

# How Does Your Retention Stack Up?

**Note:** *The following is an excerpt from an article that previously appeared in **Contractor Compensation Quarterly** and **The Builder Blast**. Author Ann Bares does a regular *Compensation Force* blog, found at <http://compforce.typepad.com>.*

Sixty percent of employees intend to leave their current employer in the next year, according to a survey of more than 900 workers by Right Management. When asked “Do you plan to pursue new job opportunities as the economy improves in 2010?”:

- 60% said yes, I intend to leave
- 21% said maybe, so I’m networking
- 6% said not likely, but I’ve updated my resume
- 13% said no, I intend to stay

In an unhappy parallel to these results, a recent BLR.com poll shows that half the employers surveyed believe that the top factor keeping their highest performing employees from leaving is the simple fact that no one else is hiring.

Not much of a talent retention strategy, is it?

Certainly the past year has been filled with bad news about layoffs, furloughs, pay freezes and reductions. For many organizations, these steps have likely been unavoidable. At least a few employers have approached them in an open and honest manner, working hard to honor their values as well as the principles of transparency and shared sacrifice.

Others, as Margaret O’Hanlon notes in a post at “[http://compforce.typepad.com/compensation\\_cafe](http://compforce.typepad.com/compensation_cafe)”, appear to have simply thrown in the towel with respect to employee commitment.

As Margaret notes, it is unrealistic to expect employee satisfaction to be riding high during times like these. But it is also true that the past year has presented leaders with a challenging but real chance to forge trust by the manner in which they shepherd their organizations through tough times. Some have stepped up to the plate.

Many have not. And the consequences are apparently on their way.

If 81% of the employees surveyed have already made up their minds to leave or said they may be leaving, the impact (or consequences) on recruiting, retention, and

motivation will be huge. Even if the number is only half of that, the potential fallout and effect on wages may be something we’ve never seen before. And as noted by the BLR.com poll, “that half the employers surveyed believe that the top factor keeping their highest performing employees from leaving is the simple fact that no one else is hiring”.

This may have a huge impact on reten-

tion and motivation.

For those companies that froze or reduced salaries, delayed increases, reduced workforce, and so on, it’s time to pay attention to the basics as we move through 2010. Your employees may have a different idea of commitment to your company.

Remember the three goals of any compensation program – to recruit, retain, and motivate your workforce.

## AGC, Business Institute List Five To Focus On

In the face of declining backlogs and growing bid lists, a recent webinar provided for free to AGC of America members underscored what contractors need to know to survive the economic downturn.

One Mistake From Collapse: The Five Things That Construction Executives Must Know To Survive In 2010 by Rick Jefcoat and Wayne Rivers of the Family Business Institute’s CEO Performance Roundtable Program. Areas of focus particularly important for contractors in a recession were listed as:

- Cost control
- Human resources
- Risk management
- Executive focus
- Business development

The human resources angle was an area of particular focus for the presenters.

“The market is flooded with talent right now at a 20-to-50 percent discount,” Rivers said. “You have to demand employee accountability and make sure they’re the right kind of people for your company’s future. This is a situation where CEO’s need to listen to their hearts rather than their heads. If they fail to do that, they’re going to wish they had come December 2010 or March 2011.”

Rivers encouraged employers to rank every employee on a scale of one to ten in terms of productivity and how that person contributes to positive daily operation.

“You might find that you can replace a ‘5’ with a ‘9’ in this market,” he said. “In our research, those who have gone through with making the tough decisions have found three things: The sun came up the next day; morale went up; and productivity went up.”

The presentation cautioned against executives being overly involved with day-to-day business operations. As the recession’s impact deepens on the construction industry nationwide, it becomes even more important, Rivers noted, that executives focus on the future and what their business landscape will read when the economy picks itself back up.

“It’s real easy to just get sucked up into the bowels of your business and have your head in every minute detail and problem,” Rivers said. “The more you can trust others to handle those little problems, the better off your business will be in the long run.”

Jefcoat and Rivers suggested stress testing and comprehensive business planning as solutions to problems caused by the downturn. In addition, they suggested participating in the CEO Performance Roundtable, which brings in executives from non-competing companies to give an objective evaluation of your business.

The entire presentation and more information on the Roundtable is available on the AGC’s website ([http://www.agc.org/cs/one\\_mistake\\_from\\_collapse\\_webinar](http://www.agc.org/cs/one_mistake_from_collapse_webinar)).