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Feedback, appreciation and benefits: How to improve your retention rate

By Vincent Dajani

Finding and keeping your superstar employees is no easy task. And losing an employee doesn't just cost money — it means you're losing time and, potentially, valuable expertise. Nevertheless, business owners often don't take the time to analyze the success of their retention efforts before it's too late. So what strategies should you pursue to keep those employees you can't afford to lose, and how do you find them in the first place?

Finding employees

Retention begins with hiring, says Ted Karkus, CEO of ProPhase Labs, makers of Cold-EEZE Cold Remedy. The company's retention rate is 90 percent. "The key to hiring someone is first determining the job and the responsibilities. Different execs might have different ideas of what the job responsibilities will be. All key members of the team must be in agreement [as] to what the key responsibilities are, and what the most important characteristics of that potential candidate [are]."

Too many business owners hire quickly, just hoping to fill a position and keep that person with the company for years to come. But it really is all about having the right people in the right positions. As a business owner, you can only do that by knowing the desired skillset of the position, as well as the cultural fit of your company, says Ed Fleischman, founder and CEO of The Execu|Search Group, which has a

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If a team member leaves, that employee creates a gap in your business; one that you need to fill if you want to function. But "if someone gives you two weeks' notice, you're not going to refill that person in two weeks," Fleischman says. "It's going to be four weeks, six weeks."

An example of a company that's handled recruiting perfectly is Zappos, says Joe DeMattos, CEO of the Health Facilities Association of Maryland, which has a retention rate of 90 percent. "One of the things they did on the HR side was that they decided they weren't going to hire any 'if/but' employees."

If/but employees, DeMattos explains, are employees where a hiring officer might say, "they're perfect for the position, if only they had ..." Do not hire these employees, DeMattos warns. The right ones are out there, and only by finding that perfect fit for both the position and your corporate culture are you on the right track toward a high retention rate.

Keeping employees

What do employees want? In other words, why do employees stay at certain companies longer than others? In short, it's based on that individual employee's passions and goals. And it's your job to find out what those are, says Kristin Reynolds, director of HR for Point Breeze Credit Union, whose retention rate is 90 percent.

"We're pulled in so many directions as employees," Reynolds says. "We all have home lives, and for everyone, that's a big struggle. The number-one reason for high employee retention is the opportunity for individual career growth."

All employees have their reasons for wanting to go to work each day, and finding their passions will allow you to find the right opportunities for them. But you can't forget about having competitive benefits and work-life balance, says Reynolds.

"Pay people fairly — make sure you are in the 40th percentile or better for pay," says Dave Popple, Ph.D., president of Psynet Group, whose retention rate is 100 percent. "Create opportunities where employees feel like they are part of something bigger than themselves. And give opportunities for employees to become better through training, coaching or stretch assignments." This is especially important with millennials, who want to feel that they're making a difference with their work.

CEOs need to really stress the importance of making employees feel appreciated, says Stefani Markowitz, president and CEO of Charles Rutenberg LLC, whose retention rate is 96 percent. "It builds trust, it helps motivate, and when you feel like it's more of a family, there's a warmth and an energy. Then it's a really nice place to be a part of and people are enjoying their work."

Be sure to listen to your employees' feedback and needs. "I have an open-door policy and I'm here if and when they need me. I'm very available to my agents," says Markowitz. "Giving back is very important in any industry. Listening and having face time with the people who work for you [to make them] feel like they're being heard."

Insight into your employees' motivations, paired with competitive benefits and a reassuring corporate culture, will put you in a position to keep your key talent.

Your steps to the perfect retention rate

- **Mine employee feedback for potential problems.** If a problem exists that's causing employees to want to look for other places of employment, finding it and fixing it is the first step toward improving your retention rate. Use exit surveys to gain insight into reasons for leaving and find sources of frustration for employees, says Ben Landers, CEO of Blue Corona. You need "a strong ownership culture where when someone sees something that's not right — something that could ultimately cause someone to leave the company — they take initiative and work to address it," he says.
- **Understand the importance of your team.** The cost of losing an employee is significant, especially when it comes to the damage that can be done to a once-cohesive team. "If you've got a team of 10 and you lose one employee, in my

experience, when you change one member, you're changing the dynamic of the entire team," DeMattos says.

- **Do your part as CEO.** "[We] work to identify problem sources at a variety of levels. ... Our senior leadership holds a meeting with me to discuss successes and challenges with the staff," says Chris Laughlin, president and CEO of LMO Advertising. It is important to trust in your employees as well. By giving them the power to manage their role within the company, you are increasing the likelihood that they will stay.
- **Communicate constantly.** Hold staff meetings, send out company-wide updates, and understand that not everyone communicates the same way. "Keep everyone up to date," Reynolds says. "Employees like to see those things and understand what's affecting their day-to-day."
- **Offer growth opportunities.** Everyone wants to improve and grow. Find their motives and passions, and get them on the right track. "Increase the level of training and professional development," says Helen Stefan Moreau, owner and president of The Midtown Group. Along the same lines, if employees feel that they are not in the right position, you need to fix it before they decide to look for employment elsewhere.
- **Don't tolerate poor performance.** "As a president, I'm here to help and encourage you. I try to lead by example, but at the end of the day, employees have to be on top of their game in order to be successful," Markowitz says. The worst thing you can possibly do is consistently tolerate low performance, she says. Accepting poor performance lowers the morale of the high-performing employees. Those top employees have alternative job opportunities, and they might go somewhere else. Worst-case scenario, you lose the top employees and end up keeping the others.
- **Acknowledge and celebrate your employees.** You are going to have high-performing employees — that's a great thing. Ensure you're celebrating their achievements and letting them know that you appreciate their work, Fleischman says. "Very good candidates are very hard to get. You're going to favor certain people, but in an organization, be careful about favoritism. I could be working just as hard as someone else, but for some reason, if you like another person working at the same pace better, I'm going to notice. As best as you can, eliminate favoritism. Don't treat your A-players differently if it could hurt a whole team."