Six Reasons Good People Leave Companies

Ian Mathews

People join companies because they believe in the mission.

They meet the leadership team and make a connection. They envision what it will be like to work for those managers. They imagine working with their customers and interacting with great talent in the organization.

The company they choose is far from their only option. In a competitive market for great talent, they are faced with a paradox of choice. Companies are fighting harder than ever to lure talented people and spending more in the process.

Candidates do their homework. They research the website, social media outlets, news and postings. Candidates consider the company's brand and value what current and former employees say about the working environment.

They want to contribute and believe their talents will make a difference. When good people join a company, they believe the pay is fair. If not, they would negotiate or choose a different offer. They believe office culture, role and location are good fits.

Even with all of this homework completed, a LinkedIn study found that the #1 obstacle candidates face is not truly understanding what it is like to work for the company. The one thing someone cannot research is personal experience, as this is measured differently by everybody.

"Great vision without great people is irrelevant."

– Jim Collins, Good to Great

When they decide to leave, a disconnect is exposed. They expected one experience and lived through something entirely different.

That disconnect often ties to the relationship with their direct manager. They expected a certain level of support, trust, and organization from their manager and didn't get it.

People join for the mission, but leave the manager

Turnover starts small.

A good employee decides to leave, and the company scrambles to convince them to stay. During an "exit interview," the departing employee offers a vague reason for why they are leaving.

The company chalks the loss up to bad luck, a one-time scenario and determines nothing can be learned from the setback.

The workload transfers to the rest of the team. If seven people were doing the work, the remaining six are now doing 17% more work. Worse, they are handling new and unfamiliar tasks. The work they assumed is also more difficult. The departing employees moving on took critical knowledge with them.

The company rushes to post the position and find a replacement. They find this challenging given how many fires they are putting out from their overworked team. Desperate to help, they take on extra work which drags out the recruiting process.

By the time they interview, they are desperate, and any candidate looks great as compared to their current situation. They stretch outside of their hiring standards and hire a poor fit for the position. This new hire starts in the middle of this crisis without any formal onboarding. Thrust into the chaos, they are immediately asked to handle too much before they are ready.

This new hire quickly makes a bad situation much worse. The remaining six people on the team start talking amongst themselves about finding work elsewhere. At a time when they need support, their manager tackles problems created by the new hire who is not situated for the role.

Frustrated by a string of failures, managers tries to control more. Rather than giving more autonomy, they tighten the process and treat everyone on the team with the same level of distrust. As the fires grow, the manager seems to be the only person in the office with a hose, putting out fire after fire without distributing more hoses to the rest of the team.

Exhausted, underappreciated, and overmanaged, team morale hits a new low.

Customers feel this turmoil. Mistakes pile up, and disgruntled employees start to treat customers the way they feel.

Profit margins suffer from declining sales and higher costs to keep frustrated customers. Even at this low point, the future looks bleaker as more employees make plans to jump ship. Turnover often begets more turnover.

Once the dominos start falling, breaking the trend is difficult. At the root of most turnover issues, an organization can find several critical mistakes.

Mistake #1

Managers are promoted based on experience and technical proficiency, without considering their potential to lead people

Leaders in growing companies often feel forced into making "battlefield promotions," where the top performer on the team is asked to lead the rest. The most senior, top-performing contributor might also be your best leader. More often, they lack many of the critical skills that great managers exhibit.

Companies often place excessive emphasis on solving short-term problems. They think in terms of immediate needs this manager can fill, which involves more hands-on implementation while the team is short-staffed. Promoting a star performer for this reason only considers a small percentage of what a great manager does.

Some companies also make the mistake of promoting this individual for retention. True star performers quickly exceed the pay range for their position. Rather than making an exception and paying above range, companies mistakenly promote this individual into a management role to compensate higher. The promotion works for a short period until team performance degrades, good people exit, and the star departs as they are no longer doing what they love.

Many companies mistakenly believe that promoting a star will magically transfer their skills to the rest of the team. However, coaching requires empathy, openness, and flexibility, which are often lacking in an elite performer.

Organizations with long-term perspective fill management positions with people who first display leadership qualities. Exceptional management is less about doing and more about unlocking the strengths of a team.

The star performer in the office rarely demonstrates potential in the critical job requirements of a manager. Based on experience and aptitude, the individual's role comes naturally and coaching how to replicate similar results can be challenging.

A top performer is qualified to make and fulfill promises as an individual. They have full control over their individual results. A star has a strong opinion on the "best way" to achieve results, which is their way. Many operate autonomously as "lone wolf," efficiently producing excellent work with little involvement from the team.

Once promoted into a management role, they quickly realize how much control they have ceded. Measured on the performance of a group, they attempt to command and control as much as possible. Unaccustomed to mistakes as an individual contributor, they find themselves surrounded by errors. To compensate, they insert policy, checkpoints, approvals and status meetings. Teams feel stifled and lose confidence.

People quit making decisions and defer anything of substance to their manager.

Choke points show up everywhere as the new manager runs out of hours in the day. The team resents the second guessing. People fail to grow as they are forced to do as they are told.

What Great Managers Really Do

- Recruit and Develop Talent
- Motivate Teams Around a Common Goal
- Coach Breakthrough Performance
- Lead Teams Through Change
- Adapt Strategy to the Strengths of Team

"Before you become a leader, success is all about growing yourself. After you become a leader, success is about growing others."

- Jack Welch, General Electric

Who is this misplaced manager?

- **The former brilliant computer programmer, who feels the need to check every line of code from his new team**
- **The former star sales rep who feels the need to go through every rep's prospect pipeline weekly in explicit detail**
- **The former finance whiz who institutes a new 10-page checklist for even the most mundane financial reporting, reviewing every item personally**

Organizations with a retention problem need to take a hard look at the front-line management team. Often, great people are simply in the wrong roles. Moving that brilliant performer back to an individual contributor role might be the best thing for the company and individual.

Evaluation of a company's current management team should start with those working on the front line. A company can learn about strengths and weaknesses with 360 degree feedback, roundtable discussions or simple one-on-ones. That structured feedback process can help an organization design a development plan to build the awareness and management skills that are currently lacking.

Companies should define the leadership qualities desired in that management position and impose discipline in the hiring process. This person might exist in your organization, albeit with less technical acumen or experience. If you have a competent performer with incredible leadership upside, you are taking less of a risk than you think. Find people who are leading without the title and make it official. If not, create a detailed job description and utilize a process to search for the right manager outside of your company.

Great companies should think through how the team will respond to a promotion. If people are asking "What took you so long?," the company nailed it.

Any plan to improve employee retention needs to originate with evaluation, development or upgrading of the front line management team. Unless an organization is confident that its managers are competently performing as leaders, all other efforts to improve employee retention and morale will fail to deliver results.

