

Competency Retention strategies foster Leadership

The greatest challenge for the United States today is dealing effectively with their 4% unemployment rate. Retention is more than a catchphrase - even today. What are companies doing down south to attract workers? More importantly, what makes them stay? And what, if anything, can Canadian companies learn from the American experience?

Margaret Olsen reported in her article What Makes Employees Stay, All We Had To Do Was Ask (Training and Development, October, 1999), that a poll by the Saratoga Institute of Santa Clara California of 60,000 individuals who had quit jobs in 1998 found this population defined loyalty in a new way. For these individuals, loyalty was tied to confidence in their ability to do the work required in the company in the future.

The Institute concluded that motivation to working for a company is tied to education, mentoring and growth opportunities. Underlying the new focus for loyalty is the American workers' awareness that contractual relationships between employees and employers are becoming competency based.

As reported in the article, Harold Weinstein, of Caliper Management, a psychological assessment and HR management firm in Princeton New Jersey stated, "Competencies are now seen as currencies. From an employees' perspective, competencies are assets they can trade for higher salaries." In summary, American workers are asking to be kept current in their fields and to work for employers who are willing to invest in them as workers while keeping the corporations themselves on the cutting edge and thus committing to future employment.

A 1999 survey for Human Resource Management quoted in Olsen's article shows that 94% of US companies (98% of companies with more than 5,000 employees) offer professional development, and 85% of companies (93% with more than 5,000 employees) offer educational assistance. Training is becoming a recruitment AND retention tool. What you learn formally is only the beginning. "Work for us and we will train you for the real world", is the message.

Although most training develops technical skills, Olsen reports that American workers do not want to be turned into nerds. People recognize that technical competence doesn't help them in today's team oriented workplace. As a result employees and employers are requesting interpersonal skill training such as communication skills, customer service, conflict resolution and teamwork. The results benefit both sides.

Now Americans are notoriously governed by the bottom-line. They are also fairly frugal. Minimum wage throughout the US is only \$5.50 per hour. Americans also work longer

hours, have fewer holidays and often have fewer benefits than Canadians t they have higher productivity rates than any other nation. All of which begs the question, why would Americans invest so heavily in professional development and education? Again, it's the bottom-line.

As reported by the Saratoga Institute, employees value training and will be more loyal to a company that trains them. The Institute also found that "if the American workforce has the training it wants only 12% will leave...if they don't get the training, 41% will leave." For a company with 1,000 employees, the Institute calculates that employee turnover will cost \$14.5 million per year. Nearly \$15,000 per head.

SAS Institute in North Carolina has a sophisticated training and development program for new hires as well as experienced personnel. SAS' turnover is just 4% vs an industry average of 22%. SAS can't tie the low turnover directly to training but they know it plays a significant role in retaining personnel. SAS calculates they save \$50- \$60 million per year through retention.

A study by Carleton University and the University of Ottawa's Duxbury, Dyke and Lam found 75% of the best high tech workers in Ottawa are thinking about quitting their jobs and the other 25%, are actively looking. These individuals, though well paid, were very fearful of falling behind technically - the "Kiss of Death".

The study also cited heavy workloads and little opportunity to cross-train as contributing to the lack of loyalty and levels of high stress. Yet, corporations were reported reluctant to train fearing employees would be more attractive to the competition and leave anyway – Catch 22.

When employers facilitate employees honing their skills both grow and prosper but it's a lot of work to set these programs up. Now, thanks to an innovative company out of Calgary, corporations don't have to devise these complex programs on their own.

JPS Management makes web-based software that enables organizations to efficiently integrate, objectively measure and directly align human resource management activities with the corporate culture, financial objectives and strategic goals. In other words, everyone ends up working off the same page.

With customers like Sony, Ratheon and Norske JPS' competency-based software provides shifts the focus of Human Resources from record keeping to facilitation and leadership – where it needs to be. Clearly some Canadian companies are getting it!

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