



EffortlessHR November 2009 Employer's Advantage Newsletter



FYI (For Your Information)– Understanding Turnover

Many employers are facing turnover issues that they may not have had to deal with in the past. Some of the turnover is downsizing due to a tough economy. That type of turnover is not the common turnover that employers deal with consistently. It is usually a onetime issue and hopefully will go away as the economy turns around.

The turnover I'm talking about is the "revolving door" of employees being hired, staying for a little while, and then leaving. This type of turnover can be symptomatic of a deeper, organizational problem. Some employers say, "So what. Turnover is inevitable and if the employee doesn't want to stay, they should leave." These employers don't seem to understand how costly turnover is or care about the reasons for the turnover – which can also be costly.

Turnover affects your bottom line, whether you see it or not. Turnover is a silent but effective profit killer.

There are two areas of costs associated with turnover – Hard Costs and Soft Costs. Some of the hard costs that you can fairly easily identify are:

- Wages of employee that is leaving
- Cost of advertising
- Cost of benefits of departing employee

But there are also other hard costs associated with the departing employee:

- Employee's supervisor/manager pay rate (they will most likely be covering for the departing employee)
- Administrative staff pay (they are spending time filling out paperwork, answering questions, completing the termination process)
- Coworker's pay rate (they may be called on to work overtime to cover the departing employee or temporary workers may be contracted to cover the work)
- Interviewing (takes a lot of time to conduct a series of interviews and you need to pay the interviewer – no matter what staff member(s) are conducting the interview)
- Reference checking (either you do your own reference checking and pay your staff a wage or outsource and pay the outsourced company – there are fees involved)

- Drug testing (if applicable there are fees for drug testing)
- Orientation and on the job training (someone conducts the orientation, prints manuals and forms, answers questions, trains the new employee)

These are examples of hard costs associated with turnover. There are also soft costs, which may be more difficult to quantify but need to be addressed, including:

- Loss productivity of employee (usually the exiting employee performs at 50-75% of norm)
- Loss productivity of coworkers (time spent gossiping or taking on additional work load which may upset them)
- Loss productivity of supervisor/manager (having to spend time dealing with employees and answering questions)
- Productivity lost if position remains vacant (may increase overtime, temporary services, time spent filling in, supervisor/manager time spent on scheduling issues)
- Lost productivity during training (new employee requires support and direction, existing employees may be distracted, supervisor/manager spends time with new employee)

If you look at the true cost of turnover, you may be surprised at just how costly it is to your bottom line. If you haven't hired smart and there is not a good match between the company and the employee, you will eventually be a statistic – a company with high turnover. The old adage really is true – employees don't leave companies, they leave managers. Look at why the turnover is happening and hopefully you will be able to put a stop to the Hard and Soft costs of turnover.

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FROM JIM SIRBASKU'S DESK

How to Increase the Numbers of Soaring Eagles

"Lone eagles, soaring in the clouds,
 fly with silent, peaceful poise,
 While turkeys, in their earth-bound crowds,
 fill the atmosphere with noise."

Those words of scholar William Arthur Ward succinctly capture the different characteristics of two kinds of birds. But Ward is talking about more than just birds. He is telling us that we should admire and emulate the eagle, and that too many of us fit in too well among the "earth-bound crowds."

Nothing against turkeys, but Ward has a point. Yes, turkeys are the icons of a well-set Thanksgiving table, but consider what that means: They get eaten, especially this time of

year. So why not soar with the eagles? That's a good goal for both individuals and organizations, and it fits well with recognizing incompetence on the managerial team and doing something about it.

If you have read Profiles' "Eight Signs of Incompetent Managers," and know you have some work to do, here are some ideas for proceeding.

- **Before you make your next managerial hire or promotion, make sure the person you are considering for a position of responsibility is management material.** Some people can grow into the role, and some cannot. Scientific assessments such as ProfileXT and Profiles Performance Indicator provide insight that helps improve selection and team performance. Our clients have used one or both tools successfully, depending on their needs. Either way, these assessments work. They offer more validity than just guessing or following your instincts.

- **If you already know you have managers who are not performing to your standards, take action sooner rather than later.** Planning a course of action is good, but only if you execute the plan in a timely manner. If the person in charge of execution puts off corrective action week after week because he or the plan "is not ready," you have just discovered another ineffective leader in your organization. Leading often means going outside one's comfort zone to do what needs doing, and some managers need training to do this. Demonstrate to subordinates what action looks like. Show them that taking action is essential. Letting a poorly performing manager squeak by for an extended period can damage your organization.

- **If you determine a manager cannot fit the role of leading others, you owe it to him or her, and to yourself, to find out how he can best serve.** Look at what he was doing before management. What aspects of his previous performance prompted his promotion? Was he a strong salesman? An expert technician? Superb at customer service? If he showed strength in a prior position, your next step is to move him to the place he performs best with the message that you want both him and the company to succeed. If this employee adds value to the organization, you do not want to imply that he failed. Some people are just not management material, and chances are that your worker knows that as well as you do.

- **Use your high performers as models for both current and future employees.** Smart recruiters use PXT on the front end to make sure they are hiring people that look like the organization's top performers. Creative workplaces find methods of spreading high performance around. Leaders put their high performers in teams to train others. They give them the responsibility of an important project and let them detail to the rest of the organization how they executed it. Show off anyone who does the job the right way. Remember: Praise in public, correct in private. Get to the point where you praise more than correct, and your job will be more enjoyable and certainly easier.