Companies do not consistently recruit new talent and react to each open position as an emergency

Even if a company has a backlog of good candidates to reach from, an open position will take an average of 45 days to fill. If it takes an equal amount of time for a new hire to become productive, an organization is looking at lost productivity of three months in a best-case scenario.

The average company does not manage to this ideal situation and takes much longer to replace the productivity of a lost worker. The effects of an open position can be crippling to an organization. Most organizations use a reactive, on-demand process to identify candidates.

The fallout from an on-demand recruiting process

Anxiety starts mounting when a team learns of an employee's pending departure. The team anticipates the added workload, longer hours and impact on the equilibrium in the office. Worse, the company cannot communicate an estimated time frame without a funnel of potential candidates.

The company simply takes too long to replace the open position and someone else on the team leaves before you can right the ship. As time passes, companies are more susceptible to stretching on hiring requirements.

With an overworked team and potential for more employees leaving, managers decide to bring in some "body," figuring they must be better than nobody. That new hire serves in fanning the fire, as a bad situation deteriorates further.

Production is required immediately from new hires, creating a terrible first impression on both the new hire and the team. Poorly trained recruits start poorly and quickly add to the negative environment.

The urgency of the process consumes the managers, pulling them away from helping the team manage through the additional workload. The team feels alone in dealing with the burden created by the open position and mistakes multiply.

“The key for us, number one, has always been hiring very smart people.”

– Bill Gates, Microsoft

Well run organizations are always recruiting and use multiple avenues for finding great talent. Growing companies consistently need fresh talent to fuel growth and even the best companies to work for will lose solid employees.

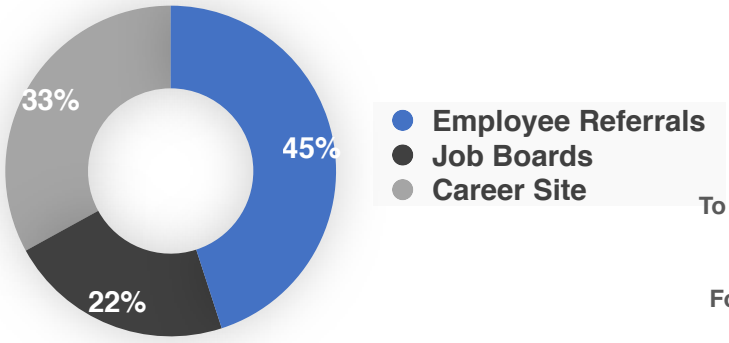
Great companies are always interviewing, with open positions or not.

There are many successful methods of maintaining a talent pipeline. Here are just a few avenues any company should consider:

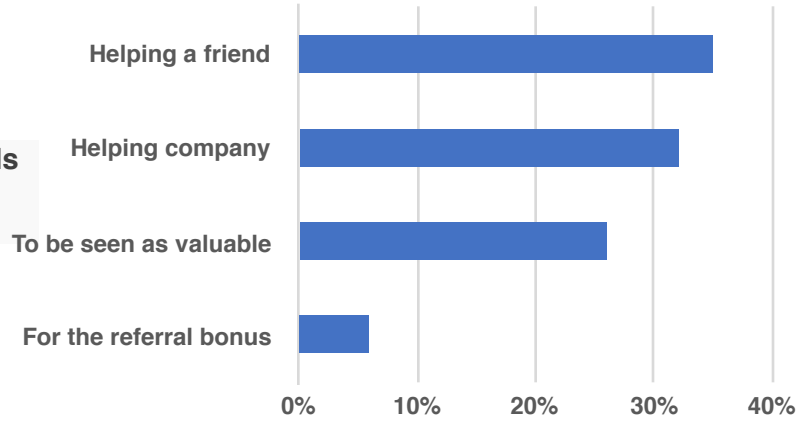
1. **Employee Referrals – No interview can uncover better information than the recommendation of a great employee. CareerBuilder found 82% of companies rated employee referral programs above all other sources for generating the best return on investment. Referred candidates are 55% faster to hire, cost $3,000 less on average and generate 25% more profit than from other sources.**

   - **Psychologically, an employee takes a risk in referring an acquaintance. If the relationship doesn’t work out, they risk damage to their brand within the company and can add stress to their personal relationship. For this reason, an employee is only going to offer if they believe in a strong match.**
   - **Referred employees have an immediate confidant from day one. The referring employee has a vested interest in helping their new teammate get off to a strong start, acting as a mentor and assuming a major role in onboarding. This connection is why 45% of employees who have been with a company two years or more came from referrals, versus 33% and 22% for career sites and job boards.**
   - **A small referral bonus will get the attention of your team but data from LinkedIn shows that 2/3 of employees refer candidates to be helpful to friends or their company.**

Percentage of retained employees after two years with company (LinkedIn)

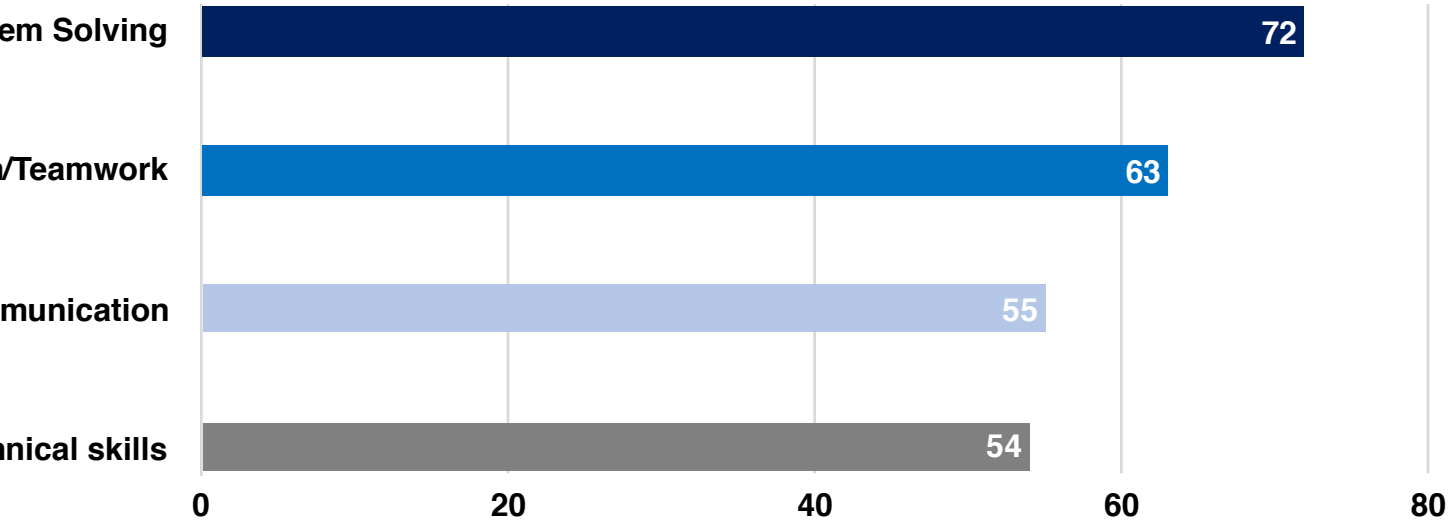


Reasons Employees Refer (LinkedIn)



2. <u>Campus Recruiting</u> – Only 22% of organizations believe they have a strong talent pipeline (Talent survey, HCI). Yet, when surveyed about the skills they most covet, technical skills specific to their industry were ranked 4th, behind three core "soft skills" common in college graduates.

