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ENGAGING EMPLOYEES AS THE ECONOMY RECOVERS

WHAT SHOULD COMPANIES DO TO EFFECTIVELY RETAIN TALENT?

The Great Recession has ended, and the economy appears to be gathering steam. Many companies are starting to see more stable revenues and reduced inventories – signs that hiring will soon follow. As more job opportunities open up, companies will probably experience an increase in voluntary turnover, which historically occurs after a recession.[1]

Employees who were previously content to simply have a job will feel more confident about making changes as the economy shows signs of improvement. Now is a crucial time for companies to ensure their employees – especially their high performers – are engaged and committed.

REASONS FOR VOLUNTARY EXITS ACROSS ALL INDUSTRIES

Voluntary turnover has decreased 30-percent since 2006; however, this number will likely increase in the next couple of years as discontented workers look for new opportunities.[2] In fact, a November 2010 survey from Jobvite indicated that this trend is already on the upswing with roughly 77.5 million employed Americans actively seeking new jobs or new opportunities.[3]

Cost-cutting actions that may have helped companies survive the recession could now come back to haunt them, as these actions have affected overall employee engagement.[4] In many cases, employees have been tasked with doing more with less, and layoffs have increased the workloads of remaining employees. They are working harder and experiencing higher levels of stress – two things that can negatively affect employee well-being.

Companies need to show employees they are valued. "Such recognition does not have to be expensive to be valued by employees," explained Mary Stoik Dymond, senior vice president human resources at Graebel Companies, Inc. "Simple things – such as thank you notes that recognize performance or acts above and beyond normal responsibilities; health fairs and wellness programs that encourage employees to take control of their health and better manage stress; and discounts on event tickets, phones or other products and services – provide employees rewards that they can appreciate."

According to a 2010 survey by Towers Watson, employees feel "more responsible for managing their careers and retirement."[5] This sense of ownership means employees will be on the lookout for job offers that promise greater pay, better retirement benefits, job security, growth opportunities, and a work-life balance.

Helping individuals understand a company's total rewards package, its culture, and career development opportunities begins long before a person becomes an actual employee. "Information should be provided before on-boarding and continue well after an employee goes to work for the company," explained Stoik Dymond. "In 2010, Graebel implemented online talent management technology that enables employees to begin the on-boarding process as soon as they

[1] Kathleen Koster. "Employers prepare for upswing in voluntary exits." Employee Benefit News, November 9, 2010.
[2] Ibid.
[3] Vanessa Bostwick. "Jobvite survey: 77 million employees looking elsewhere for opportunity." Online Recruiting News, November 24, 2010.
[4] Towers Watson. "Creating a Sustainable Rewards and Talent Management Model." 2010.
[5] Ibid.

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accept an offer of employment. Graebel also utilizes technology for recruiting management, performance management – including goal setting and tracking tools – and, an e-learning portal to create, deliver and track online and instructor-led training for its global workforce."

UNDERSTANDING EMPLOYEE VALUES AND MOTIVATORS

Because most employees were content to remain with their current employers through the economic downturn, companies took little notice of their workforces' engagement level.[6] As a result, employers and employees tend to disagree on the components of employment that are viewed as most valuable. While employees and employers agree that base pay, company reputation, challenging work, and advancement opportunities are important, they differ widely on how influential employee well-being can be.[7] Chart 1 illustrates how wide the disconnect is on a number of factors.

Employers that fail to understand their employees' motivations and values and adjust their incentives accordingly will likely lose them.[9] Employee engagement studies can help companies gain an understanding of the factors that influence and affect employee retention and performance.[10] Results – not intuition or knee-jerk reactions – can then be used to guide decisions on how to improve the environment, adjust management practices, and provide better work-life balance.

Companies may wish to hire an independent firm to perform confidential engagement surveys. As these research companies are neutral, employees may feel more comfortable explaining their opinions on an employer's strengths and weaknesses.

Prior to 2011 business planning, Graebel used the Human Resources Leadership Council, of which it is a member, to conduct an employee engagement survey to help understand strengths and gaps in employee engagement. Executive management reviewed the results to help prioritize goals for the next year. In a worldwide message to employees at the survey launch, chief executive officer Bill Graebel communicated, "I am truly grateful for the hard work and positive energy that has been evident among our workforce during an enormously challenging time in the world's economy. I am confident that our organization is on the right path, but I also want to gain insight from you on how we can take our organization to the next level. I encourage you to participate in our employee engagement survey, and to let me know what is important to you as we go forward in our mission of being the relocation and moving industry's supplier and employer of choice."

