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[**Do You Need a World Class Retention Program? A Checklist of What It Takes**](http://www.ere.net/2012/03/12/do-you-need-a-world-class-retention-program-a-checklist-of-what-it-takes/)

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If you have a current or upcoming major retention problem at your firm, review your probably “rusty” current program in order to identify where it needs improvement. If you consider [retention](http://www.ere.net/tags/retention) to be a major business problem, you need to decide if you’re willing to go the extra steps necessary to develop a true world-class retention program.

After over two decades of researching and implementing retention programs, I have found that there is a significant difference between the average program and an excellent or world-class one. Most HR executives don’t seem to have the time or interest in moving beyond the simple answer “yes, we have a retention program.” But if you need dramatic improvement in yours, you will find this easy-to-scan checklist to be a valuable tool in assessing where you are and where you need to be in retention.

I guarantee that it will be the most thorough and comprehensive checklist on retention that you will ever see (simply because most in the field of retention are satisfied with an average program).

**A *World-Class* Retention Program Checklist**

The following characteristics, components, or elements differentiate the average retention program from a great one. So if you want to move from “good to great,” your program should contain **most** of the following items. The bullet points can be used as an assessment checklist but they are also written as “action steps” in case you need to add them to your current effort. The assessment steps are broken into seven parts.

**Part I – A Snapshot Assessment of Retention Programs**

If you need a quick assessment of whether your program has major flaws, here are some criteria that can give you an instant assessment without having to collect any data.

* You consider the business impact of every employee leaving to be equal
* You have not calculated the dollar impact of retention on business results
* You apply retention prevention measures equally to all employees
* You liberally use retention bonuses
* You rely on exit interviews to reveal the actual causes of turnover.
* Your retention strategy has no formal name other than to “keep good people”
* Believing it’s “the money” that causes people to leave and not bad management.

**Part II – Select a Retention Strategy**

The majority of retention programs are not strategic, and as a result, almost no one in HR can name even a handful of the available retention strategies. Assessment criteria for your current retention strategy program or action steps to take when selecting a new retention strategy include:

1. **Identify if the strategy is a root cause** – thoroughly analyze your entire retention process to determine whether most of the problems are caused by a weak or inappropriate retention strategy.
2. **Identify your competitor’s retention strategies** – develop a process for identifying and assessing the effectiveness of strategies that seem to work at similar firms.
3. **Identify the right strategy for you –** next identify the root causes of turnover at your firm and the effectiveness of your current prevention actions. If you find them lacking, you may need to reassess your current retention strategy or pick a new one.

The 14 major retention strategies are broken into four major categories. They include:

**Laissez-faire approaches**

1. Do nothing (no formal program)
2. Individual managers own retention
3. React with a counteroffer or a retention bonus

**All-employee strategies**

1. Improve employee benefits
2. Improve training and development
3. Increase compensation
4. Improve employee engagement
5. Speed up career progression
6. Employer branding
7. A communications focus
8. Fixing bad managers
9. A flextime/flexplace strategy

**Targeted or personalized approaches**

1. Regional customization strategy
2. Personalized retention offerings to prioritized employees

**Part III – Key Processes in a *Great* Retention Program**

Assessment criteria for your current retention program or action steps to take when redesigning your retention program include the following.

You need a separate selection/identification process for:

1. **Prioritizing jobs** - when resources are limited, prioritize jobs and individuals in order to identify key employees to target for retention (**mission-critical** jobs, r**evenue-**generating jobs, high-customer-impact jobs, **hard-to-fill** through recruiting or succession, managers and executives, innovators, those with key future skills, those with key contacts, and high-impact business units or regions).
2. **Who might leave** – develop a process for identifying “who” (which individual employees) are at risk of leaving. This might include a mathematical algorithm for identifying risk factors (used at Google).
3. **General causes of turnover** – develop a process for identifying the general causes of turnover in the past.
4. **Turnover causes for individuals** – develop a process for accurately identifying the specific causes or reasons for why a targeted individual actually left (i.e. a post exit interview).
5. **Potential turnover causes for current employees** – develop a process for identifying the specific causes or reasons for why targeted current employees might leave (i.e. interview them as to why they stay).
6. **General actions to prevent turnover** – develop a process for identifying the general actions to prevent turnover
7. **Actions to prevent individual turnover** - develop a process for identifying the specific actions to prevent a targeted individual from leaving.

