

Keeping the Best: Employee Retention in a Service Environment

Written by Administrator

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Undoubtedly one of the key issues facing service-minded managers is attracting and retaining the right staff who nurture sound customer relationships. 'Why is it that the good ones seem to leave?' is a frequent cry from service managers. Talk of an economic downturn should not mask the underlying concerns. Recent reports estimate that up to a third of service organisations in London and the South East are facing skill shortages. Others report that IT staff with customer skills are highly mobile and almost impossible to replace. A IDS survey established that the average annual attrition in call centres with over 150 seats is running at 27% for those centres who reported retention problems and 22% for those with less than 150 seats. This article sets out to explore:

- How to keep high performers to improve service to customers
- How, therefore, to increase operational effectiveness
- Reduction in the substantial sums spent on recruitment, which amounts to a significant portion of an individual salary when all costs are taken into account.

Loyalty cannot be taken for granted: according to more than one survey, typically over half an organisation's employees are expecting to leave voluntarily within five years. We should not see this as inevitable, because what is lost with every person who leaves is tacit knowledge about the customers and how they are serviced. Service levels are bound to suffer as new employees are trained up and extra cover and training is taken into account. The open and hidden costs are great :

- Reduction in operational efficiency and customer experience levels once the individual has decided to leave
 - Loss of tacit knowledge of the customer base that the leaver has acquired
 - Cost of recruitment and selection - recruitment agency costs, HR department's, and manager's and team leader's time
 - Cost of induction - initial training and development - individual's, manager's, team leader's and HR department's time
 - Cost of on-going training - courses and one to one coaching - individual's, manager's, team leader's and HR department's time
 - Reduction in operational efficiency and customer experience levels while individual is trained to agreed standards including impact on existing team members
 - Cost of training and development for another team member to bring them to team leader standard

A survey in the US estimated customers had suffered in forty per cent of organisations as a result of staff leaving.

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An example of the damaging effects of attrition can be illustrated by Chris, a talented service representative in a training service company we know well. She had a cheerful manner, a strong rapport with clients and was bright and knowledgeable. She had good team leader potential yet after three years she was complaining that her managers didn't respect her and she wasn't treated fairly, she became reluctant to take on extra work and began to contribute to a sour climate in her group, which leaked out to the customers. She eventually left to go to a competitor. Management had tried to save her - no, she said, the last-minute offers of promotion were too vague and the salary promises insufficient. Where, her manager asked us, had he gone wrong? The company had lost someone that was going to take a lot to replace in a small team and so a central topic must be some better way to keep the best, those people who are critical to delivering a good service.

While most companies profess the importance of their staff in delivering service to the customer, many employees who deal with the customers experience a mismatch in words and deeds. They would find managers looking very uncomfortable in responding to these key questions:

- Am I rewarded for going the extra mile for the customer?
- Is there investment in training and developing me?
- Are my ideas listened to?
- Does the company allow me the flexibility and give me authority to solve customer issues?

- Do managers hold me in high esteem?

Often employees do not experience sufficient encouragement to continue to stay and commit themselves fully, and much of this can be traced back to the way they are managed. Yet there is a proven link to retention between internal service quality, employee satisfaction and positive customer relationships. Gallup found that positive employee attitudes led to over a third higher customer satisfaction, with higher productivity and profits. The service profit chain, developed by Earl Sasser from work undertaken at Sears, also demonstrates this link:

Concentrate on your people first

INTERNAL	
SERVICE >	
QUALITY	EMPLOYEE >
SATISFACTION	EMPLOYEE >
RETENTION	CUSTOMER >
SATISFACTION	EMPLOYEE =
RETENTION	£

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A good example of paying attention to employees' needs with the customer in mind is financial services group First Direct. It could have followed the call centre norm and treated employees as dispensable fodder. Instead, it consciously created a mission of a 'great place to work' and carefully thought about the needs of its employees. Since 80% are women, often working in a 24 hour environment, it paid extra attention to their needs for personal security, for example with controlled parking spaces and also a large crèche facility. To give employees and customers the best possible experience, new employees are given a thorough five-week induction, accredited training, and rewards for successful performance. Managers carry out twice yearly opinion survey among employees - and act on the results.

First Direct has a well thought out retention strategy, involving

- Recruitment (selecting the right people who will give the customer the right experience and who are likely to stay):
 - Resource deployment (so the employee isn't over-stretched and can deliver to the customer).
 - Competency definition (clarity of role).
 - Development using accreditations (sound development with motivational stages).
 - Benchmarking (to pinpoint success).
 - Performance management (spotting issues early and managing progress supportively).
 - Career management (nurturing of talent).
 - Reward and recognition (encouraging the right things).

