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Session 115TS
Employee Retention: Stay ... Just a Little Bit Longer, Keeping the Keepers

Track: Management and Personal Development

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Summary: No longer will employees passively accept being content with getting feedback once a year. Praise, recognition, and rewards will not be optional in managing people. To respond to these employee imperatives, businesses are seeking creative ways to apply the "R^3 Rule of Reward, Recognition and Retention."

Throughout this teaching session, instructors assist with the discovery of some of the leading-edge retention trends, concepts, and practices presently producing results at major organizations throughout the U.S. Participants learn how to assess their work environment for retention possibilities.

Ms. Beverly B. Alter: We have directors who have directorial responsibilities, that not only have to keep their groups and their employees happy, but you are experiencing what we call 'The Unspoken Cost' of the lack of retention.

Is anyone here directly responsible for retention?

From the Floor: Yes. My job is to motivate the staff, to help them to get more out of their job and to keep costs down.

Ms. Alter: So you're looking at the bottom line.

From the Floor: Every time someone leaves, it puts more pressure on the rest of us. I wish I knew what I could do to get my colleagues to stay.

Ms. Alter: I want somebody in here who's self-centered for a minute. No. That wasn't self-centered enough. I want somebody who is into what this has to do for me.

From The Floor: They're all very good and I want to keep them.

Ms. Alter: OK.

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From the Floor: Other managers want them. I want to keep them in my area.

Ms. Alter: OK. That's sort of self-centered. That's not as self-centered as I want though. I want a real self-centered person. Someone who's involved with their own ego for just a minute.

From the Floor: I want my team to make me look good.

Ms. Alter: Boy, you love your companies. How about you? What does this thing about lack of retention and high turnover do for you as a product? You're all a product. You go to your workplace and people are attracted to you because you can give them something. You can do something for them, and then they pay you. And the better the product, the more they pay.

It has to do with who you are as a product. Your companies want you to stay. They want to figure out ways to keep you. What does that do for you in the negotiating world? In the world of positioning? in the world for being at the right place at the right time? What does it do? I have two purposes here. One is, what does this do for you as a manager to make yourself look good, to encourage your staff, and to find ways to make people stay. What does it do for you the individual? We need to be aware of our product base, and that's what we bring to the workplace. So let's think about that as we go forward today, and please don't lose track as we go through the entire program. Because if you look at it both ways, I think it will be extremely beneficial.

Let's do some arithmetic. What is this thing called retention, and why is it important? So we have a little formula here, and if you all will take a look at this, for the sake of my arithmetic, I'd like you to plug in some standard numbers and then I'm going to bring you back and ask you to plug in your numbers.

(Number of Employees)x(turnover rate)x(average Salary)x(1.5)

So let's look at what this formula says. It says there's a big ouch out there. There's a big financial cost to this turnover issue that we're dealing with. Plug in the number four hundred employees. Ten percent turnover is an underestimated cost. The turnover range in the United States is from 10% to 18% depending on industry and geography. You multiply those two things and I think you come up with the number of employees who may be leaving.

Then there is the estimated cost which, again, is very conservative, 1.5 times the annual salary. Let's say somebody makes $40,000. Is that reasonable? One and a half times that is $60,000. Add and multiply that all together. If we only have a small company with 400 employees, what is the potential annual cost, i.e., the bottom-line cost to that turnover, using the lowest and most conservative ratio? What's our answer?

From the Floor: $2.4 million.

Ms. Alter: That's $2.4 million for a small company to have a conservative turnover rate. So when you were talking about the importance of the bottom line to your budget and to the budget of the company, you can see that this really turns out to be a fairly formidable number.

Now, not only do we have the ouch of the turnover, but, a proven fact is that good employees are likely to leave and be recruited away. Those are the employees who attract your customers, and customers are typically very loyal.

A very reasonable estimate is that we will probably have approximately a 21% defection rate of customers. Multiply that times the average profit from each customer, and you now have another bottom line that is fairly staggering. So you don't only have the employees leaving and the measurable cost. You have the cost of losing your customers also.

Someone said that people were recruiting your people away. It's happening like crazy. In my business, I've never had so many recruiters call me as I've had in the last two years. It's just phenomenal. And, by the way, we do outplacement and we have candidates and so we get phone calls, and we have never had a marketplace like this. I literally have most of my clients picking and choosing without any questions.