These ideas will put your organization on the flight path of soaring eagles. May their numbers increase.

Jim Sirbasku, CEO
Profiles International

POP QUIZ

Indicate a T or an F on each question. Then read below to find out the correct answers.

1. An effective manager agonizes over each detail of a big plan.

___ True ___ False

2. Employee attitudes toward change are impossible to discover. If an employee knows his organization wants him to embrace change, he can mask his attitude successfully.

___ True ___ False

3. A competent leader delegates responsibility only after analyzing whether the employee is capable of successfully completing the task.

___ True ___ False

4. Some subordinates don't want to do what needs to be done; they prefer to exercise their creativity in their own way. A leader faced with this kind of worker should leave her alone to work the way she thinks best.

___ True ___ False

5. A verbose manager can hinder effective communication.

___ True ___ False

6. Only weak leaders ask for help once they have set their course of action.

___ True ___ False

7. Telling team members to observe an expert at work is the best way to develop talents in others.

___ True ___ False

8. Effective managers stay with a problem indefinitely, even when it appears impossible to solve.

___ True ___ False

Answers:

1. False. A manager who cannot move beyond the small details of an important plan has lost sight of the big picture.

2. False. Although some employees are adept at hiding things, top leaders can discover such things as attitudes toward change through a sharply focused assessment. Moving a worker who dislikes change to another position will result in a better job fit and more productivity.

3. True. Competent leaders delegate responsibility after assessing their workers' capabilities, interests and development needs.

4. False. Effective leaders clearly spell out their expectations for subordinates. Although constructive corrections might bruise an ego, a leader cannot lead someone pointed in the wrong direction.

5. True. By its definition, communication requires that more than one person speaks—a give and take—never a give and give and give. Even if team members disagree, considering all viewpoints can lead to creative solutions. Voila! Communication!

6. False. Seeking help to complete a project on deadline is always a more effective course of action than stubbornly pushing forward toward failure. There is no "I" in team.

7. False. Observing a master at work is only one way of developing others' skills. Other necessary methods include observation of the employee's habits, constructive criticism, and focused training.

8. True. Effective managers know that every problem has a solution. And they find it.

PRODUCT FOCUS

Checkpoint and Team Analysis Banish the 'Nightmare Boss'

The "nightmare boss" is a popular topic during employee break-time, after-work get-togethers and in ongoing jokes. Workers complain about incompetent leaders because they believe that venting is all they can do. They feel powerless to change the dynamic of a supervisor who doesn't, a CEO who believes everything is just fine, and subordinates who must stumble along, trying to get the job done and wishing top leaders could walk in their shoes for just one day.

Profiles International offers two assessments that put teams in the driver's seat when it comes to trying to change the dynamic of ineffective leaders. One is Checkpoint, which allows managers to see themselves through the eyes of their subordinates—and, hopefully, adopt changes that will make them more effective. Another is Profiles Team Analysis, which allows managers to put together teams that move forward productively and harmoniously.

Managers don't have to use both tools—but they can.

First, let's examine Checkpoint, which focuses on a manager's job performance in eight competency areas: communication, adaptability, task management, productivity, development of others, leadership, building relationships, and personal development.

Each person participating completes an evaluation. This process takes about 15 minutes, and can be done via Internet or on paper. Except for the boss, none of the participants uses his name. This anonymity allows for more objective, honest responses. The results go into a report that the manager receives and uses for improving his performance.

Part two of the Checkpoint process is SkillBuilder, which systematically takes the leader through the process of developing a comprehensive development plan custom-made for him.

An assessment that helps managers develop effective teams by getting to know individuals better is Profiles Team Analysis. PTA examines 12 different areas, including patience, ambition and precision. It tells the leader whether the employee is team-oriented and/or quality-oriented.

The PTA report comes in four sections:

- The Team Balance Table. Team leaders can see overall representation of certain qualities—where players excel and where they might not.
- Overall Team Balance. This section explores characteristics that are not well represented, because a leader must be aware of his team's shortcomings—and shore them up—to ensure a successful mission.
- Behavioral Factors. Team players with scores in each of the 12 factors are identified so the leader can use the information to match the natural characteristics of members with team goals.
- Action Summary. Specific steps help the leader supervise to get the greatest contribution from every member of the team.

Relegate tales of the "nightmare boss" to the myth pile. With Profiles International's help, organizations can raise the level of break-room talk to topics that everyone—even the boss—can enjoy. Call EffortlessHR at 520 546-3947 or Profiles International 254-751-1644.

Announcements:

Two years in the making, EffortlessHR is pleased to announce the publication of our Founder and CEO, Lola Kakes' book, "If You Don't Own a Circus ... You Shouldn't Be Hiring Clowns!" The book is available through our website, www.effortlesshr.com and click on the Resource tab.

The staff at EffortlessHR wishes to congratulate our own IT specialist, Aaron Queen and his wife Tanya on the birth of their son, James.

It is a rare occasion when one company can boast not just one author but two authors! Congratulations to Ellen Kirton, CFO and President of EffortlessHR for her new book, "Cinderella is Still Dancing".

To all our friends, colleagues, clients, and everyone in-between, we wish you all a very Happy Holiday Season and a GREAT New Year!