<u>Workplace skills considered most important for employees when they join (The Economist)</u>



- College Career Services offer an incredible free service, with access to thousands of talented job seekers with definitive start dates in Spring and Fall. Developing a relationship with a few select universities will give a company access to a recurring candidate pipeline. What other way can a company set up 20 interviews in one day with only one posting?
- Internship programs, when designed and implemented effectively, offer economic opportunities to evaluate and train potential long-term hires on a trial basis. An effective internship program pays annual dividends and becomes self feeding as former interns recommend the next class.
- A company can design a specific campus recruiting plan and designate several recent graduate employees to lead the effort. These high achievers appreciate the additional responsibility and take pride in returning to their alma mater to make a difference.

3. **Recruiters – Also referred to as "head hunters", even the title of this individual evokes emotions of an urgent situation, an emergency. Too often, companies use recruiters as a crutch, rather than fixing a broken retention and recruiting process. Another key employee departs and a manager calls their trusted recruiters with, "Who do you have for me?" Recruiters have their place, especially with a unique position or a senior leadership position. Too many companies are forced to lean on this resource for even the most basic of positions. Before making that call, companies should consider the following before proceeding:**

- **Recruiters are paid only when they place a candidate and have two clients to serve. First, they attempt to serve job seekers. Their promise is to find the best opportunity for every job seeker. They might share a good candidate with you if you are a consistent client who hires one person a month. If they have a client who hires five employees every month, that client will get first choice at their best candidates. You will be resigned to their "B list" because you don't consistently "feed" them.**
- **Recruiters get paid when employees start new jobs. Fundamentally, recruiters are not rooting for long-tenured, high-retention businesses. They love to work with companies who churn employees and they keep in regular touch with those they have placed, just in case they are ready to jump again. They check in frequently after someone joins a company until that person expresses displeasure, and the new search continues. Opportunistic recruiters do not have a company's best interest in mind.**
- **If you lead a large business that requires volume hiring, consider Recruitment Placement Outsourcing. These organizations are paid differently and can assume the entire recruiting process from posting to placement. With an RPO process, two parties have more of a partnership relationship where retention is a common goal.**

Mistake #3

Managers do not consider Motivational Fit when interviewing and selecting from potential candidates

Many talented, intelligent and hard-working candidates won't make it six months in one company but will excel in another. High-turnover organizations select candidates solely on ability, neglecting to consider whether the company is a good fit for the candidate.

Interviewers often get caught up in the glaring strengths of a candidate. Perhaps, she is technically proficient. He might be adept with people. But, do they covet what the company, position and location have to offer?

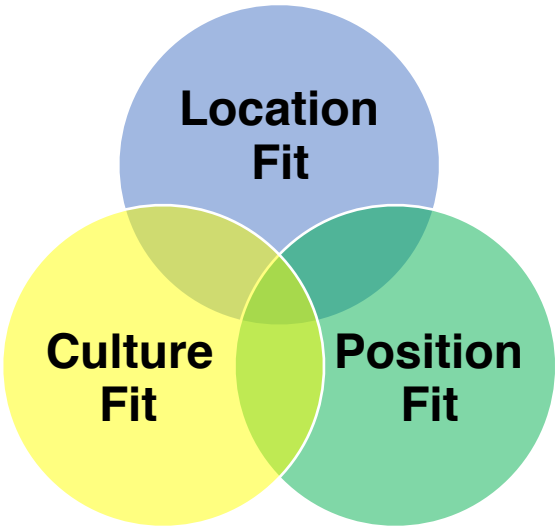
Let's say you are a small business who runs an informal office. You interview a candidate who worked for large companies for 15 years, with structured hierarchy and formal departments. He is experienced in your market, bright and has a track record of success. You fail to ask any questions around why he chose to work for large companies for his entire career. His track record is enough and you make an offer.

He joins your business and immediately, you sense his dismay. The lack of structure bothers him as he is accustomed to a much more defined role. Your company runs differently, with loosely defined job descriptions and team members doing a little bit of everything. He misses the support he received in big companies, which allowed him to come to the office with a singular focus every day.

After turning heads and making a noticeable impact in his first two months, he comes to you with his two-week notice. This role and the small company structure weren't good fits for him. He goes on to tell you that he has been looking for a new role since the first week he joined.

Good people might be leaving your company because you were never a good fit in the first place.

Most interviewers only focus on what a candidate can do. Few take the time to understand what a candidate is willing to do.



There are two parties who need to be satisfied when any candidate interviews for a position. Companies too often focus on how the candidate will serve their interests, failing to ask the equally important question of how the company can serve the candidate.

Companies should consider three factors with Motivational Fit:

1. **Culture Fit**
2. **Position Fit**
3. **Location Fit**

With Culture Fit, an interviewer is interested in whether the company's values and operational tendencies are consistent with the type of environment that candidate thrives in. An interviewer understands company culture as well as anyone and should pay attention to a candidate's preferences to look for a match in the following areas:

- **Rewards and recognition**
- **Customer focus**
- **Decision autonomy**
- **Hierarchy and organization**
- **Technology integration**
- **Stability versus opportunity**
- **Management structure**
- **Prestige and prominence**

A trained interviewer can look for clues throughout the course of the interview process. The best opportunity to quickly learn about preferences is understanding why a candidate decided to join and leave companies on their resume.