From the Floor: What are the costs of replacement?

Ms. Alter: We're talking about things like advertising, recruitment costs, relocation, increase in salary, any kind of sign-on bonus, lots of measurable time, etc.. Other costs are delay in research, product development, optimal manufacturing, etc.

The U.S. Department of Labor(DOL) said that in frontline jobs there is a 30% turnover rate. The two industries that have the fastest turnover rate are automotive and transportation. The other industries are financial services, insurance, health care, and professional services such as your own. Is there a geographical issue? Yes. We'll get to that just a little bit. But it has more to do with the size of the organization than it has to do with the city or the town.

A client of mine said, "I can't afford this. My budget is going under because of my retention rate." What she did was to institute a multi-prong retention effort. Since she did that and the plan was instituted, she has not lost one single person, so retention efforts do work, but they have to be well-planned.

Today 53% of us are thinking about leaving our jobs.

Let's go back to your mom and dad's era. My dad would have never thought about leaving. He went to the same parking lot day after day. Someone would have thought that he was a bad man to leave his job. Now, 53% of us are thinking about it all the time. 53% of every one of your employees is thinking of leaving.

From the Floor: What about Generation X-ers?

Ms. Alter: I don't have it in terms of formal numbers. But from experience, the Generation X-ers are leaving. And we are struggling in terms of accommodating and working with Generation X-ers, who have a definite, separate set of work values. We're finding that that is a big chunk of our turnover rate. The second group is comprised of the midlife person who is deciding to retire at a much earlier time than ever before. So anywhere from the late forties to the fifties and the Generation X-ers are the two biggest populations.

From the Floor: What about unskilled workers?

Ms. Alter: It is significantly higher for unskilled workers. It is definitely higher. Right along the same line. The greater the number of employees, the larger the organization, the more likely the turnover rate is higher. What difference does it make how big the company is?

The lack of a personal touch. As we go through some of the remedies and some of the reasons people leave, you'll see that that is a significant reason. Most people believe that people leave because of money. Most people actually leave because of the people with whom they work, and the critical person is the boss.

Consider the Generation X-ers that I referred to. Studies have proven that we have a group of individuals who like spontaneity, movement, and flexibility. One of the things that keeps them in their jobs is training. They really think that if they get trained they'll have more opportunities, and they feel that they then are going to be afforded the flexibility that they want. So training is their number one reason for staying.

I think this one is a shocker. You, as employers, spent $23 billion on incentives in 1996. So when we add in another cost-not relocation, not recruitment cost, not training cost, not advertising cost-that being some of the incentives that organizations offer such as trips and merchandise and expendable items, you get $23 billion.

From the Floor: Well, is that something companies ought to be doing? Or is that something that's not effective?

Ms. Alter: It is a very effective bonus tool. And our bonus structure, by the way, has changed dramatically. What are companies presently doing? What kind of bonuses could you have expected to get ten years ago?

From the Floor: A Christmas bonus.

Ms. Alter: A Christmas bonus. Yes.

From the Floor: A performance bonus.

Ms. Alter: That's a growing way of rewarding people. Sometimes you call it a stay-put bonus. What else?

From the Floor: A sign-on bonus.

Ms. Alter: Sign-on bonus. Well, we're getting away from sign-on bonuses. They're still around, but we're getting away from them. Why? It makes perfect sense. Why are sign-on bonuses going to become a thing of the past? Because we're dealing with huge retention problems. We're dealing with issues of employees leaving. Therefore, if you give somebody a sign-on bonus, you're rewarding them for coming, and then they leave. So what we can do is we can take our sign-on bonus, stay a year or two, go somewhere else, get another sign-on bonus, go somewhere else, get another sign-on bonus and guess what? You, as employers, are saying, "Oh, no! We can't do that anymore." We want to start rewarding people for staying, not for just signing on.

So, in some industries, I mentioned automotive and transportation, employees are leaving in the first six months. And then within one to two years, the more professionals, the technical individuals, are leaving. Why were the professional technical people leaving between one and two years?

From the Floor: If they leave too soon they appear to be job-hopping.

Ms. Alter: Yes. Exactly right. We are still concerned with marketing ourselves. So we want to say, "We don't want to look like a job hopper." What else? Why is the one to two-year period really important in terms of staying?

From the Floor: Sometimes you get paid more than the going rate to get you in there and then you have to wait for everybody else to catch up.

