

Retention Strategies for Small and Mid-Sized Businesses



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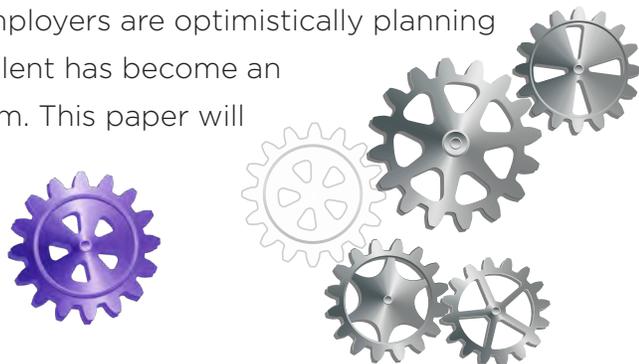


EXECUTIVE SUMMARY

To say today's workforce is in flux is an understatement. The evolution of work has always been affected by technology, demographics, and social dynamics, and major events can force momentous shifts.

For example, America's entry into World War II, which increased the need for factory labor as well as replacements for those serving in the armed forces, not only reduced the unemployment rate of the Great Depression, but also launched the participation of women into jobs previously considered exclusive to men.

At the time of this white paper's writing, employers are optimistically planning for post-pandemic times. Hiring the right talent has become an increasing challenge, but so is retaining them. This paper will explore the unique challenges today's employers face, as well as strategies that will help retain their workforce, while keeping them engaged and productive.

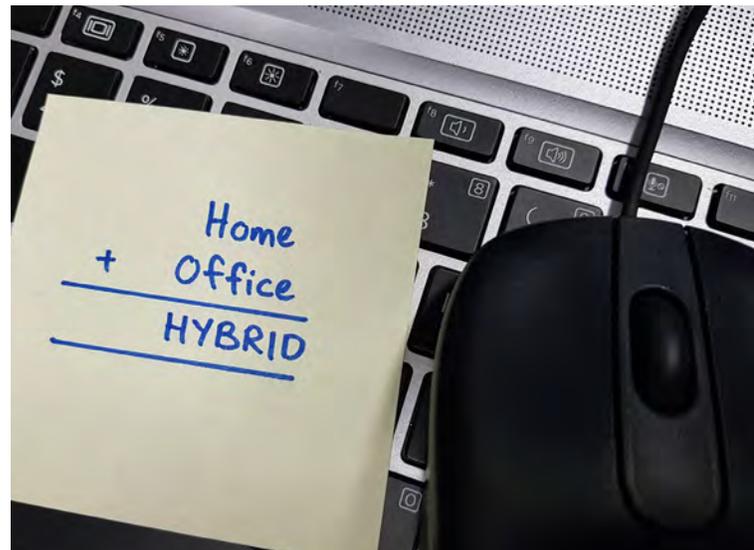


THE PANDEMIC WAS NOT JUST A HEALTH CRISIS, BUT ALSO A WORKFORCE CRISIS

It's often assumed that employee tenure was much longer in the past than it is today. That might have been true during the manufacturing boom of the mid 20th century, when pensions rewarded longtime service at, say, [the Chevy plant](#). But according to the U.S. Bureau of Labor Statistics, average [employee tenure actually rose](#) from 3.5 years in 1983 to 4.6 years in 2014.

This increase was sustained through four recessions, the rise of the internet era, and historical events both inspiring and catastrophic. But at no time was the job market impacted by a health emergency as significant as the COVID-19 pandemic.

Necessity may be the mother of invention, but for many organizations struggling to continue operations while keeping their employees safe and following government directives, it also birthed adaptation and digital transformation. Full-time working from home was no longer the domain of the freelancer or entrepreneur, and IT departments everywhere became more visible and vital than ever before: a 100-person office had to transform into up to 100 satellite offices, often requiring the same levels of security and networking as headquarters. And keeping employees engaged and productive was just as important as keeping them connected.



As the pandemic moved into a new stage where social distancing and masking rules were relaxed, many companies discovered an additional challenge affecting their workforce: the lack of employees.



In what's been called the Great Resignation, the U.S. Department of Labor observed [an increase in "quit rates"](#) throughout the second half of 2021. Months later, as the job market started to rebound and American workers returned to work, it became quite competitive to fill open roles. Which makes it imperative to retain the qualified employees you already have.