- **What made you decide to join such a large company? Did you consider other companies?**
- **What did you like about working there? What did you love about the culture?**
- **What made you leave? What didn't sit well with you?**

With Position Fit, an interviewer wants to understand if the candidate will find the role personally satisfying. Companies covet a candidate who will enjoy their most important responsibilities. Finding a natural fit will equate to a more engaged worker, and one requiring far less motivation from management. Attached are some Job Fit facets an interviewer should pay close attention to:

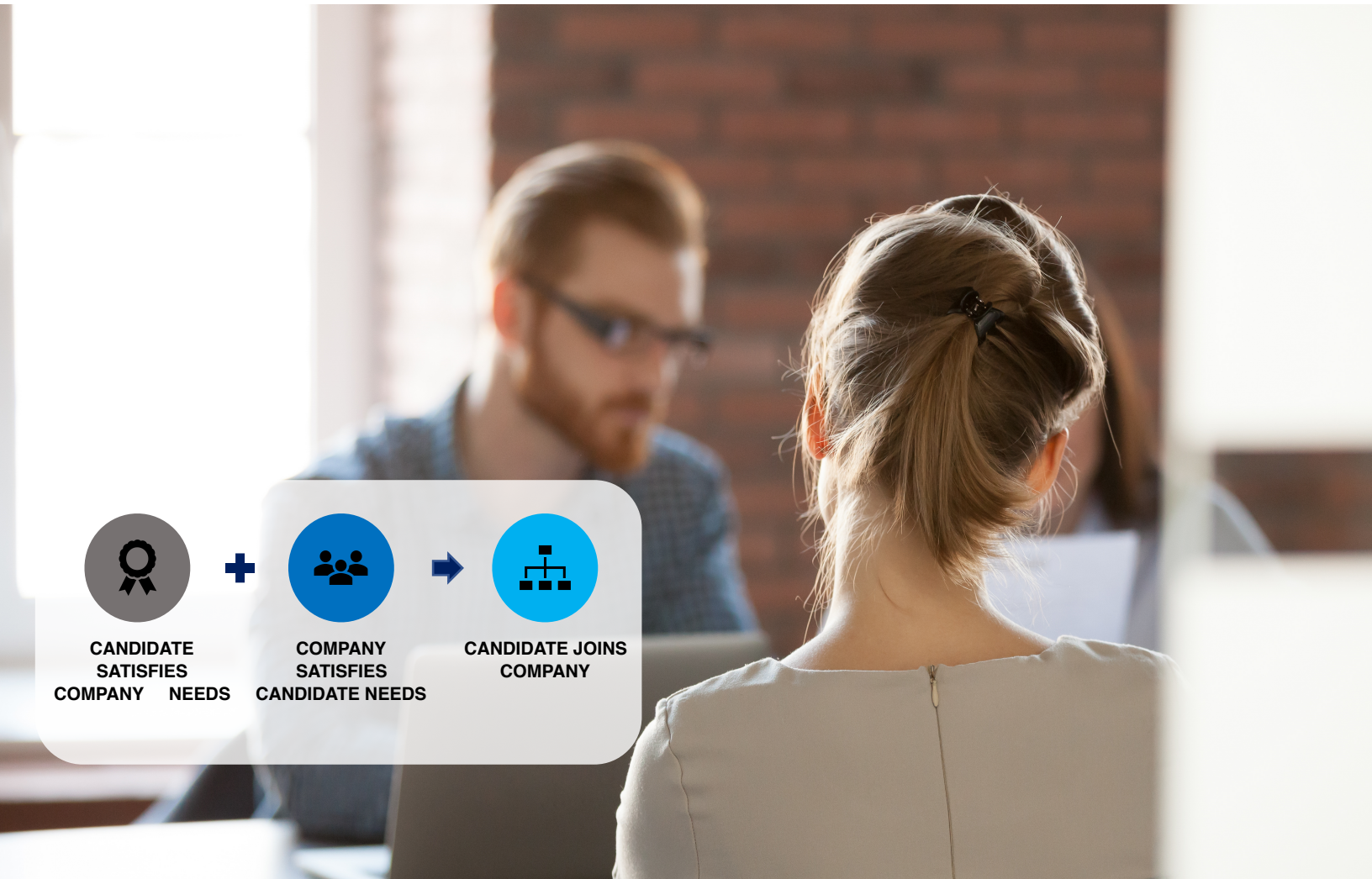
- Compensation (variable, fixed, range)
- Detail orientation
- Team involvement
- Responsibility and accountability
- Status and respect
- Defined or standardized work
- Task Variety
- Travel (frequency, distance)

A skilled interviewer uses questions to understand if a candidate will enjoy the work as defined by the specific role. Managers can use open-ended questions to understand this fit.

- What did you like about that role? How did that position put your strengths to work?
- Which of your strengths didn't get put to use in that role? What aspects of that role sapped your energy?

Finally, an interviewer needs to understand a candidate's preference for location. With Location Fit, strive to determine if a candidate is satisfied with variables such as commute, travel frequency, hours of operation and possible relocation. If your candidate worked in a small, rural town, will they be satisfied making the switch to your downtown location?

Evaluating potential hires only for what they can do for the company ignores half of a successful hiring process. Great companies ask how they can satisfy the needs of great talent, by evaluating culture, position and location fit.



Mistake #4

Managers fail to focus on the immediate 45 days following the job offer, from pre-boarding through a new hire's first full month

Enthusiasm peaks when a candidate receives an offer letter. After working for months to find the right organization, and sweating through multiple rounds of interviews, they can claim victory. When they accept this offer, they are emotionally invested in your company, and start to picture how great the next two months will be.

After that initial enthusiasm comes a wave of anxiety. The unknown is still greater than the known.

- **Are they ready for the assignment?**
- **Will they fit in the culture?**
- **What will the training be?**
- **Will they like their co-workers?**
- **How much time will they have to acclimate?**

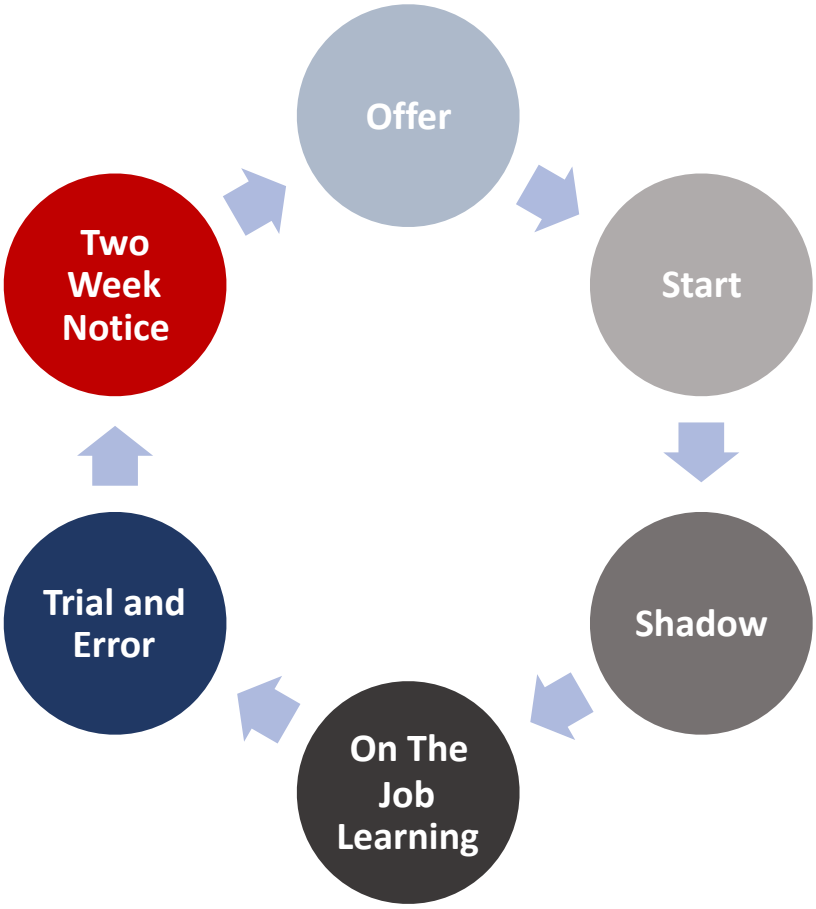
Days go by, and no one reaches out. They wait a week before their first contact, which is from someone in the HR Department, concerning the start date and completing paperwork. Every day that goes by heightens anxiety until the start date. They wait in a lobby for an hour in the morning, before the manager greets them with an apology. Quickly introduced to a few teammates and led to a cubicle without a computer, the manager delivers some paperwork and promises to come back soon.