Ms. Alter: That's true.

From the Floor: People stay until their marketability is better.

Ms. Alter: Yes. That's absolutely true. Your marketability has increased. You now have experience in another industry. You have more than one year. You have increased your skill level. And most people say, "Voilà! I am now worth more money. It is time for me to go." That's usually the rationale behind that.

DOL estimates that across the board it costs approximately one-third of a person's salary for a replacement. The Gallup polling organization did a major study completed in March 1999, basically taking a look at 80,000 employees and asking them the question: Why do you stay and why do you leave? We found out that mostly a person will envision a great company. In fact, the bottom line to this survey is, there are no great companies. There are just great workplaces. And so in terms of each and every one of you who is a manager, the responsibility is not to transform your organization. You are not going to make your company, as a whole, more retentive. But you certainly can make your work group more retentive. And if everybody did that, we'd, have the problem of retention pretty much solved. That's what we're looking at.

What about our work group? Basically, we found out that good or great work groups have an eye on retention, pay very close attention to customer service, and have a great deal of productivity so that every worker feels they are a part of the productivity and are profitable. That's a great work group, and that's what every manager can do.

Let's see how you're doing here. I'm going to give you another little quiz. I would like you to rate ten things that have to do with employee satisfaction. Number one is what you think nationwide employees would say. We're looking at what nationwide employees would say would be the number one thing that would make people happy in their jobs. And then I'd like you to rank them one to ten in order of where you think nationally employees rank these, and then we'll take a look at what the real answers are as soon as you have finished.

We always focus on wages and salaries. But that is the one thing that we have the hardest time controlling. Can you just say, "Betsy's doing a great job. She has really been performing. She's working 12 and 14 hours a day. I think I'm going to raise her up two notches in this organization. I think I'm going to go in and I'm going to promote her. She's only a manager. I'm going to make her a director." Can I do that?

From the Floor: Promote her?

Ms. Alter: Yes. Can I just do that?

From the Floor: Yes.

Ms. Alter: Yes. Some of you can. Can all of you?

From the Floor: No.

Ms. Alter: Do all of you have that authority to do that? No. It's our biggest problem. We cannot control what that company says we have to pay. We can't even control what that company says we have to call you. We have to call you what they tell us to call you. So how do we provide incentives to employees? It's not always wages and benefits. And that's why we need to take a look at some other things.

We're entering into the second phase of this program, which is, what do we do about all this? We've made points that it's expensive, that it's costing us money. We have recognized that you're all dealing with this. I've made the point that I want you to look at it in two different directions.

And so now for both you, the employee and you're negotiating ability as well as you, the manager, we're now going to start talking about what that means. You will see the ten most important questions that you should be asking yourself and your boss. You should also be expecting what questions those people who work for you will be asking you because these are the critical factors for happiness in the job. These are the reasons that employees say, "I have a great workplace."

Here they are. One of the biggest questions that employees have to know in order to walk off that job on Friday afternoon and say, "I am happy with my employment" is that they are clear about what is expected of them. Is that important for you? Let's see hands. How many people in here really feel that it's absolutely critically important that when you go to work you know what's expected of you every single day? OK. How many people in here, raise your hands, go into work every single day and know what's expected of them, clearly? Whoa! Do you see a difference?

And again, it's not any one factor. It's the multiples of factors. It's when I get finished with all ten of these things that we begin to say to ourselves, "Oh, wow! That's happening to me. Three or four of these critical factors are going on in my work life right now." And guess who is the only person in control of me and my work life? Me. So if we look at these and we say, "Boy! I need to start taking control and make some changes and make some requests so that my marketability is at the highest level it can be. So that I am most negotiable for myself," that's very important.

Now, I've taken care of me. How about my employees? When you're managing your people, do you really know exactly what is expected of them? Managers need to define the right outcome, and ensure that each employee finds his or her own route to that outcome. What does that mean we have to do with employees?

From the Floor: Communicate.

Ms. Alter: We have to talk to them, don't we? We have to talk to employees. We have to have communication. We have to be clear that our expectations are clear to that employee. Otherwise, that employee is in a sea of ambiguity. That employee doesn't know whether he or she is doing well or not doing well. That employee doesn't know exactly what you are expecting of him or her. If you do this, you will have appreciation and the valuing of differences between an employee's style and flow. It will allow individuals to use their strengths to their fullest potential. You do need to set the outcomes and you do need to give them some authority to find a way to reach the outcome that you are expecting of them, number one.