Along with engagement surveys, companies should consider other strategies for developing and sustaining a culture of employee engagement. Chart 2 provides some suggestions that are currently used by companies throughout the U.S.

CHART 1: EMPLOYERS UNDERESTIMATE THE IMPACT OF EMPLOYEE WELL-BEING ON THE DECISION TO CHANGE EMPLOYMENT[8]

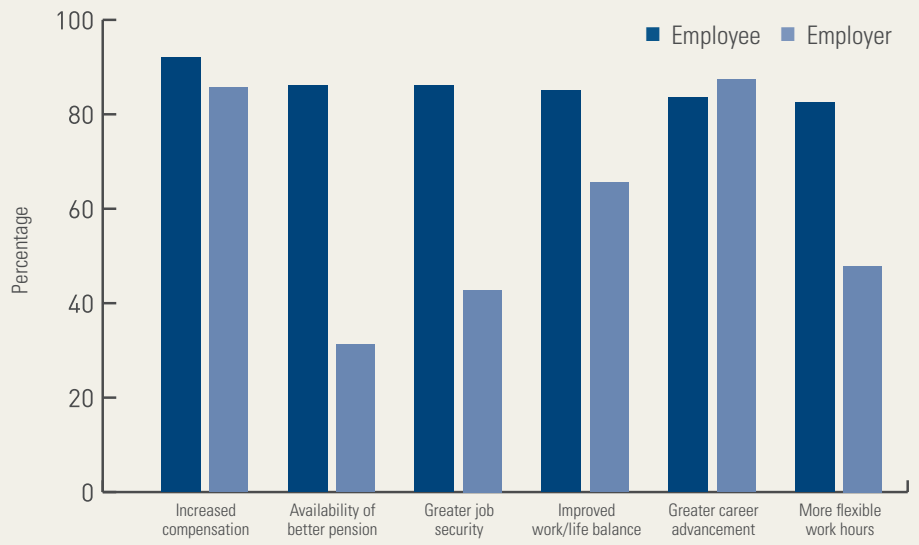

CHART 2: PRACTICES TO SUSTAIN AN ENGAGING WORK CULTURE[11]

	PERCENT
Publish a formal list of values or culture description	74%
Use exit interviews when managers leave	73%
Regularly conduct engagement surveys	60%
Provide information on culture to new hires	56%
Involve senior leadership in orientation programs	54%
Offer a career portal to help employees find growth opportunities	40%

[6] Javier Espinoza. "Engagement Is Key to Retaining Staff." Wall Street Journal, October 18, 2010.
[7] Phil Stott. "What Employees Want." CNBC, September 13, 2010.
[8] Towers Watson. "Creating a Sustainable Rewards and Talent Management Model." 2010.
[9] Javier Espinoza. "Engagement Is Key to Retaining Staff." Wall Street Journal, October 18, 2010.
[10] Kathleen Koster. "Employers prepare for upswing in voluntary exits." Employee Benefit News, November 9, 2010.
[11] International Association of Business Communicators and Buck Consultants. "IABC Research Foundation and Buck Consultants Employee Engagement Survey." June 2010.

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THE TOTAL REWARDS APPROACH

Because pay is not the sole reason why a person chooses to stay with or join an organization, employers should consider other solutions than simply increasing salaries to provide long-term justifications for employees.[12]

Companies that take a total rewards approach use key factors – compensation, benefits, career development, work-life balance, and performance and recognition – to attract and retain employees.[13]

Employees want to know how they are doing and how they can do their jobs better. Reviewing performance and providing feedback helps keep employees engaged and provides a model of continuous improvement for both the company and the employees. When employees operate in a silo without any feedback, their engagement levels suffer greatly. In fact, a recent Gallup poll showed that feedback of any kind – even if it was predominately negative – was better than giving no feedback at all.[14]

Recognizing employees for a job well done helps demonstrate that their efforts are appreciated. As companies emerge from the recession, employees who helped improve processes, saved money, or otherwise helped the bottom line should be rewarded.[15] Recognition programs can be informal or formal and may include a variety of awards. For example, Graebel's program features:

- Celebratory events
- Cash awards for service milestone anniversaries
- Employer-paid tuition
- Annual scholarship programs for employees' children

Companies should create longer-term reasons for employees to stay, and not simply throw money at them as a means of encouraging retention.[16] Salary increases should reward performance, and be coupled with opportunities that demonstrate an employee's value (i.e., new projects, advancement opportunities). This process helps ensure talent is placed in the most appropriate roles, with high performers in more strategic and pivotal assignments, and gives employees the message that they are respected.