This day continues this way, with long idle periods when our manager is behind closed doors. Against their best efforts, they start to believe joining this organization was a mistake. Every future mistake by the manager or company will serve as further confirmation to this new employee's initial bias.

As far as first impressions go, this one is far too common.

28% of new hires are willing to quit their job if they are not satisfied with their onboarding experience.

~Robert Half Employee Engagement Survey



High-turnover businesses leave the onboarding responsibility to the new hire. The "process" involves making an offer, picking a start date and dumping the new hire with a veteran employee.

Often, this veteran is busy and uninterested in carrying the burden of training in addition to their other responsibilities. The new hire feels this resentment and quickly becomes hesitant to ask more questions, resulting in wasted time where the new hire sits in a cubicle and watches someone move at a pace they can't follow.

Following this ineffective training period, the new hire is asked to handle more than they are prepared for. Each lesson is learned the hard way and only the most resilient new hires stay long enough to become effective.

Blind to the inept nature of this process, the company replaces the departing employee with a fresh recruit to start the broken loop anew.

Nearly 33% of employees start looking for a new job within six months of starting, and 23% leave before their first anniversary.

~Harvard Business Review

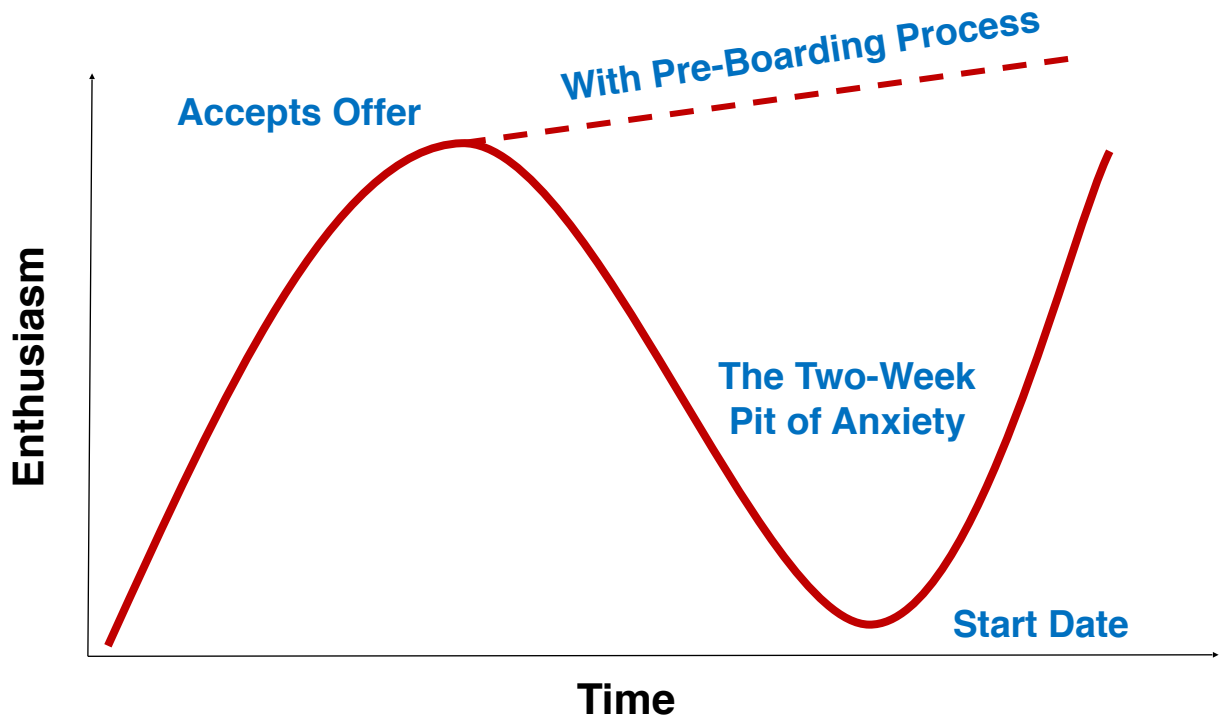
Organizations with a strong onboarding process improve new hire retention by 82% and productivity by over 70%.
(Glassdoor)

A complete new-hire assimilation process starts the day a recruit accepts an offer of employment. This moment is the peak of enthusiasm that most new hires will feel until they decide to leave the company. At this moment, everything is possible and buy-in to the mission is at a peak. Every day that passes after this moment raises anxiety without proactive communication.

How can a company change this narrative? High retention organizations think about how to build on that enthusiasm and take it to a different level before the recruit's start date. Engagement increases when the prospect accepts the offer, along with the number of company employees engaging with the candidate.

High retention organizations find as many unique touch points as possible in the preboarding process. These companies make a deliberate effort to acclimate each new hire into company culture long before they start. Future teammates reach out to introduce themselves and answer questions. Direct managers send welcome packages and touch base daily with updates.

With enough effort, enthusiasm continues to rise. It is much easier for a company to continue momentum than to start all over again, after a new hire has gone through an anxious two weeks.



Militaries convert recruits from civilians to trained soldiers in 100 days. How are they able to achieve such an aggressive goal? They utilize a deliberate, planned schedule from day one. Basic training is planned out to the hour, ensuring recruits experience diverse experiences, bond with teammates and gain exposure to senior leaders. Nothing is left to chance. The process, calendar and training tasks are consistent.

Companies with high employee engagement use systems to replicate the experience repeatedly. When executed effectively, an entire team will embrace the process, taking some of the burdens off of the direct hiring manager. High-growth organizations implement a detailed schedule from the day the offer is made, including but not limited to some of these best practices:

- **Welcome packages with a hand-written note from the manager**
- **Allowing new hire to complete paperwork beforehand (digitally if possible)**
- **Preparing the team for the new hire and assigning roles**
- **Designating a "buddy," a recent hire who can reach out before the start date**
- **Implementing a Day One checklist to be ready with supplies and schedule**
- **Avoiding start dates on busy meeting dates**
- **Scheduling the first day, week and month in detail**
- **Organizing regular check-ins to stay on track and develop relationships**

"Businesses often forget about the culture, and ultimately, they suffer for it because you can't deliver good service from unhappy employees."