Number two. Very simple. When I go to work, do I have the materials and the equipment to do my job the way that my boss is expecting me to do? How many people in here have all the materials and resources that you need to do your job the best way possible? What happens if you don't? What is the feeling that goes on inside of you? Stress and frustration. Because you have an outcome, number one. Your boss is giving you an outcome. In order for you to be happy, you have to achieve that, and now you need something to help you achieve that outcome.

And if you don't have it and you have to ask and ask and ask, you're going to be very unhappy. Will you leave? You could very well leave.

Shift the decision making to the employee. Ask questions such as, "How is this new equipment or tool going to help?" When an employee comes to you and says, "I need a new computer," instead of just saying, "No, we can't afford it," a good question is to ask, "Why? Justify it to me. Tell me what you're going to do. Prepare something in writing for me so that I can see the increased productivity or increase in morale that is going to occur because you are going to get this equipment." And, by the way, if you can substantiate well enough, it's amazing how you can find money and resources.

Number three. Do I get to do what I do best every day when I go to work? Raise your hand. That's critical. That's absolutely critical. Why are we here today? Why was I called in here? Because I'm looking at a sea of professionals. I'm looking at people who are actuaries, who are in some related actuarial science, and I'm looking at a raised hand count of three. What does this mean for your personal career development? Do you have to think about this when it comes to your own retention? Are you going to stay in your job or are you not going to stay in your job? Are you going to be one of those statistics? Are you going to cost the sum total of $2.4 million? If there are 40 people who leave, you could be one of those numbers. And one of the reasons for that is the lack of opportunity to do what you do best every single day.

Do you know what each of your employees does best? I ask you, as managers, do you know what each of your employees does best? And I'm going to guess that because of time constraints and stress on the job the answer is probably not all the time. Well, can we find that out? Is it hard to find out what our employees like to do best? How can we do that?

Ask them. Can you just think about yourself? I only had a few hands raised in here, so I have a lot of people who don't believe that this is happening to them. I want you to imagine that tomorrow you go to work and your boss comes up to you and says, "Bill, please come into my office. I want to have a chat with you." You sit next to your boss and he or she looks you right in the eye and says, "I want to know what you like to do best when you're here at work. I want to write that down in your file. I want to put that in my game plan. I want to find ways to give you the opportunity to do that." How would you feel when you walked out that day?

From the Floor: Very good.

From the Floor: We can't always to what we want.

Ms. Alter: We can't always do what we want to do. So what is a reasonable number of days in the week? We're going to have a five day week. How many people think that it's reasonable that we should get to do what we do best five days a week?

From the Floor: Three of us.

Ms. Alter: Three of you. Do I see four? Do I see five? Let's go to four. How many people believe it's reasonable to be able to do what you do best four days a week? That's the majority of the week. So when we translate that, you the bosses, you the leaders, you the people who have people who are working for you, what should we be aiming for? Your employees happily doing what they do best four days a week, and that's up to you.

Next. This is a biggie. How many of you have received recognition and praise for good work? Good for you. How come? What method? Let's do a little more surveying here. Do you receive praise from your direct supervisor usually? Sometime in every 14 day period? Supervisors. How many of you receive praise in every 14 day period from somebody who is one step up from your supervisor? How many people in here have employees who are not working directly for you, but who report to you? How many of you have those kind of reporting relationships? How many of you have given your employees some kind of reward and praise in the 14 day period for those people who are one step below? Not direct reports, but one step below. Good for you. Excellent.

How many of you keep track of all of those people? How many other people feel that way? It's hard, isn't it? It is hard. But, in fact, this is one of the leading reasons for retention.

And I'm going to tell you when I did my own personal survey about this, this came out number one. There is a need for appreciation and recognition, no matter how benign it is. That doesn't take very much time. But we do get overwhelmed with the numbers. We do have a tendency to say, "I can't do that. I've got too many people." But again, with the thousand people that I surveyed, in a very casual way, this was number one. Employees, people in general, want someone to say, "nice job." And it doesn't cost any money.