Underpinning all of this is clear leadership, with pervading customer and employee-orientated values.

BUPA is another organisation which knows that the success of its increased customer-focused efforts rest on careful attention to its employees. In the words of BUPA's Catrin Weston 'Pursing the goal of improving staff satisfaction, loyalty and commitment was not just a liberal -good employer thing to do. It had real, tangible results for our customers and for BUPA's profitability.'

Seven pitfalls

In promoting retention practices, watch out for these common pitfalls which undermine effectiveness:

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- Failure to regularly monitor signals
- Insufficient action on the results
- Employee surveys have become an annual pointless ritual
- Assumption that one approach fits everyone
- Belief that its all down to money
- Saying its 'not my problem'
- Use of some other company's initiative taken out of context

Developing a strategy

Managers who are serious in their intent to improve retention need to sit down together and assess their organisation?s strategic approach and ask:

- Where are we now?
- Where do we need to be?

A starting point is to look at what matters to the organisation to ensure its service success, and also the roles which particularly support that. Finally an examination of competitors is useful to put in context comparatively strong and weak areas.

An honest assessment of the gap between aspiration and reality is important. Data needs to be gathered from employee turnover figures, employee surveys, focus groups, exit interviews and at opportunities for employees to 'talk back' to managers in a candid way. Airtours solicited staff views on those actions affecting customers , what could be improved and how people felt about the company. This was based on the notion that the best way to develop a quality service was to enhance employees? abilities to improve the company's services. Some companies are tapping into official and unofficial bulletin-board web sites where employees, and sometimes customers, vent their feelings. Jack Welch at GE is an avid convert to this source of information.

Do not rely on pay and conditions alone as the basis of a retention strategy

Many organisations depend on motivating employees to stay with incentives such as pay and working conditions. Recent surveys of why call centre staff defect to other companies indicate that pay is a major factor. Further research reveals that employees are more likely to move on if they believe that they are not receiving a fair deal. Yet relying on external factors such as pay and conditions is only a temporary motivator. Yes, it is important to get these right, but even when people consider they are rewarded fairly, they may not necessarily stay with the

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organisation.

To foster long term, sustained motivation, recent thought is that organisations must inspire employees to draw their motivation from inside rather than rely on external factors such as pay. In his book 'Supermotivation', the American management guru Dean Spitzer has identified eight fundamental needs that motivate employees in the long term and which are shared to varying degrees by us all.

Desire for activity

People want to be active and involved. In our personal lives most people avoid boredom and monotony. Yet at work employees are expected to accept boring, repetitious, monotonous jobs without complaint.

Desire for ownership

Owning things makes people feel better about themselves. 'Psychological' ownership is even more important than 'Physical' ownership. Employees want to psychologically own their work. They want input into their work and want to feel responsible for their jobs.

Desire for power

People want to control their destiny. They don't want to feel powerless over external forces shaping their lives. With fewer top-down, control organisations more and more employees are demanding their freedom back.

Desire for affiliation

People are social creatures. They like to interact and socialise with one another although the degree of sociability will vary. Social support and helping relationships are among the many benefits provided by work.

Desire for competence

This is the core of self-esteem. People welcome opportunities to feel more competent. Work can provide these opportunities.

Desire for achievement

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It is important for us to succeed at something. Under the right conditions, employees will be willing to work hard and overcome obstacles to achieve a goal.

Desire for recognition

People want to feel appreciated by others and be positively recognised for their efforts. Recognition is a powerful force which has the capability to unleash energy and motivation.

Desire for meaning

People want a reason for doing something. They want reassurance that their efforts, however small, are making a difference.

Adopt a tailored approach

A retention strategy therefore should adopt a targeted approach: for example, research shows younger groups emphasise development and career advancement, whilst older groups particularly value benefits such as pensions. Each group should be analysed for the degree of satisfaction with:

- Pay and benefits
- Degree of ownership and challenge in the job
- Development - now and for the future
- Performance management
- Culture

Key individuals should be identified and retention plans drawn up involving career, rewards and development intentions. A flexible benefits package is becoming more common and gives the individual freedom to make choices on how to divide up the rewards according to the priorities of that point in time.