**Part IV – Effective Turnover Prevention Actions and Tools**

Assessment criteria for your current turnover prevention tools or action steps to take when redesigning your retention tools include:

1. **A retention toolkit** – develop a series of pre-tested effective turnover prevention tools that a manager can choose from depending on their preferences and their situation.
2. **A list of weak prevention tools –** develop a list of common turnover prevention tools that have a weak or ineffective track record (i.e. retention bonuses).
3. **A blocking strategy** – develop a company-wide strategy for identifying who is raiding your firm and how to minimize their access to your employees.
4. **Alerts** - develop an early warning system that alerts you long before key employees begin interviewing.
5. **Create “overdue” lists –** develop a process to identify which employees are overdue for raises, promotions, new equipment etc. because these factors may influence retention.
6. **Implement post-exit interviews –** develop a survey process to ask former employees six months after they leave to identify “the real reason” why they left.

**Part V – Select and Use High-impact Turnover and Retention *Metrics***

Assessment criteria for your current turnover/retention metrics or action steps to take when redesigning your metrics.

1. Cost of turnover this year in dollars
2. Regrettable turnover %
3. Preventable turnover %
4. Turnover %s by manager and business unit
5. Overall voluntary turnover %
6. % change in turnover since last year
7. Industry comparison turnover rate %s
8. Forecasted turnover %s for next year
9. Create a five-year trend line of turnover rates contrasted with unemployment rates in the area

**Metrics steps**

1. **Let executives choose** – be sure and present a list of these potential metrics to senior executives and let them determine which ones they consider the most important to report.
2. **Turnover reporting** – make sure that your turnover statistics and their dollar impact are included as part of traditional financial and managerial reports.

**Part VI – Include Key Definitions and Measures**

1. **Turnover is –** the percentage of your workforce that voluntarily leaves each year. Retention is the percentage of your workforce that “stays” each year
2. **What is *not* turnover?** - – identify the specific types of turnover that will *not* be counted in your turnover statistics (i.e. death, retirement, forced terminations, etc.).
3. **Regrettable turnover** – determine if you will separate regular employee turnover from “regrettable turnover” in your turnover reports (i.e. high-value employees who you have designated as keepers).

**Part VII – Elements of the Retention Planning Document and Plan**

The retention planning document contains the retention design plan itself, as well as key factors in the implementation and the operation of the actual retention process. Assessment criteria for your current written plan or action steps to take when creating your written plan include:

**A) Advanced or pre-work actions for your plan**

These are actions to take before you design a retention plan or implement a retention process. You can use them as assessment criteria for evaluating your existing pre-work or as action steps for conducting a new pre-work stage.

1. **Calculate your current turnover rate –** identify your current turnover rates and compare them to previous years and your competitors.
2. **Business impacts** - calculate the business impacts and the costs of losing and replacing a bottom, average, and top performer in dollars — and these calculations are approved by the CFO.
3. **Estimate the current total revenue impact** - multiply the cost of losing an individual employee by the number of lost employees in order to estimate the total current costs of your turnover problem.
4. **Plan owner** - designate a single accountable owner for the plan and the operational program.
5. **Benchmark research –** conduct benchmarking research on the best practices and common problems of retention processes.
6. **Set goals** - set the preliminary goals of the retention program, so that everyone will know what you’re trying to accomplish.
7. **A checklist of the differentiating factors** – after researching and becoming an expert on retention programs, develop a checklist of the factors that differentiate the good retention programs from the great ones. Use a checklist to assess or improve your current program. (i.e. use this article)

**B) Improving your chances of getting the plan approved**

1. **Executive sponsor -** convince an influential executive to sponsor and provide internal support for your plan, at least through the funding process. The entire process must be critically reviewed by your executive sponsor before it is presented.
2. **Executive funding criteria** – identify the funding criteria that executives will use when assessing your plan and process for funding.
3. **Questions to anticipate** – develop a list of the potential “questions from hell” that you are likely to get from critics and executives. Provide an answer for each one.