What does it matter that someone, when you walk in that door, cares about you as a person? You actually spend more waking hours at work than you spend anywhere else. So it matters that we care. Anybody else have another idea? Is it just gender? I hear all the time, "Oh, it's just the women. The women are the ones who really care." How many of you think it's important to have somebody at work care about you? Look at the guys. So we don't just have a gender thing. This is an important issue. And what are you going to do for your employees? Well, we have some recommendations. You, as the manager, don't have to be the one who cares personally every day for every employee. But you do have a responsibility for making sure that that employee has someone who cares for them. Who can that someone be if it's not you?

From the Floor: Mentors.

Ms. Alter: Mentors. If it's done well and if it's done correctly. Anything else?

From the Floor: Set up a buddy system.

Ms. Alter: Excellent. Buddy systems, mentoring systems. What else? What if you, as a manager, are watching and you see that you have an employee, a highly productive and talented employee who goes to lunch every single day by him or herself? Is that your responsibility? Yes. Is it really? Am I standing up here asking that every one of you who is a leader pay attention to whether or not your workers have friendships or have some kind of companionship? Am I telling you that? Yes, I am. Does it take a lot of time? No. We have to just watch. We have to watch. We don't just watch for what comes out of that worker's computer. We have to watch what's going on with that person in terms of their relationships. That's very important. And guess what happens? When that employee knows that you are watching and that you are caring about them even from a distance, this becomes a reason they stay. They stay.

By the way, what's a boomerang?

From the Floor: A weapon that comes back.

Ms. Alter: Yes. A weapon that comes back and hits you. How about instead of a weapon something that's a play toy or a positive thing comes back and hits us? Maybe we even get to catch it, right? Anybody heard of the boomerang theory? I told you we're going to get into some of what's happening in the forefront. What are the new things that are going on in the world of work about retention. Well, guess what? One of these things has everything to do with caring. I'm going to go to my boss because I have just been offered a job and I'm going to be making 28% more money. I'm going to have more responsibility. I'm going to get to do every day or four days out of the week those things that I enjoy doing best. I didn't mind my former employer. They were pretty good to me. So I sadly go into my boss's office and I say, "I'm sorry, but this is something I have to take. I'm going to be leaving."

What was the old model? "You're going to be leaving? Did you give me enough notice? What do you think we're supposed to do about all the work that you're leaving me? How am I going to get somebody to replace you? And have you been interviewing while you were supposed to be working?" OK. That's the old model.

The new model is, "Congratulations. That's just terrific. As a matter of fact, you know what? I'm going to make sure that we have a little going away time for you. I'd like to make sure that we recognize all of the things that you have accomplished for us. And I want personally to tell you that if, at any time, in the future, you wish to come back, you come and talk to me. I'm not guaranteeing you a job, but I am guaranteeing you the fact that we respect you and valued your work. And my door is open for you any time you would like to come and talk to me. Can I help you in your transition?"

Now, what's a boomerang?

From the Floor: They come back.

Ms. Alter: It's a person who comes back. We are finding that this is a workable retention, although it is not direct retention. It is a workable and working retention theory. So we're changing in terms of even severance and how we're leaving people at the door. Respect. Respect and appreciation. Very, very important.

OK. Do I have opportunities? Why do you need opportunities? You have a job. You mean you get paid every two weeks. Really, can you ever be satisfied? What's this opportunity stuff? How many people in here really believe that you have to know that there's a future opportunity in this company? How many people foolishly believe that? How many people in this room feel that opportunity for advancement or for improvement and development is key or important to your being happy in your job?

So can I provide opportunity for development for my employees without spending $10,000? Yes. I probably can. I can probably find that the company has a policy to pay for courses and, education. It's written right in the employee orientation handbook.

I've heard managers who have said to me, "I have an employee who's begging me about opportunity for development." And I say to them, "So what are you doing?" And they say, "Well, I don't have anything I can do. I don't have a future position. I can't give them more money. I can maybe work on a bonus system. But they're just talking about personal development." And I say, "Gee! Look in your employee handbook. Do they have the opportunity for that employee to go to school?" The managers respond, "I forgot all about it. I didn't even think about that."

Well, guess what? Think about it. If it's in your employee handbook and you have an employee who's looking for the opportunity for professional development, see if you can get it paid for by the company. Even just courses. And guess what? Retention will improve when that employee comes to you and says, "I would really like to have some more opportunity for growth and development", and you don't say, "Oh, dear! I don't know what it is that I can do," but you have an answer on the tip of your tongue and you say, "Let's look at the employee handbook. Let's see what we can get from the company to support us in terms of providing you that development." So, again, sometimes these things are right in front of our noses and we don't pay attention to them.