For particular groups and individuals an analysis needs to be done which searches for underlying drivers such as achievement, affiliation and ownership. This will require a candid look at the culture and values within the organisation. Research shows a culture which promotes respect and ideas is critical to forging a positive environment.

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Values inform strategies. For example, a customer orientation, a positive can-do attitude, high energy and pace to solve customer and business issues- has implications for recruitment, development and reward. Hyundai Car UK carried out an analysis of its values based on customer feedback. Customer values have become the basis of the company's recruitment strategy as well as its performance management system.

Experience of working with managers shows that discussions on culture and values produce a lively and engaging debate. A review of values and culture at one domestic appliance business drew out such current values as, 'solid, slow, lifetime employment'. The urgency of customer and business change meant a significant shift was a priority, yet so was retaining the commitment of employees. The method chosen to bring about change was one of high involvement through employee representatives and very visible, active top management. The change to a more flexible, customer oriented organisation was uncomfortable and difficult but the process ensured a conscious strategic realignment which kept customers and employees' needs in line. Partners at consultants PwC have invested a lot of time to bring out the way the firm should do business and closely matched this to the aspirations and values of its potential and existing consultants.

Birmingham Midshires Financial Services, now part of the Halifax Group, set out from early on to make employees integral to the First Choice customer mission. Telling people about the business and involving them in its changes was critical. This continued with the introduction of flexible benefits.

Overload and stress is a common occurrence in service environments. It can be a key reason for employees leaving and a thoroughly planned response is called for. Examination of its causes, for example, staffing levels and capacity management or badly designed processes, can provide input to vital business strategies and tactics which stave off the departure of good people as well as making the business more effective and customer responsive.

Leadership

A lot rests on the shoulders of leaders. One poll found that high on the list for satisfaction of the majority of employees is a good boss. This involves a purposeful vision and sense of direction, combined with the ability to listen. Hirush Okuda of Toyota actively encourages younger people in the company to talk to him. Michael Dell is always ready to listen to customers and employees' concerns. Lou Gerstner of IBM places a heavy reliance on the growth of individuals. An employee survey in a software company on recognition methods fed back the following priority, 'first, say thank you more often'. Employees need to feel their contribution is valued, yet many service departments feel they are in a backwater in their company. Employees

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pick up the priorities of their leaders. In one retail organisation, interviews with employees led to such comments as:

'The only time you hear about service is when you get an ear bashing from the area manager'.

'Managers are rewarded on the stock they shift, not on service or staff management'.

The interviews were conducted because of concern by top management of low morale and poor customer experience. The results led to a substantial change: by raising the level of involvement of managers and employees in improvement in customer experience, and putting people and service high on the agenda, this brought forth a significant improvement in employee retention and motivation which boosted customer experience.

Individuals are more likely to feel part of the organisation if the leader:

- Listens
- Offers and receives feedback
- Builds on strengths
- Trusts, not micro-manages
- Fits talents to roles
- Encourages and rewards
- Leads by example

A US survey identified the most significant motivator that employees receive is a personal thank you or a hand written note from their manager.

A proactive approach

Be warned against complacency. It is too easy to be satisfied with answers which suggest no high attrition is the norm:

- 'High turnover is normal in our industry'
- 'They all leave for better money'

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- 'Our hands are tied'
- 'We can't attract the right people today'

According to Andy Brown at Mori, many companies fail to follow up the results of their employee surveys, or if they do so then they omit to communicate this to employees. Easy Jet involves its employees at every stage from survey design to implementation and managers believe this helps to promote its unique culture of high-involvement and customer orientation.

- Devise a retention strategy - don't leave the retention of key employees to chance.
- Target key individuals and groups
- Lead through attention to culture, induction, performance management, communication, reward and development.

A new way of viewing and managing the retention of employees is possible. Rather than witnessing an inevitable honeymoon period, followed by eventual complacency, disillusionment and finally disengagement, it is possible to aim for one of the continuing growth of the employee. This must be supported by tailored initiatives to enhance the strength of the relationship. The outcome is good for the company, good for the employee and good for the customer.

An employee partnership can be formed for continuing customer success. It is achieved by being proactive and responsive to the needs of key individuals.

A proactive employee relationship building Retention Management Checklist

Tick below areas of strength and weakness

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GOOD	OK	NEEDS	
ATTENTION			

On-going measuring and monitoring of employee 'health' indicators

- Customer focused individuals identified
- Pay and conditions above par
- Reward and recognition strategies targeted to individual needs

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Supportive working environment

Leadership visible and responsive

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