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Employee Rentention
A key to a culture of excellence

by John C. Jeston

Reader ROI – you will learn:

■ Company culture starts with first impressions

■ Good processes turn service into satisfaction

■ The nature of costly gaps between Payroll and L&D applications

Your employee retention costs are hidden

If you listen to the rhetoric of most senior executives they will claim that "employees are the organisation's greatest asset." Certainly, organisations and management spend significant effort ensuring that a business is customer-centric. But is being customer centric where you should put all your effort? Certainly without customers businesses would not exist, so customers are extremely important. The good news is that customers soon tell you if they are not happy and in the worst case they leave you. I think all of us would also say that customers are a huge asset to a business and we spend time, effort and money putting in business processes that help us to better manage them. We want high customer retention, higher sales revenues and high customer satisfaction.

And yet companies, for the most part, do not have the same focus towards their employees. When they don't, the cost can be high. If your employees are unhappy they will leave. This is an accelerating reality as Generation Y permeates the workforce. But the more alarming news is that employees may be unhappy and not leave! Disengaged employees may simply cause your customers to leave because they do not place the customer first.

Unfortunately the costs of employee retention are mostly hidden. Sure the cost of recruitment and training can be easily exposed and measured. But what about the costs of loss in productivity; loss of effectiveness; tacit knowledge 'walking out the door'; diminished or lost relationships with customers and customers going elsewhere as a result. If these costs were tracked and highlighted, then senior executives would definitely pay much more attention to these key assets and their retention.

> " Employees are the organisation's greatest asset. "

Culture starts early

Staff turnover is easy to measure. People often believe that keeping staff, particularly good staff, is about an organisation's culture. Culture usually covers things such as: respecting your employees; creating an environment where they are trusted and communication is open, honest and transparent; employees are valued and rewards are fair and equitable; and employees are engaged and involved in appropriate levels of decision making that impact the organisation and themselves. Without effective employee engagement you will get sub-optimal performance. Indeed the challenge for management is to even know that there is a level of employee disengagement within the business.

30	Number of steps involved in the typical onboarding process - forms, approvals, notifications, updating systems etc.
14	Average number of software systems involved in the onboarding process.
45	Number of days it takes a typical new employee to reach full productivity.
8	Percentage of compliance paperwork that's never collected.
4,000,000,000	Amount of dollars North American companies spend annually on new-hire orientations – much of it lost after Day 1.*

*University of Michigan Onboarding study and US Dept of Labor

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Service versus Satisfaction

Common thinking is that if we create an outstanding culture, employees will not want to leave. While this is true, it is only part of the puzzle.

Another aspect that forward thinking organisations attempt to address is service. If we provide outstanding service to our customers all will be well and we will keep them. Well this is not always true unless it is matched by a high level of customer satisfaction. There is a huge difference between customer service and customer satisfaction.

> *IDC Market Research* suggests that each year companies in the US and UK lose an estimated US$37 billion to employees who have misunderstood or misinterpreted (or were misinformed about) company policies, business processes, job function or a combination of the three.*
>
> *The potential for a misunderstanding to have major consequences lies not just with senior management, it can reside with the lowest-level (or even temporary) employees.*
>
> *IDC White Paper – Counting the Cost of Employee Misunderstanding.

Implementing and enhancing business systems to improve customer service may be a waste of time and money if your customers are not more satisfied as a result. Maybe the extra effort should be spent eliminating things that annoy customers. The same is absolutely true for employees – service is one thing and satisfaction is quite another.

It's all about the process

If you break all these aspects down into their component parts, they are all processes within your business. Unless you have clear, appropriate, efficient, effective and robust processes supporting your employees, then your work on culture will be almost totally wasted. Employees have some tolerance for "broken" processes, but not much and not for long.

Let's take a couple of examples. The first experiences of a prospective or new employee are often the most lasting impressions.

From recruit to hire

The recruitment process from advertising a position, interviewing and finally making an offer can sometimes be torturous and lengthy. I have witnessed situations where the timescale has been six months and by the time the candidate was offered the position, they had actually been employed elsewhere for four months. They did not even know they were still in the running for the role.

Once on board, the first few weeks and months are critical for the organisation to make an impression the new hire that they care and the employee is not just another 'number'. Will a new employee in your business feel welcome, useful and productive from day one?

Do your processes ensure that the working environment is ready and the tools of the job are waiting? Do they need a desk, phone and laptop? Are the mobile and desk phone numbers allocated and the network login ready? Phone numbers and email addresses are needed in plenty of time for business cards. What about proximity cards, name badges, safety equipment or uniforms in-hand on day one? Are appropriate staff and rooms booked to provide the necessary on-boarding briefings and training? Do you check qualifications, work visas or licences and certifications and always ensure they are current and valid? Will your systems automatically prompt when it is renewal time?

It is not uncommon for the sole focus of day one to be payroll registration and everything else plays out slowly and arduously over the following weeks. Not a great start for an employee's self-esteem or productivity.

And then through probation

Do your processes track the employee for the first few months to ensure they continue to receive the training and support they require? Do your processes remind supervisors and management to meet regularly with the new recruit to review and report on progress and provide feedback? And is this recorded for compliance and legal purposes? What are the lasting impressions of an employee if they are told on the probation expiry date that they will not be continuing in the role and there has been no feedback leading up to this bombshell! And what are the legal implications for you if it happens a day too late? This is certainly not good for your image in the employment marketplace.