THE NEW LANDSCAPE

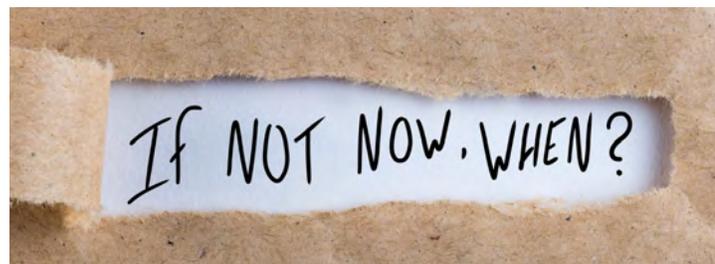
In addition, by the beginning of 2022, several [training organizations](#), [staffing firms](#), and [consultancies](#) published research on workforce trends and concluded that 65 to 70 percent of American workers are actively seeking a new full-time job — a disturbingly high number for businesses of any size.



Workforce turnover disrupts projects and costs companies money and time to recruit, hire, and train. Plus, employees looking to leave are likely to be less motivated, less productive, and liable to sour morale and the company culture — meaning you'll probably wish they departed.

Some of the driving factors behind job-hopping include:

- Finding a higher salary or better benefits elsewhere
- Interest in another field
- Dissatisfaction with management
- Lack of advancement opportunities
- Poor company culture
- Issues with workloads (excessive or not enough)



Some of these challenges are easier to overcome than others. Even if employers could suddenly double worker salaries, it turns out that [money is only one factor impacting job satisfaction](#) — and in some cases, no amount of money is enough to retain a highly coveted employee. That's why companies need to understand and accommodate employee behaviors the same way they strive to manage, satisfy, and exceed the expectations of the customers of their products and services.

Whether they are inhabiting the persona of a consumer or an employee, people are empowered more than ever before to make crucial decisions over many aspects of their lives. High engagement leads to high satisfaction with both brands and employers.

The following section details several options for a comprehensive retention strategy along these lines.

KEY STEPS TO IMPROVE EMPLOYEE RETENTION

Start at the beginning.

Lay a foundation for a positive workplace experience even before your employee's first day. The days or weeks between when a new employee accepts an offer and their start date can be very stressful — even if it's their dream job. During this period the employee might have to complete a number of post-acceptance requirements, such as filling out forms, drug testing, or having their ID photo taken, so ensure that instructions are clear, and that someone is available to quickly respond to questions.



You also don't want to ruin your employee's first day with IT problems, a desk that hasn't been cleared out, or even a missing waste basket. A little welcome package would be, well, welcome, and the team leader should have enough time carved out to attend to any issues, introductions, and location information (start with the coffee room and bathroom). If the new employee is remote, they should receive their equipment long before day one, and that welcome package can be sent directly to the home.

Even if a candidate is qualified for the job you've offered them, they may require training on specific tools or applications, or acclimation to the way projects are managed. It can be frustrating and a drain on productivity if new employees have the skills to do their job but are unsure about workflows and processes. So, if you haven't already, be sure that policies and procedures necessary to do the job at hand – not just about HR and benefits/insurance information – are clearly delineated and provided prior to day one.

When you've worked at a company for a while it's easy to forget how getting up-to-speed can cause stress and confusion that could start a new career off on a bad foot. In fact, [64 percent of employees](#) are less likely to continue with a new job after a negative onboarding experience.

Set expectations and goals.

“I’m not doing what I was hired to do” is a too-common complaint. Setting expectations starts when you write a job description, continues during the rounds of interviews, and during the first week of employment. (And it doesn’t stop there. See below.)

