and staffing challenges that characterize SMBs.

1

RECOGNITION PROGRAMS

To be effective, recognition must be available to all workers, and every employee must understand what he or she needs to do to earn recognition. In other words, clearly communicate the desired performance or behaviors. When employees take those actions, recognition should follow as soon as possible. Recognition reinforces the behaviors and provides motivation for employees to excel. It also rewards them for staying on the job. Experts cite the effective use of recognition as a means of boosting employee engagement levels and overall job satisfaction.

Recognition programs needn't be expensive or complex. Cost-conscious companies award special parking places, lunch with the boss, a framed certificate of appreciation, a day off, or any number of innovative and inexpensive rewards. Tracking recognition is as easy as a brief entry into the BambooHR system, enabling HR to print on-demand reports listing honored employees and the awards they received.

2

LEARNING & DEVELOPMENT

Opportunities to learn new skills and to grow, both personally and professionally, are powerful tools that drive up employees' levels of job satisfaction and engagement. Consequently, learning and development are top choices of many companies when it comes to retention strategies. Training doesn't require a costly investment. It can be as simple as offering job-shadowing opportunities or pairing an employee with another who can teach new skills.

Lunch-and-learn sessions are an inexpensive method of training, and many resources are available online at no cost. As organizations grow, training may progress to in-house classes or even tuition assistance. BambooHR's customizable fields provide complete flexibility to add records of new skills, licenses, and certifications as employees earn them. Recording development progress is just as easy, and the system can deliver reminders when training sessions are due or solicit feedback from participants to ensure that offerings are effective.

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COACHING & MENTORING

Closely associated with learning and development, coaching and mentoring speak to methods of delivering training, but provide their own rewards. They are favored retention tools because both coaching and mentoring enable organizations to provide personalized learning experiences for employees.

Coaching is more formal and focuses on improving aspects of performance. Usually a coach is assigned. He or she may be a training professional, but in smaller firms, experienced managers, HR professionals, or skilled employees can act as coaches. Mentors often are chosen by the employee seeking growth. Managers or company leaders frequently step into mentoring roles, and the focus of the mentor/mentee relationship typically centers on professional and personal development.

Coaching and mentoring are cost effective, and both can be strong contributors to engagement and retention. Careful thought should go into designing programs, and training may be required to prepare coaches and mentors for their roles. The BambooHR management system can track both coaching and mentoring. Its capabilities lend themselves to delivering reminders about sessions, and even short learning content.

4

TIME OFF

Who doesn't find time away from work rewarding? Offering paid time off enables employers to compete for desirable talent and retain current employees. The ability to take time off from work without losing pay motivates employees and contributes to improvements in work/life balance and morale. While there is a cost to the business to pay workers who are not on the job, the rewards of increased productivity, better retention, and more satisfied employees provide substantial return on the required investment. PTO may include vacation, sick, personal, bereavement, and other types of leave. In addition, some organizations award limited time off as a reward for special achievements by employees. BambooHR provides an ideal means of tracking PTO. It affords managers and employees, alike, immediate access to up-to-date information about accrued and used leave time.

5

TELECOMMUTING

A type of work flexibility, telecommuting offers employees the option of working remotely and is a popular retention tool. Enabled by technologies that keep at-home workers connected with their employers, telecommuting increased by a reported 66% between 2005 and 2010, with more than 3 million Americans regularly working from home.

Telecommuting offers employers cost savings by reducing office space needs, use of utilities, absenteeism, work/life conflicts, and more. Certainly, every job isn't appropriate for telecommuting; nor is every employee suited to the remote work environment. But in many cases, telecommuting can be a very effective retention (and recruitment) measure. BambooHR puts a full range of employee information at HR professionals' fingertips, including data related to remote work arrangements.

A reputation for promoting from within also provides a powerful draw for potential job candidates, enabling smaller organizations to compete for talent in the marketplace.

6

PROMOTIONS/ADVANCEMENTS

BlessingWhite, a leading researcher in employee engagement, calls “lack of growth or advancement opportunities the top reason employees consider leaving” their jobs. No wonder, then, that employers who want to retain valued talent make it a point to advertise career opportunities and follow through by promoting workers who perform well.

This retention method actually saves SMBs significant time and money associated with sourcing, hiring, and training. A reputation for promoting from within also provides a powerful draw for potential job candidates, enabling smaller organizations to compete for talent in the marketplace.

Tracking internal movement is easy with BambooHR. The system allows HR professionals to specify custom fields of information in employee records, enabling fast and accurate identification of workers who have advanced.



BONUSES & INCENTIVES

Bonus or incentive programs can fit most any budget. SMBs may offer modest cash bonuses or award small on-the-spot bonus payments for especially good work. Some companies tie bonuses to specified timeframes, or link tenure and performance to payments. Despite the economic challenges of the past few years, retention bonuses remain a viable strategy for many organizations.

Incentives other than cash also encourage employees to stay with their employers. Recognition, learning opportunities, and time off are examples. Other non-cash incentives might include such benefits as meals, merchandise, gift cards, holiday parties, potlucks, monthly gatherings to honor workers' contributions, fresh fruit and snacks in the break room, and praise from company leaders.

The customizable tracking capabilities of BambooHR provide efficient documentation of bonus and incentive programs. The system's automated reminders help assure correct timing of rewards – a crucial aspect of effectiveness. In addition, it can efficiently deliver reports on bonuses and incentives to company managers and leaders.

Small to medium businesses can capably compete for top talent, and they can excel at retaining star performers. Well thought-out retention efforts that appeal to workers' preferences, combined with the extensive capabilities of BambooHR's cloud-based HR management system, enable organizations to engage and retain their top-producing employees and to measure that success effectively.

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What Is BambooHR?

BambooHR is an automated, online employee information and tracking system that enables your organization to replace outdated HR processes while avoiding the costs of complex, software-based, in-house HR applications. BambooHR uses the latest SaaS (software as a service) technology to make automated employee data management an affordable and secure reality for small and mid-sized companies.



3210 North Canyon Road Suite 200
Provo, UT 84604
801-724-6600
bamboohr.com