- Tony Hsieh, CEO of Zappos

Mistake #5

Managers spend most of their time with their lowest-performing employees, focusing on weaknesses of the team and not strengths

Outstanding management is counter-intuitive. If a manager wants to deliver exceptional results, they should spend most of their time with top performers. Who better to learn from than your stars, who routinely deliver 2-3X results of their lowest-performing peers? If a manager can understand the obstacles that top performers are facing, the return is likely to be much greater than removing barriers from the weak performers. The ceiling and opportunity is dramatically higher.

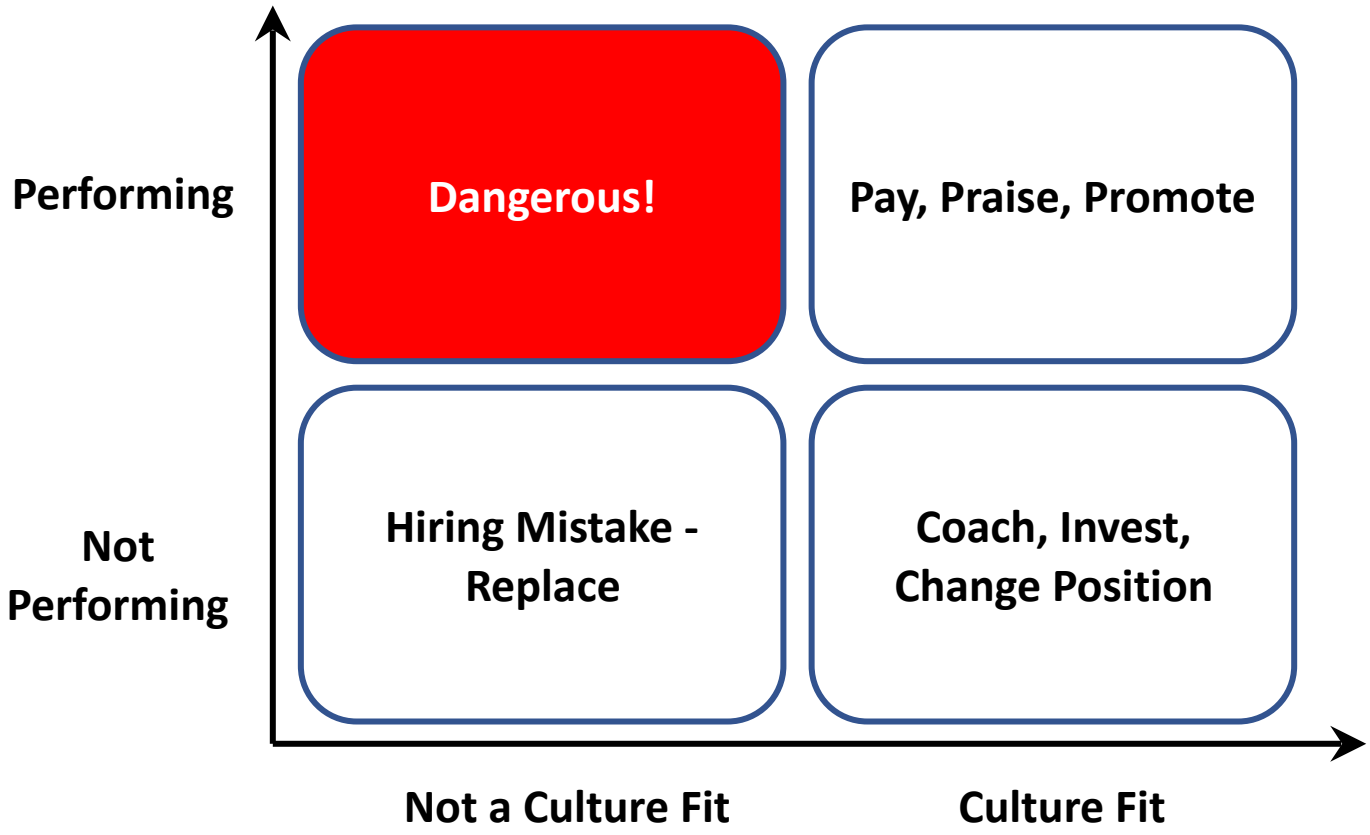
Ineffective managers take the opposite approach. They assume the top performers don't need their help and spend all of their time working with the lowest performers. Desperate to "fix" this group, they invest critical time and energy attempting to raise their performance from awful to average. The investment might help this group by 10-20% which hardly makes a dent on the rest of the team, given their relative production.

While they spend time with their weakest cohort, they neglect to assist the highest potential group of people on their team. Good employees feel as if their manager is disengaged, unavailable and generally uninterested in their progress. An opportunity for greater upside is lost. Worse, top performers soon leave for companies with more engaged leaders.

Disengaged workers cost the American economy $350 billion annually in lost productivity.

- Gallup

One of the biggest mistakes that organizations make is pausing on obvious termination decisions. Attempting to salvage the performance of every last employee is a losing game. This approach frustrates the rest of the team, the company loses solid people and is forced to retain weak performers for lack of resources. Great companies routinely take a hard look at the team, and make decisions that free up leadership resources to coach and support the best people. One simple step any manager can take is ranking the team on the matrix below:



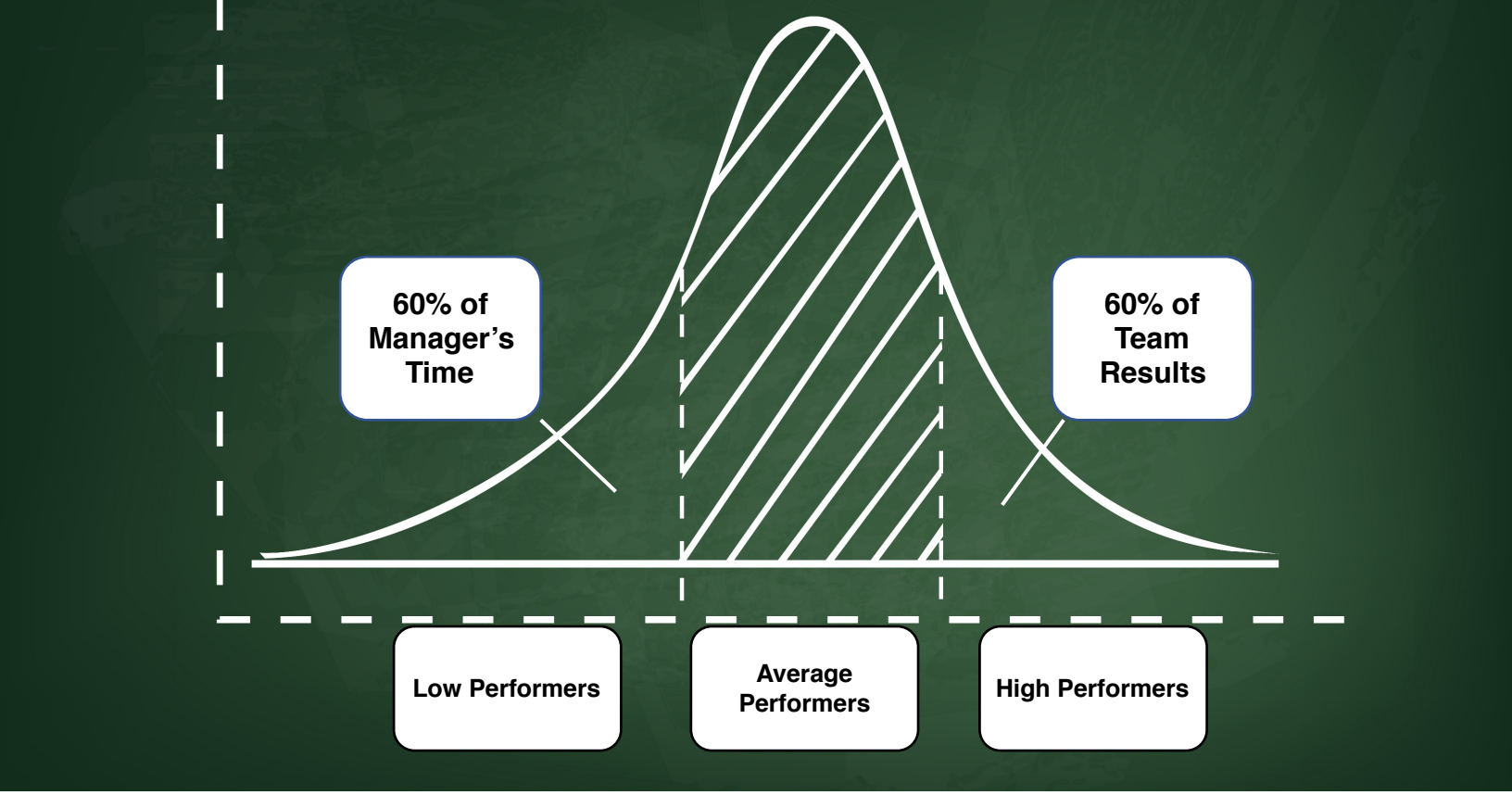
If a manager plans to invest their time productively, they need to part ways with unproductive performers who waste valuable time. The obvious group to approach are those individuals who are not performing and don't demonstrate the company's cultural values. They were poor hires and managers probably knew this within weeks of their start date.

Make the decision and move on. The company will be better off, and the employee will be as well. No one likes working in a situation where they are not winning. They now have a fresh start to find a company culture and job description that better matches their skill set and personality.

When new managers take over teams, they find it easy to spot the individuals who need to leave. This begs the question of why the previous manager couldn't see it the same way. Unfortunately, the previous manager did know. They just didn't take action. Terminating an employee is an uncomfortable act that few managers are trained to handle. Without this skill, they procrastinate and suffer even greater pains.

More dangerous is the solid performer who undermines your management team at every step. They complain, backstab and drag the team down with their attitude. They deliver results, but the cost is prohibitive to the growth of the rest of the team.

This individual needs to be put on notice and improvement needs to be immediate. Offer a chance to change their attitude or show them the door.



The fastest route to improving overall performance is replacing poor performers with talent that can push the best from a production standpoint. Deliberately upgrading a team also makes a management team more efficient, as a manager's time is typically dominated by issues created by those performers on the low end of the Bell curve.

Organizations can help managers see the opportunities to upgrade their teams and encourage them to be confident in doing so. These managers might need the training to handle difficult decisions, including the actions to take leading up to a termination meeting.

"Managers who refuse to replace poor performers with obvious upgrades are eventually upgraded with someone who will."

- Ian Mathews

Managers take a one-size-fits-all coaching approach, ignoring the development level of each person on the team

Think about a young child learning how to ride a bike. His enthusiasm is at fever pitch when his parents bring home his new present. He pictures himself cruising through the streets with his friends, and assumes he will learn the skill immediately.

He patiently listens, as his parents teach him how to balance, steer, and get a running start. With incredible energy, he tightens up his helmet and jumps on the bike to get started.

He promptly falls off.

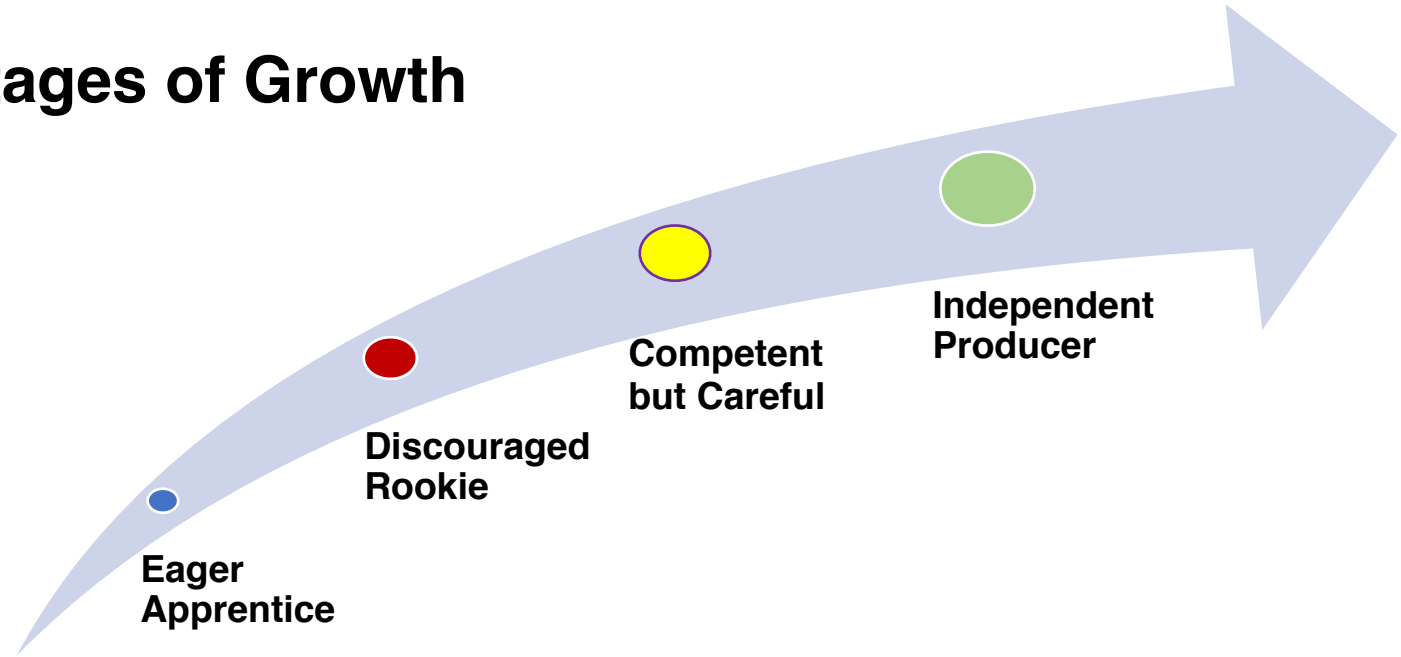
Embarrassed but still excited, he gives it another shot. This time, he build some speed before falling off and hurting his knee in front of his friends. Frustrated, he storms into the house vowing never to ride a bike again.