If you do not have these processes properly in place then there are gaps in your human capital management. You risk losing employees, unnecessary costs and poor employee engagement from the start.

Management often assumes that existing application systems such as payroll, learning and development, and talent management will cater for these processes. Payroll pays people. L&D systems track training and development. Even together these applications rarely combine all the aspects mentioned above. Manual business processes will not effectively fill these gaps. You need to properly manage and automate your onboarding and probation processes if you are to have a high degree of employee retention and engagement from first impressions.

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Case Study

Let's look at a real life example of how this has been done exceptionally well.

This is the story of a fast growing company, Recreational Services Ltd, who cover all aspects of the development and maintenance of parklands, reserves and sports fields. This agile company has grown from a small team of 6 to a multi-million dollar company with over 220 staff and a huge inventory of plant and machinery, with the fastest growth being in the last 5 years.

Recreational Services manage parks, reserves and sporting fields on behalf of customers, including large urban councils. They often compete for new contracts against much larger competitors and in-house council departments who have more IT infrastructure and personnel. The critical and key differentiator that customers see is the company's staff and management. Customers believe that their assets are "in the safe hands of park's people, who have the domain experience and knowledge, have a continuum of care and support that lasts beyond the typical organisational turmoil in a council". This means that staff retention is a critical factor in winning new business and in retaining customers.

This led to the realisation that, although a relatively small organisation, they compete in a complex business context that requires business processes which will support rapid growth and enable staff to join the organisation and become effectively almost immediately.

The Solution

They needed to engage with a partner who would provide both enabling technology and deliver a systemic continuous improvement program. Professional Advantage delivered a process management framework to achieve this that has been used to simplify all levels of staff's interactions with the business and across the application systems. Everything from onboarding and induction to time capture and requests for plant maintenance, suppliers, customers, jobs, uniforms, and leave management is handled in a standard and intuitive manner. These standard and automated business processes provide visibility and certainty. New staff are easily on-boarded, assimilated and immediately productive.

"It's about improving employee experience and productivity, and we see the PA process management framework as the key enabler. Our people are the drivers, getting our message across to customers and our customer's message to our staff, simply. It's about not getting staff tied up in our internal processes, so that the process is working as efficiently as possible, enabling our guys to do the work on the ground", Keitha Turner, Director.

The Results

The results have been impressive to say the least. With a determined focus on process, culture and satisfaction, staff turnover has decreased from 26% in 2008 to below 7% in 2011. In fact, the results have been so impressive Recreational Services was a finalist in the JRA Best Workplaces Award 2010.

"It's all related," says Cameron Parr, General Manager "at Recreational Services top performance is a priority, and top performance requires top people. If we are an employer that attracts top people, it is win-win all around. Our people are happy. Our customers are happy. And, ultimately, we as a company are happy".

66 It's about improving employee experience and productivity, and we see the Professional Advantage process management framework as the key enabler. 99

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About the author:

John is recognised internationally for his expert insights into BPM strategy and implementation and has written three books on the topic and in excess of 25 articles. In addition to BPM skills, John has over 30 years' experience in project management, business process re-engineering, systems development, outsourcing, and general management. He has held the positions of Financial Controller, Divisional Manager, Director of a software company, HR Director, Chief Information Officer (CIO) and a partner in a consulting practice where he was national BPM lead and Thought Leader. He currently runs his own consulting practice.

He has provided these services to significant organisations throughout Australia, Europe, Saudi Arabia, Dubai, the United Kingdom, Mexico, Brazil, Portugal, Germany, Singapore and southern Africa.

Where John adds significant benefit to clients BPM activities is in assisting with the executive understanding and buy-in; facilitating the context and strategy for BPM; the establishment of BPM centres of excellence; process governance structures; and training in international recognised best practice BPM implementation and sustainability frameworks. John has also provided coaching and mentoring to senior business executives, especially in the SME marketplace.

John is considered by many to be one of the leading BPM thought leaders and implementation experts in the world.

The books that John has authored and co-authored:

The definitive book on the practical implementation of BPM, Business Process Management: Practical Guidelines to Successful Implementations, 2nd edition, by John Jeston & Johan Nelis, Elsevier, London, 2008, - which is recognised as world's best practice;

Management by Process: A Roadmap to Sustainable Business Process Management, by John Jeston & Johan Nelis, Elsevier, 2008, London – the only book to provide a roadmap to sustainable BPM and High Performance Management; and

Beyond Business Process Improvement, On To Business Transformation, by John C. Jeston, Meghan-Kiffer Press, Tampa, Florida, USA, 2009 - what lies beyond process improvement. What managers and executives need to know and how to start.

About Professional Advantage:

Professional Advantage specialises in helping mid-tier organisations realise the real, measurable benefits of business improvement. Our team has extensive experience in designing and delivering both enterprise-wide and discrete business process outcomes across all areas of the organisation, in any industry. Our software solution, XMPro, facilitates change and provides rapid payback with a low total cost of ownership. Our philosophy is to help clients take control over process development and improvement, thereby providing long term autonomy. We know that it's not always necessary to replace systems. Sometimes all that's needed is a little improvement to make things work better.

Working together:

Professional Advantage has invited John Jeston, an internationally recognised independent Business Process Management (BPM) author and implementation consultant to write a series of articles, specifically relating to the SME marketplace. The focus of the series will be on how BPM enables significant business benefits to be achieved by mid-tier organisations. The combination of John's thought leadership and PA's focus on delivering measurably improved business outcomes will provide valuable information for senior executives.

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