**C) Initial steps in the plan**

1. **A written document** – develop a written plan and distribute it widely.
2. **Leadership and team makeup** – develop a process for selecting a team leader and for filling team roles based on the skills of the available employees. At least one team member must be an expert in retention.
3. **Plan name** – give the retention plan a name.
4. **Plan goals** – set the final goals for the plan which need to be clear, communicated, and measurable.
5. **A timeline** – included in the plan a minimum/maximum timeline for each step in the overall process.
6. **Identify an outside expert** - closely assess and then select at least one outside subject matter expert to advise the team.
7. **Identify program benefits** - work with the CFO to identify a credible list of program benefits and business impact that will convince managers to use it.
8. **Calculate the likelihood of success** – after researching previously successful and failed plans, calculate your plan’s and process’s likelihood of success (as a percentage).

**D) Operational aspects of the plan**

1. **A process map** - develop and include in the plan a process map covering the entire operational retention process.
2. **When to use the process** – identify the specific times, based on turnover numbers, when the process should be implemented and when it should go into high gear.
3. **Key decision points** - identify and then highlight each of the key decision points in the development and implementation process. Be sure and include a stop-and-reassess point and potential abandonment point.
4. **Critical success factors are identified** – develop an approach for identifying critical success factors for the process and make sure each one is present in the design.
5. **A QC process** - develop a quality control process that includes a QC person, a QC checklist, and a determination of the percentage of variation that will be tolerated.
6. **Define key words** – include clear definitions of any important words that could be misinterpreted.
7. **Include key formulas** - develop formulas for each of the key calculations that must be made (i.e. rolling average turnover rates).
8. **Passing and maximum scores** – for each key metric, assessment, and selection process, determine the minimum passing and a maximum scores (i.e. the minimum revenue impact for an employee target for retention must be $200,000).
9. **Record keeping** – develop a recordkeeping and documentation process for use in identifying problems.
10. **Rewards and recognition –** retention results improve dramatically when individual managers are assessed, recognized, and rewarded for superior retention results. Work with HR to ensure that these things occur.

**E) Information relating to the major steps in your process**

1. **The steps are clear –** identify the sequence in which the steps of the program must be implemented. Provide detailed instructions on how to execute each step and include an explanation of “why” each step is necessary.
2. **Ensure repeatability** – develop detailed process instructions that are so clear that the process and each individual step can be repeated with consistent results by others in the firm in the future.
3. **Identify key handoff points** – develop a list of the key handoffs and integration points during the process. Also identify possible problem areas related to the handoffs.

**F) Requirements of the plan, process, and the program**

1. **Inputs required** - develop a list of the required inputs for the retention process.
2. **Data / information requirements** – develop a list of the specific data and information that will be required to design and operate the process and then list the specific sources where it can be found.
3. **A budget** – a budget is provided including total cost, startup costs, and yearly costs.
4. **Managers time** – the cost of the project include the number and the cost of the number of hours that an average manager will spend on retention.
5. **Software/resources required** - a list of the software, hardware, and any other resources that will be required to implement the program.

**G) Results or output of the plan and process**

1. **List process deliverables** - develop a list of process deliverables that will be completed at the end of the plan or process.
2. **Results measures** – develop a process and a set of at least four metrics for assessing whether the plan and the process met each of its goals.
3. **An ROI calculation** – working with the CFO, an average and a high ROI estimate for the program must be calculated.

**Final Thoughts**

It’s no secret that as the economy improves around the world, retention problems will return to the ferocity levels that they had during the “war for talent.” As one of the top global experts and the author of a retention book, I can tell you that most existing corporate retention programs are simply not ready for that battle.