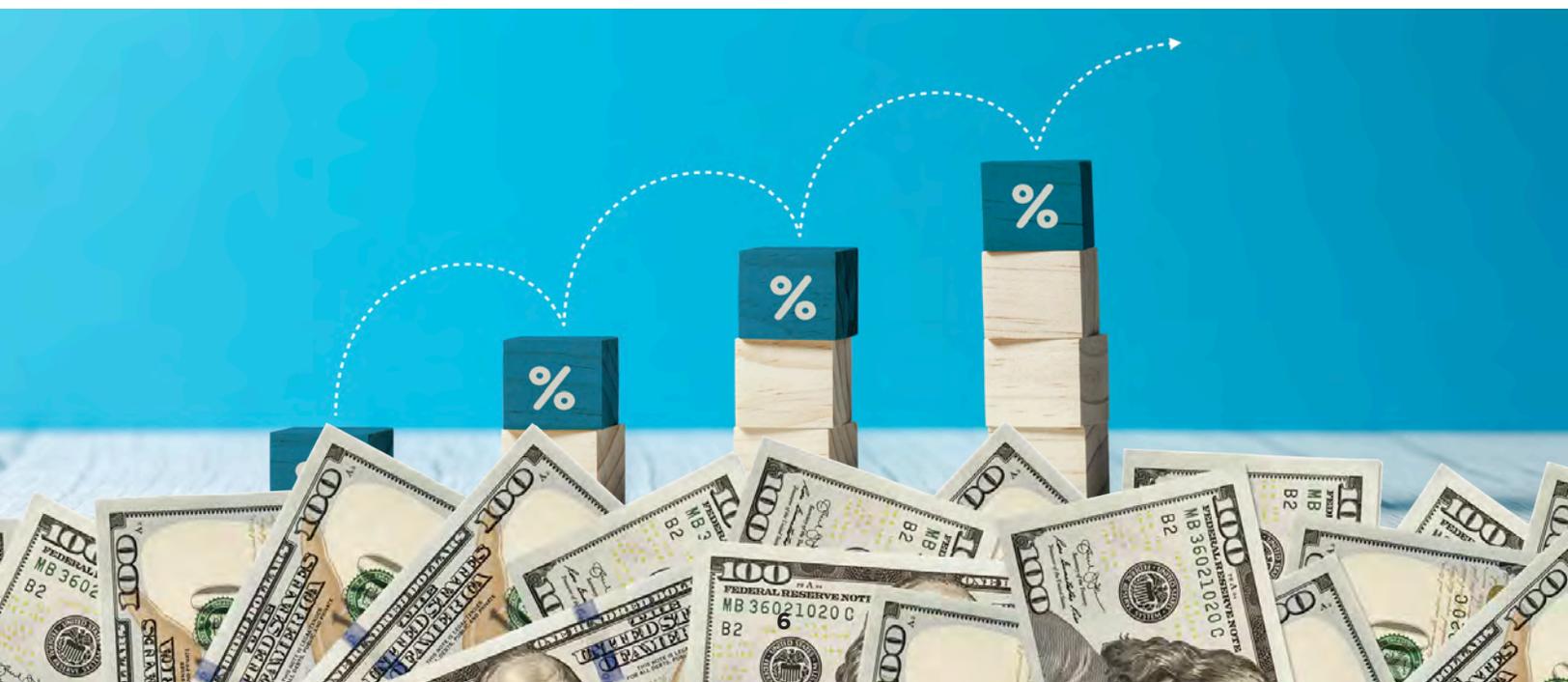
Some employers plan out the first couple of weeks for new hires (with reasonable times for breaks and to take care of remaining onboarding responsibilities), while others present plans for the hire’s first 30, 60, and 90 days. The more organized and transparent, the better.

Money talks. (Though it’s not always the loudest voice.)

What an employee earns is the most measurable, apples-to-apples-comparable factor of the work experience. As mentioned above, a little extra money won’t always keep your employees from leaving, but you want them to feel that they’re earning what they deserve based on the role, industry, location, and experience level.

Furthermore, merit or performances raises can help reduce turnover. It wasn’t surprising for companies to freeze wages during the height of the pandemic: The Society for Human Resource Management (SHRM) reported that [64 percent](#) of U.S. organizations gave base pay increases in 2020, down from 82 percent the previous year. SHRM also reported that raises appear to be returning in 2022, with [average salary increase budgets](#) near 4 percent.

If you’re unable to offer raises during a certain year — especially if you’ve increased salaries in the past — you need to be honest and communicate with your employees and find some non-monetary ways to keep them happy (many of which are listed below). Some small business owners find flexibility by [awarding one-time bonuses](#) instead of annual raises, which permanently increase payroll throughout the year.