Don't forget. Am I a partner in the goals and purposes of my company? This one is highly controversial.

How many people in here believe it's important to you to know the goals of your company? That's a big one. Now, what's the controversy?

From the Floor: It's not important to all employees.

Ms. Alter: Not important to all employees. What else?

From the Floor: Many of the employees don't know the goals of the company.

Ms. Alter: Many employees don't know the goals of the company. Isn't that sad? But that's absolutely true. I know many employees who have worked for a company for years, and they're not even sure of all the product lines.

There is a distinct mismatch of what is real and what is conceived. Go back to my dad. I don't think my father knew exactly what the goals of his company were. All he knew was that he had better do his job or he wasn't going to have one. But that's not where we are now.

What does that say for you as managers? You want to increase your retention rate? You want to keep those valuable employees? You don't want the stress of having to pick up what they're not going to be able to do because they're leaving? You don't want recruiters to take your people out from under you? Know the goals of the company well enough to be able to communicate them.

If we speak to the employee and we explain the rules, and we explain the rules of what that employee's job is and we relate it to the big picture of the company, and how the company is succeeding or not succeeding, we have a better amount of input.

"I thought we were just talking about me. What does this co-worker stuff have to do with anything?"

That is a huge management responsibility for retention. I look out at the people who are doing my work. Those are the people who are going to make me look good. I have three employees who are the workhorses. They are terrific.

But I have those marginal workers. We all have these marginal workers. I'm busy. I have an assignment. I give it to my top three. I got an assignment, I give it to my top three employees. I have another assignment, and I give it to my top three. And those top three people look around and say, "So and so is getting marginal performance ratings. She has got to be because I work with her and she's not getting things on time. She's not completing the projects well. We are having a deficit because she's not paying attention. She's not focused, and so I keep getting more work. Am I getting rewarded for being good? I don't think so. And guess what? I have to do hers, too."

Do we all have those performance systems that work like that? Let's see all the hands of everybody who works in a place where they have a performance system that rewards the good workers for the proper amount of reward, and then rewards the marginal workers with less rewards. All the hands are up. You do have a good performance system if you're raising your hand. I don't think it happens a lot.

You're a manager. You have to get things done. Whether or not you get to go on vacation is based on what people say your productivity is. And if you have three people who are going to make you look good, of course you're going to use them. And then you're going to try to find time to develop the other workers.

Most supervisors will state that the performance evaluation is one of the things they like to do least. So when we have those other people who are performing marginally, do we take care of it and nip it in the bud? Do we go right to them and give them feedback? There are two kinds of feedback, and that's part of retention-motivational feedback and developmental feedback.

The old model of feedback is gone. If you were taught that you are to deliver good feedback, slip in the negative comment, and then say something nice, that's gone. The new performance appraisal system says you deliver feedback separately. Feedback about how a person can improve with very specific recommendations and a time line to check back is developmental feedback. Motivational feedback should be delivered separately and it should be delivered in private if the person is an introverted type of individual. It can be delivered, in front of people if a person really likes to be spoken to in front of groups. Two kinds of feedback. Two separate ways of rewarding.

From the Floor: Even if it's positive, it should be done privately?

Ms. Alter: It should be done privately if the individual is introverted.

If you come to me privately and I'm an introvert and you say, "I want to just take this time to give you some very specific feedback. The way you handled that difficult customer on the phone, was exemplary. And, by the way, I'm going to write that to you in note form. I'm going to put it in your file and I'm going to write a note to our boss, Mr. Smith, and I'm going to tell him that I have made this feedback directed to you." That is good.

Do my opinions seem to count? How many people in here really care whether their opinions count? How long are you going to stay if you're not feeling value? Do you have employees working for you right now whose opinions are ignored? Maybe it's because your style is different from theirs. Maybe it's because they're not as articulate. Maybe it's because of a million different reasons, but it does seem that you just don't have the chance to value their opinions on a regular basis. My suggestion is you identify those people as a manager because if people do not feel that their opinions count, they will leave.

Do I know how well I am progressing? This is akin to feedback. It's great that I have a goal. But if I don't know that I'm getting there, am I going to stay?

