

The labor shortage that plagued employers at the height of the most recent economic boom may be temporarily off our radar screen, but it will be back, stronger than ever. According to The US Bureau of Labor Statistics, in the year 2014 there will be 15 percent fewer Americans in the 35 to 45 year old range -traditionally a source of management talent-than there are now. In just a few decades, we will have a growing class of retirees and a shrinking workforce. The outlook-increasing competition for fewer qualified workers-will necessitate a considerable emphasis on employee retention.

Smart companies are not waiting until the year 2014 to address this situation. They are starting today because they know that retention matters. Employee turnover costs companies time and money. The expenses associated with attracting, recruiting, hiring, and training management personnel can be quantified. However, it is the immeasurable cost of turnover, ***such as lost business and loss of good will that can have a huge effect on an organization's bottom line. Pay attention to retention and your business will thrive.***

Assembling the Team

Retention begins by building the right team, made up of the right people, with the right skills for a particular area. To build a successful management team you need to consider the following:

Know what you are looking for- Before you search for management personnel have a clear idea of what you are looking for both in terms of skills and experience. Develop a well-defined job description prior to launching your search. Solicit input from current members of your management team.

Assess cultural fit- Few things disrupt a team as much as a leader who doesn't fit in. When you bring in managers who don't share the vision and values of the rest of the company, you create resentment among other team members as well as the rank and file. This directly impacts the company's ability to achieve financial and business goals.

Promote from within- Good managers know the importance of developing the next line of personnel. Dr. Bruce Katcher, industrial/organizational psychologist and president of The Discovery Group in Sharon, Mass., has been conducting employee opinion surveys for more than two decades. According to Katcher, an alarmingly high 33 percent of employees today intend to leave their jobs within the next few years. One of the main reasons leavers give for seeking opportunities elsewhere is that they feel they have little opportunity for promotions where they are. Look inside your organization before you hire from the outside. If your management team is doing their job there should be a number of in-house candidates ready to move into the management ranks.

Look to your own team for referrals- Successful managers tend to associate with other winning managers. If you hire managers with strong people skills they will know other people who come from the same school of management. Tap into their network when adding new members to your management team and you will have a solid group of external candidates to choose from.

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Retaining Your Management Team

The people- Contrary to popular belief, it is not just about the money. Through his years of research, Dr. Katcher has found that the strongest bond that ties employees to their organizations is "the people." Since "the people" is what binds employees to their organizations, Katcher recommends that employers focus on creating environments that enable employees to interact more.

Company involvement- Dr. Katcher has consistently found that employees are less likely to seek employment opportunities elsewhere if they feel engaged in the company. According to Dr. Katcher, "Employees who aren't involved in decision-making and who are not proud of the organization because they can't identify with the organization goals tend to withdraw psychologically from the workplace. Once they withdraw, they are one step away from leaving. Even if they don't physically leave, they may have left, but still be there."

Professional development- Even well-established managers have a lot to learn. Make professional development a key objective for every member of your management team. Encouraging your team to constantly improve is a win-win situation all around. By doing so, you create a work environment that is happier and better prepared to take on greater challenges that may come its way.

Offering your management personnel opportunities to work closely in a team environment and giving them the latitude to make meaningful business decisions connects employees to each other and the business, which in turn increases retention. Employees who are happy in their jobs and who feel that they are growing professionally are less apt to pursue other opportunities even if it means making more money elsewhere.

Incentives

Monetary incentives can work when they are implemented fairly and consistently throughout the organization. Unfortunately, in much of the corporate world it seems that there is little monetary distinction between those managers who excel and those who do average work. If you are going to use bonus programs to retain your management team then make sure the program is designed to motivate your team and that it is administered fairly. Otherwise the program will do more harm than good.

Non-monetary programs can be very effective. Bob Nelson, author of *1001 Ways to Reward Employees*, believes that everyone wants to be appreciated. This includes managers. Particularly in tight economic times, rewards and recognition provide a cost-effective way of encouraging and acknowledging your team's efforts.

Nelson suggests that you match the reward to the person. Start with the individual's personal preference. For example, if you know a member of your management team is a Bruce Springsteen fan, find a way to make sure they have two tickets to the next Springsteen concert. This type of personal reward and recognition builds loyalty, which in turn equals retention. Your manager will be talking about this event for years to come. Do you think they will be doing the same with the \$500 bonus you just gave them?

If you don't have money in your budget for Springsteen tickets then Nelson suggests dozens of no-cost recognition ideas including washing your employee's car in the parking lot during lunch.

Some Tips for Assuring Continuity

- Empower your management team to make decisions. Trust them to do their jobs and provide them with guidance when needed.
- Spell out your expectations and their limits (e.g., approval of invoices up to \$500).
- Then take your senior management team off-site for a three-day meeting and see how smoothly things run in their absence.
- Ensure that your mid-management team has time during the workday to cement their relationships with other management personnel in the organization.
- Bring in an outside consultant to conduct team-building workshops to improve team dynamics.
- If need be, hire a coach for a team member who may need more individualized attention.

Return On Investment

According to the American Management Association, estimates of turnover costs may range from 25 percent to almost 200 percent of annual compensation. Costs that are more difficult to estimate include customer service disruption, emotional costs, loss of morale, burnout/absenteeism among remaining employees, loss of experience, continuity, and "corporate memory."

No matter which percentage you choose to use they all say the same thing. Turnover has a huge impact on your company. The ROI for employee retention is priceless.

Developing a cohesive mid-level management team is key to keeping your customers happy and ensuring business continuity. Low turnover amongst the mid-management ranks will result in increased productivity gains and customer satisfaction.

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