

3 Steps for Protecting Your Most Important Asset

October 14, 2013 / 1 Comment



*Today's guest post is from Joel Garfinkle, thoughtLEADERS instructor, executive coach and author of **Getting Ahead: Three Steps to Take Your Career to the Next Level***

Are you protecting your most important asset? No, it's

not your buildings, your equipment, or your investment accounts. It's your people. Especially those rising stars whose contributions affect your bottom line and your future success.

The true cost of losing an employee goes largely unrecognized in many companies. Yet that cost is significant. According to the Society for Human Resource Management, it can cost you \$3,500 to replace one employee who earns just \$8 per hour. Other estimates place costs at 125% of an entry level employee's wages, 150% of a mid-level manager's salary, and as much as 400% for higher level managers and executives. You do the math!

Are you paying attention to this cost? Some managers shrug off this expense as a normal cost of doing business. Because there is no mechanism in place to compute the actual cost, the reality of the loss does not get reported to top management or discussed in terms of its strategic impact. But you can change all that.

Here's the caveat: you need to be proactive. Don't wait until turnover costs spiral out of control before you develop and implement a retention program. Start by mentally separating your employees into three categories:

- top performers
- mid-level performers
- lowest performers

While you may ultimately need to replace those in the third category, let's concentrate on the other two. There are three important ingredients in an effective employee retention strategy: value them, challenge them, and grow them.

Value them. You may think you know why some employees leave your organization, and why others stay. But do you really? The best way to find out is to ask them. Survey your top players to find out what keeps them around. Ask them why they might leave, what type of competitive offers would get their attention, and most of all, what they need to be more content and more productive in their jobs. People feel good when you value their input so you will take an important first step by learning some highly beneficial information about improvements you need to make.

Challenge them. Encourage employees to take charge of their own jobs and their own growth in the company. Institute a goal-oriented performance system that they help to create. When employees participate in the goal-setting process, it increases their feelings of ownership and accountability for results. Develop SMART goals (Specific, Measurable, Attainable, Realistic and Timely). For example, increasing sales by 10 percent over last year probably fits the SMART template. Doubling profits in six months may not.

Inspire them to be creative. Challenge your best employees to become innovators by rewarding them for ideas that bring about process and productivity improvement and contribute to bottom line results. Rewards could be monetary but often public recognition or the opportunity to lead a team that implements their idea can be equally effective.

Show your people what lies ahead. Help them visualize what the next rung or two on the corporate ladder looks like. Work with them to design an action plan that will take them to the next level and monitor their progress with regular feedback and encouragement.

Grow them. It's not enough to create challenges - you must also provide the tools they will need to keep them moving ahead. If employees have to learn management skills on their own it will take much longer for them to get where you want them to be, and it will minimize their contribution to the company. Identify the people with potential and coach them to success.

Provide mentors and advocates, both inside and outside the company, who can act as role models and advisors to your brightest stars. Show them how to increase their visibility by exposing them to executives in other departments and give them opportunities for participation outside their immediate area of responsibility.

Offer training and coaching activities that will facilitate continuous, measurable growth. These could include anything from offsite seminars to subsidizing degree programs and continuing education. One-on-one coaching that provides both structure and accountability will significantly accelerate an employee's progress.

A clearly defined retention strategy for your top performers is an investment that will pay dividends in two ways: it will greatly reduce the hidden costs of turnover and it will give your company a wealth of good ideas and great leadership, both today and tomorrow.

– Joel Garfinkle is recognized as one of the top 50 coaches in the U.S., having worked with many of the world's leading companies, including Oracle, Google, Amazon, Deloitte and The Ritz-Carlton. He is the author of seven books, including **Getting Ahead: Three Steps to Take Your Career to the Next Level**. More than 10,000 people subscribe to his Fulfillment@Work newsletter. If you sign-up, you'll receive the free e-book "41 Proven Strategies to Get Promoted Now!"