Talent development is also a pivotal part of the total rewards program. Investing in career development, training, and performance management can help keep companies and their employees focused on achieving goals. Graebel recognizes the importance of educating its workforce and keeping its people up-to-date on changes in the industry. Since 1999, Graebel University has offered courses and recently introduced manager and customer service certification programs. In its international division, Graebel has embraced the "Good to Great" program to help encourage high-performing employees to develop their career paths.

According to Jim Petzel, president of Graebel Movers International, Inc., "For several years we have brought together our people from around the globe to participate in an intense weeklong program held offsite in Denver. Each person must complete a comprehensive assessment evaluation so that strengths and gaps can be explored in a teambuilding environment. Real-world company and individual objectives are identified, and action plans – including milestones – are established and then tracked. We have witnessed invigorated employee engagement and a strong commitment to teamwork and communication among our participants."

Along with adjusting their total rewards and training programs to reflect the changing marketplace, companies should also evaluate global mobility policies. "Regular review and adjustment to their relocation policies give companies yet another tool to remain competitive in a changing job market," stated Stoik Dymond.

THE POWER OF COMMUNICATION

One of the most important things a company can do to engage its workforce is communicate. Employees want to know how and what the company is doing to move forward. Management should help employees understand why they can be confident in the company's future and what strategies will be used to achieve success.[17]

As Chart 3 indicates, communication can and should come in all forms – face-to-face, e-mails, company blogs, or Intranets – but the more communication that occurs, the higher the likelihood that employees will be more engaged and productive.

CHART 3: 2010 EMPLOYER COMMUNICATION METHODS[18]

	PERCENT
Emails	83%
Intranet	75%
Face-to-face meetings	54%
Website	47%
Employee newsletter	31%
Posters	28%
Town hall meetings	27%
Virtual meetings	21%
Social media	12%

[12] Javier Espinoza. "Engagement Is Key to Retaining Staff." Wall Street Journal, October 18, 2010.

[13] WorldatWork. "WorkatWork Total Rewards Model."

[14] Leslie Allan. "Gallup Study: Impact of Manager Feedback on Employee Engagement." Businessperform.com, October 5, 2010.

[15] Towers Watson. "Creating a Sustainable Rewards and Talent Management Model." 2010.

[16] Javier Espinoza. "Engagement Is Key to Retaining Staff." Wall Street Journal, October 18, 2010.

[17] Ibid.

[18] International Association of Business Communicators and Buck Consultants. "IABC Research Foundation and Buck Consultants Employee Engagement Survey." June 2010.

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"Just as ongoing and regular client business reviews and communication play a vital role in building trust and establishing performance benchmarks, the same applies to employee interaction," explained Bill Graebel. "We hold a minimum of three companywide town hall meetings a year, send regular company and industry updates, and publish employee and driver newsletters to keep everyone informed and engaged. Additionally, senior management is encouraged to conduct regular meetings with their teams to ensure employees have the support they need to remain productive."

TURNOVER'S TOLL

Turnover costs are high, and in this fragile recovery stage, such costs could significantly impact companies. Both recruiting costs and potentially higher salaries impact the bottom line. Plus, the time spent interviewing, checking references, and training new employees decreases overall productivity and can add extra burdens on already stressed employees.[19]

Companies cannot afford to wait to take action. They must make sure employees are engaged and happy as soon as possible because their competitors are waiting for the opportunity to snatch up the best of the best.

Furthermore, companies that relocate employees should pay special attention to the employee engagement programs of their relocation management partner, movers, and suppliers. Those organizations with strong programs are more likely to have productive and engaged employees who will properly support client transferees by going the extra mile. A positive relocation experience helps further the overall satisfaction transferees feel – both for their company and about their decision to accept the assignment. For globally active companies, this may also translate to helping ensure associates complete overseas assignments.

COMPANIES MOST ADMIRED FOR HR[20]

The Hay Group recently recalibrated Fortune magazine's list of "Most Admired" companies to identify the companies that have the best HR-related attributes. The list was based on how the companies ranked in management quality, product and service quality, innovation, and people management. Those companies topping the list are heavily focused on monitoring and managing employee engagement. The top 10 companies appearing on Human Resource Executive's list of Most Admired for HR are:

- Apple
- Goldman Sachs
- Nike
- UPS
- Procter & Gamble
- Google
- Walt Disney
- Intel
- Cisco Systems
- Amazon.com

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[19] Javier Espinoza. "Engagement Is Key to Retaining Staff." Wall Street Journal, October 18, 2010.

[20] Jared Shelly. "Time to Re-Engage." Human Resource Executive Online, December 2010.