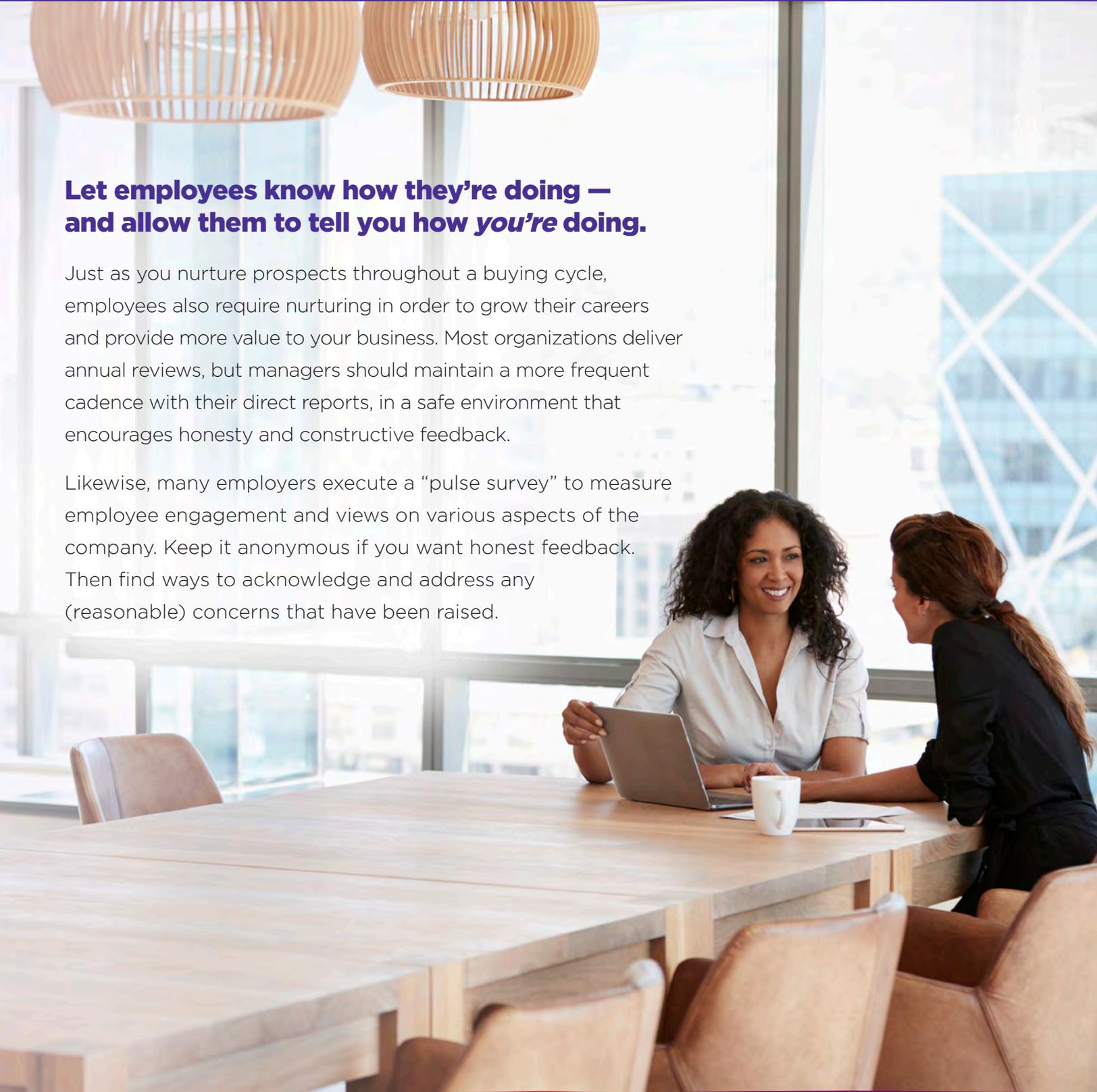
Strong benefits promote peace of mind.

Benefits offer a more complete picture of employee compensation than salary alone. A review of [Glassdoor's best places to work](#) mentions company benefits more than pay. Keeping your benefits package competitive means it will take competitors more than a small bump in pay to lure your employees away.

Among the most common benefits full-time employees expect are medical, dental, and vision plans. These medical insurance options just scratch the surface on how businesses can promote healthy lifestyles at the workplace. For instance, a wellness plan can be as simple as discounted gym memberships; comprehensive options may include an office pantry stocked with healthy snacks, free or discounted mental health resources, and on-site health screenings and wellness fairs. These kinds of benefits can add to your operating expenses, but often they're [worth the ROI](#) as you demonstrate to employees you're willing to invest in them. A healthier workforce reduces absenteeism and injuries and improves productivity due to reduced "presenteeism" (when sick or low-energy employees show up to work and perform at a reduced level).

If you don't have to have a [Google-sized benefits budget](#) to make employees happy. If you're looking for benefits that cost less than a wellness program (in some cases, they cost nothing at all), consider these suggestions. You can launch a random mix of events such as a day where pets are allowed at the office, team-building exercises, company happy hours, or a catered lunch once a week. If formerly work-at-home employees are chafing at returning to the office, you can consider a hybrid schedule.