If I'm in a high turnover time and you are a valued employee and you are worth lots of dollars to your company to stay and you are worth lots of dollars to your next company for them to have you come on board, then you need to have a benchmark. Are you moving or are you stuck? And in this economy, with these kinds of bonus programs going on for highly regarded employees, you should never be in a situation where you don't know where you are going.

And, by the way, your employees who work for you, if they don't know they're progressing and someone comes along and says, "I want you." Guess what?

From the Floor: They're gone.

Ms. Alter: The cost of leaving is 1.5 times their salary.

What are the most stated reasons for leaving?

Career development programs. Employees like to know that they have somebody paying attention to their career development. Tenure-based bonus programs. Having a progressive bonus program for a certain number of years that is measurable. The longer they stay on, the more they get paid. Project milestone bonuses.

They all get it or they all don't get it. OK. And there's a question about whether that's the way to do it, or to really give individual milestones for a person who is performing.

Star pay. You set up a star recognition program just like the person who gets the parking space at the hamburger store. But you do it and you structure it for your organization. A person, who has really delivered and stepped up to the plate more than they were expected to, is recognized. And you do this once every three months, once a month, and once every six months.

Cash bonuses. On a particular day, at a particular minute. You have saved in your budget a certain amount of money for $100 bonus. All you do is take that $100 out. You walk up to the individual. You might have an envelope with a little insignia on it, with their name on it, and you hand it to them, preferably in front of other people, and say, "This is for you for this moment because I think you're doing a great job."

Pin program. This is a little like the old gold watch program. You actually have pins made up. A great thing to do is to put a duplicate of the pin into a drawing. You give a pin each month of terrific service. That puts you into the monthly drawing for a vacation, an out to dinner, a bottle of wine. And if you really can get extravagant, some companies are giving out cars.

Profit-sharing tournaments. Set up a competition and reward the entire team and you have created a tournament. Post results on the board. Target achievement pay. You set a target and your salary-this is not a bonus; your salary is raised at a certain level because you have reached that target. These are big targets. This brings on five new customers. This decreases expenditures by 10%. This increases profitability by 12%. Set the target as soon as it happens and the team or the individual responsible gets a pay increase. Stock ownership and options.

Things like calendars, catalogs, gift catalogs and programs. Unusual trips such as a fishing trip don't cost a whole lot of money. Send somebody on a fishing trip for a $150. Bingo, sky diving, ballooning. It doesn't have to be tremendously expensive. But I want to tell you the employees look around and say, "Wow! I want that. I want to get that recognition."

Flexible time. A biggie. Time is huge nowadays. So if I'm going to put in time and be a star achiever and someone is going to give me three days off so that I can make it a long weekend, I'm going to really like that. Telecommuting opportunities.

Casual dress. How many of your companies right now have a casual dress policy? All the time or just on Fridays?

From the Floor: (All responding.) All the time.

Ms. Alter: All the time. Good.

Day care subsidiary. Award parking. Newsletter spotlight. You can all do these. Employee products. Service discounts. In other words, if you have a store in your company, go down and get some gift certificates and be able to just hand them out as you choose. Or have some kind of immediate discount card that they get. Or you can go to community merchants and actually set up a program where you pay a differential so when a particular employee comes in, they have a 10% card.

From the Floor: Massages.

Ms. Alter: Wellness-that's great.

From the Floor: Fun things.

Ms. Alter: Anything that makes the person feel that they have something they can win or achieve by doing the job and by staying put. And, by the way, we love fun.

I hear about people who want to stay in their jobs, who like their company, who really wouldn't change even if they were paid more. They'll say, "I have fun when I go to work. I wake up on Monday morning and I want to be there. I like the people with whom I work. I like my boss." Remember, most of the time employees don't go away from companies. They go away from people and, particularly, managers.

As a matter of fact, some companies are setting up what is called a retention manager's position. And that retention manager's position is to educate others on interpersonal relationships. This retention manager will actually visit managers in the company to teach them how to be more attentive to their workers' needs and, therefore, increase retention. There is a big move to create this new job. Why? Because people like to come to work and think that they're having fun.

Remember, there are not great companies-there are great work groups.

From the Floor: In other words, work should be fun.

Ms. Alter: You do that and you'll create a place where people want to come to work because we all love to play.

Think about your employees and think about yourself.