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To boost the profits, keep the workers

By [Clayton Collins](#) | Staff writer of The Christian Science Monitor

Nobody at Brogan and Partners was surprised when management announced early this year that the entire staff would be taking a field trip to Amsterdam to unwind.

Last year it was Reykjavik.

The 60 employees at the marketing firm, with offices in Detroit and Research Triangle Park, N.C., have been taking "mystery trips" for nearly two decades.

Brogan also offers its Detroit workers the use of on-site personal trainers. At the North Carolina operation, a call went up for concierge services instead.

Request granted.

Sound familiar? It's not a return to the roaring '90s. But experts say ensuring loyalty may soon be job No. 1 at many firms.

As a long-gloomy job market finally sees rays of light, studies now show most American workers have happy feet. Fully three-quarters are actively or passively in the hunt for new jobs, according to the Society of Human Resource Management.

Also, by most accounts, a skilled-labor shortage looms. That means the cyclical worker/employer power dynamic - chocolate pedicures and "bring in the pooch" when times are flush, extra hours and that be-glad-you're-working pall when the economy flags - may be in for its first real tilt since the end of the 1990s era of exorbitant expectations and little-guy clout.

"It really is now the beginning of a sellers' market environment," says Roger Herman, a management consultant who has studied retention for decades. "About 10 different [regions] across the country are already in that mode. But employers have not shifted gears, and that's going to cause them to lose a lot of people."

Not all firms will see flight. "We have practically zero turnover," says Marcie Brogan, a managing partner at Brogan. "People who leave do it because their spouses are changing jobs" and have to move.

What Ms. Brogan calls her company's "deliberate retention strategy" requires corporate agility. "We run very lean," she says, whatever the prevailing economic conditions. "And we never hire unless we have the money in hand." The extra benefits, she says, cost about what one more

senior-executive salary would.

"The partners and board of directors would take cuts before we would short our staff," she says.

Her strategy reflects the extreme leading edge of a morale-minded attitude that workplace experts say is fast becoming critical for attracting and keeping talent.

The keys: an approach tailored as much as possible to nonmonetary incentives and the placement of frontline managers who understand and can translate the mission - and for whom people like to work.

"All things being equal, you can attract, retain, and motivate the best and the brightest by recognizing that what motivates me might not motivate you," says John Putzier, author of "Get Weird," a book about creative practices that firms can embed in their cultures. "And most of those things aren't necessarily financial, they are 'What's it like to work here day to day?'"

The point, he and others say: Strike a mutually beneficial deal with each employee within the framework of a broad and liberal policy that gives them more of what everyone still seems to want: time to live.

"For young people, it might be looking at flexible hours in order to have long weekends; for others, it might be flexible arrangements that allow for the care of aging adults; and for others, it might be child care," says **John Peoples**, managing partner at **Global Lead Management Consulting in Baltimore**. "What's important is to have a philosophy that embraces the holistic life of the employee and a variety of tools that support that philosophy."

Although the goal is employee loyalty, the calculation should not leave out employers needs, others say.

"What is this person bringing to the party? Let's compensate people based on the value that we're exchanging here," says Mr. Herman. "This is relatively new thinking, and a lot of organizations haven't reached this yet."

When and if they do, the new workplaces could begin to look a little like those of the 1990s. But what sets some companies apart is that they stick to the policies in economic downturns. "The companies that continue to embrace it as a philosophy do it because that's who they are," Putzier says.

Several experts cite Southwest Airlines as a company with open internal communications and a top-down awareness of the value of employee buy-in to the corporate mission. Food giant Wegman's is often cited for its comprehensive approach to training.

Capital One has been hailed for such programs as generous community-volunteer options and staff counseling. UPS works to promote from within, and offers a generous tuition-assistance program; 62 percent of its drivers have at least 15 years of service, a spokesman says.

In terms of employee recognition - another low-cost way of fostering goodwill - Prudential, CDW, and Mary Kay stand among the leaders, says Donna Oldenburg, former publisher of Incentive magazine.

Once an employee feels adequately compensated, a tangible reward - a watch, a radio, even a pin - can go far in building loyalty. Ms. Oldenburg cites a study done for the Society of Incentive

& Travel Executives in which 92 of employees polled said they would be more likely to go for their goal if some small incentive were offered.

Putzier's suggested perks are a bit more exotic, ranging from referral bonuses to take-home gourmet dinners to altering the aroma of the workplace.

However it is achieved, he and others say, retention can enhance productivity and save money otherwise spent training a parade of new hires.

Employee contentment delivers a bump of as much as 40 percent to shareholder profits, according to a report last year from the Aberdeen Group.

If a big organization can improve its employee retention by just 1 percent, it can save \$100,000 a year, according to Newmeasures, a Boulder, Colo., firm that develops and administers employee surveys. Another finding confirms the 'boss' factor: People join companies, but leave managers. "Front-line managers are key to retaining employees," says Diane Fassel, Newmeasures president, in an e-mail.

That means the best firms need to make sure their managers aren't allowed to become mercenary. An age of high turnover at the highest executive levels has often led to inconsistent command chains.

"The [problem] is that there are people in the middle who don't get it, who are more concerned with protecting their turf, or who are hired guns who figure 'Hey, if it doesn't work, then I'm out of here. I don't have to worry about it,'" says Herman.

That's why a good corporate culture is so vital, consultants say.

"Better companies are around a long time not only because they have good products, but also because they recognize people," says Oldenburg, also director of next week's Incentive Show in New York, an expo for suppliers of company gifts.

"External marketing really begins internally," says Susan Drake, a Memphis, Tenn., consultant, and author of "Light Their Fire," a book about retention tactics. "Good marketing is very targeted. The same is true of employee relationships. You have to be very aware of what your employees' needs are and be prepared to be flexible to meet those needs."

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