Today's employees are not expecting those auto industry pensions of 70 years ago, but you can still help them save for retirement, and not just with a 401(k): the IRS has information on [nearly two dozen retirement plans](#).

A photograph of two women sitting at a long wooden conference table in a bright, modern office. The woman on the left, with dark curly hair and wearing a light-colored button-down shirt, is smiling and looking towards the woman on the right. She has a laptop open in front of her. The woman on the right, with long brown hair tied back and wearing a dark blazer, is also smiling and looking towards the first woman. On the table, there is a white coffee cup and some papers. The background shows large windows with a view of a city skyline and two large, woven, spherical pendant lights hanging from the ceiling.

Let employees know how they're doing — and allow them to tell you how you're doing.

Just as you nurture prospects throughout a buying cycle, employees also require nurturing in order to grow their careers and provide more value to your business. Most organizations deliver annual reviews, but managers should maintain a more frequent cadence with their direct reports, in a safe environment that encourages honesty and constructive feedback.

Likewise, many employers execute a “pulse survey” to measure employee engagement and views on various aspects of the company. Keep it anonymous if you want honest feedback. Then find ways to acknowledge and address any (reasonable) concerns that have been raised.

Recognition, Rewards, and Incentives

How much does a “thank you” cost, and how much is it worth? Indeed, you can invest in a robust employee recognition program — a study by SHRM and Globoforce published [extensive survey findings](#) documenting such efforts to engage employees — but employee appreciation starts with a simple “thank you.” And be sure to always acknowledge a job well done.

Have Values — And Live by Them

Many of the strategies suggested above are baked into a workplace's culture. A work culture is not always easy to define — it's often described as something that's “lived” —but it includes values, principles, and goals that act as a lodestar for guiding the behavior of both employees and management.

You don't need to craft a lofty manifesto. The tech careers information site *Built In* published a list of [71 impactful company values statements](#). Some are expansions of a handful of words, such as “integrity,” while others are designed as mission statements, such as “Act like an owner.” Ultimately, you went into business to become successful and profitable, but **how** do you want to get there? Determine standards for how you believe that you and your employees ought to “go about your business” and make these well known throughout the organization.



Opportunities for Growth

If employees don't feel they have a future, they will likely leave you in the past. You may have some workers for whom a job is merely a means to a paycheck every couple of weeks, but employees who are [engaged and developing their careers](#) are not only more likely to stay, but also perform at a higher level.

“Growth” doesn't have to mean moving from entry level to management overnight. In fact, at very small businesses, that kind of promotion is neither practical nor possible. But engaged employees welcome ways to take on more responsibilities, even outside their normal scope of work, in order to learn and find fulfillment in their jobs.

Not everyone can be promoted, but you should consider [promoting from within](#), whenever possible. This will boost morale, strengthen retention because workers see there are advancement opportunities, and will save the time and money of recruiting, interviewing, and onboarding someone who was successful during the hiring process but are still an unknown in terms of how they'll fit in with your organization.

Learn From Those Who Leave

Even the employers topping the “best places to work” lists experience turnover. Ironclad contracts aside, workers are not obligated to stay in their current jobs, and sometimes, despite your best efforts to retain them, they just might have reached the natural end of their tenure because there's no room to grow, they're looking to do something new, or due to out-of-your-control factors such as changes in lifestyle, family illness, or the need for a shorter commute.

Whenever a valued employee chooses to leave, regardless of circumstances, you not only want to keep the door open for a potential return, but you also want to find ways to improve the experience for your remaining employees. An exit interview can allow the departing employee to offer an assessment of their time working for you and can even offer insights they might not have been comfortable sharing while they were employees. (In some cases, [according to SHRM](#), an exit interview could actually convince an employee to stay.)





CONCLUSION

Every business, regardless of industry, location, or size, involves the selling of products or services. But success is about more than transactions — it's about the relationships your forge with customers based on all their touchpoints with your brand, from your website to your customer service. The importance of building these relationships and fostering these experiences are reflected in marketing trends moving from B2C and B2B to [H2H](#) — human to human.

In the same vein, even if your employees work with machines, they're not cogs. Like you, they have lives outside of work, yet when empowered with the proper tools, training, and validation, they can truly be your company's greatest resource. Engaged employees are productive, happy, and loyal — and are likely to remain in your employ.



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