For the next few days, his parents are supportive. They reassure him that everybody struggles when they first learn to ride a bike. They help him see that he was doing well before he fell and needs to keep practicing. They offer to show him a few new tricks that might help him balance more.

Emboldened by the encouragement, he gives it another shot. After a few more crashes into the grass, he gets the bike balanced and takes off. Stopping every so often to put his feet down and balance, he understands how to ride the bike, but is still lacking in confidence. His parents no longer tell him how, but lean heavily on encouragement to build his confidence.

Soon, he is flying around the neighborhood with confidence, and his parents cut him loose, only offering praise from time to time.

Look at the different approach his parents used at each stage of his development. These stages are the same, whether we are learning to ride a bike, program code, sell products, interact with customers or read a balance sheet.



"Managers account for 70% of the variance in employee engagement across business units in organizations."

- Gallup, State of the American Manager

Organizations that teach their managers how to recognize the stages of growth stand a much better chance of retaining talent. They inspire dramatically better performance from a coaching perspective, as they help employees understand how to communicate what development level they are in for any given skill.

A manager who tries to lead an Independent Producer as they would an Eager Apprentice is going to demoralize that employee. An Independent Producer needs no direction but appreciates encouragement. They want opportunities to learn new skills, where they might become an Eager Apprentice again.

The Eager Apprentice is hungry for direction, as they don't know what steps to take. They have an abundance of enthusiasm but need a road map to harness that energy productively. A manager needs to communicate more frequently and directly with this individual as they crave feedback and knowledge.

The Discouraged Rookie is the employee at greatest risk of leaving. Effective management through this phase is critical to overall employee retention. The discouraged rookie is still lacking in skill and is questioning whether they will ever figure it out. Many good people quit companies at this phase, thinking with a fixed mindset that they are simply not cut out for the job. Good leaders focus on a specific type of encouragement at this stage. They praise work ethic, persistence and resilience.

Businesses that teach their managers how to hold meaningful coaching conversations with employees at every level <u>have an unfair advantage over competitors</u> who make no such investment.

The mistakes covered in this report are within the control of a management team. Retention of talent starts and ends with the quality of managers in an organization. Unfortunately, most businesses underinvest in this area that can generate incredible return on investment. Engaged employees deliver 2-3X results compared to an average worker, but few employees hit this state with an ineffective manager.

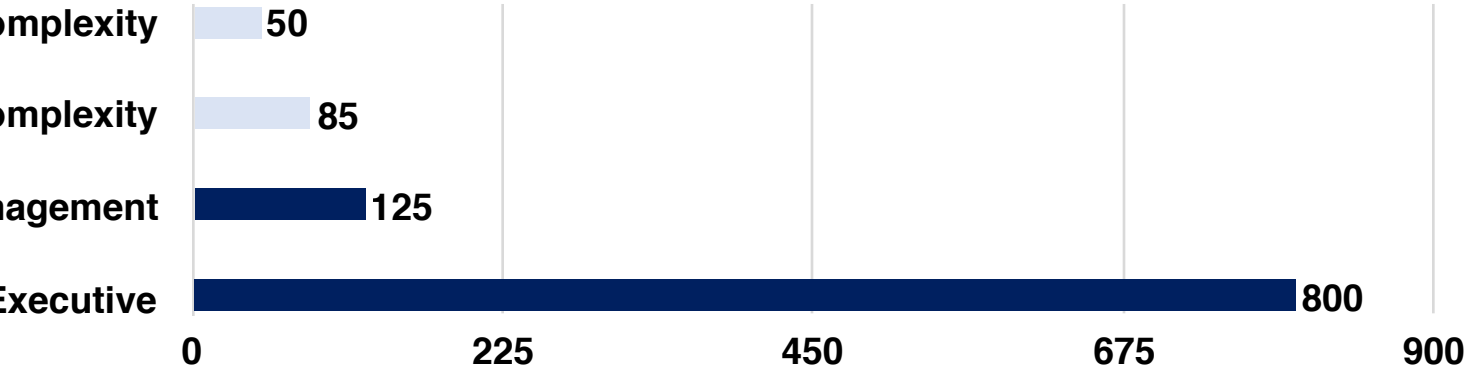
"Only 21% of businesses believe their leadership practices are very effective."

salesforce

Managers, executives and owners drive dramatic variances in productivity, given the leveraged nature of their actions, decisions and impact on others. A high performing manager will deliver an average productivity increase of 125% over an average manager.

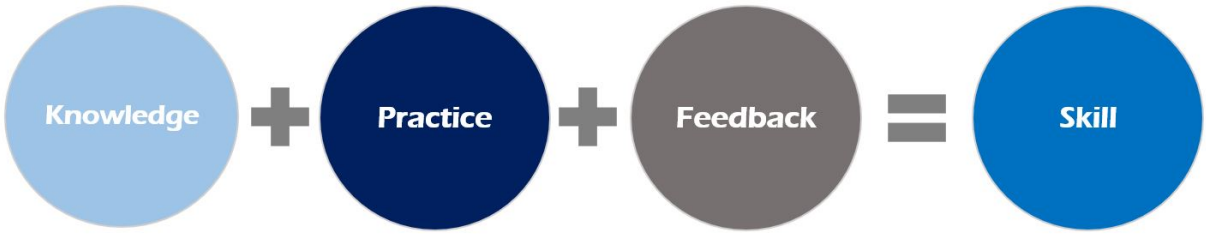
The relationship between quality of talent and business performance is dramatic

Productivity gap between average performers and high performers, by job complexity, %



McKinsey&Company Source: "McKinsey Global Survey: War for talent," refreshed in 2012

The good news is that management, like any other skill, is a learned activity. Leaders who read frequently have an advantage though it will materialize over a long period of time. The most effective method of developing a manager is through a combination of education, practice and feedback.



A 2016 survey of 500 managers from micro-learning platform Grovo found that 44 percent felt unprepared for their role.

Additionally, 87 percent wished they had more training before becoming a manager.

A business can start by defining the skills they would like to hone in their management team. Many skills are universal, though every company will have different priorities according to their mission and culture.

Once defined, several questions will need to be answered before designing a leadership development program.

Questions to Ask When Designing a Leadership Development Program

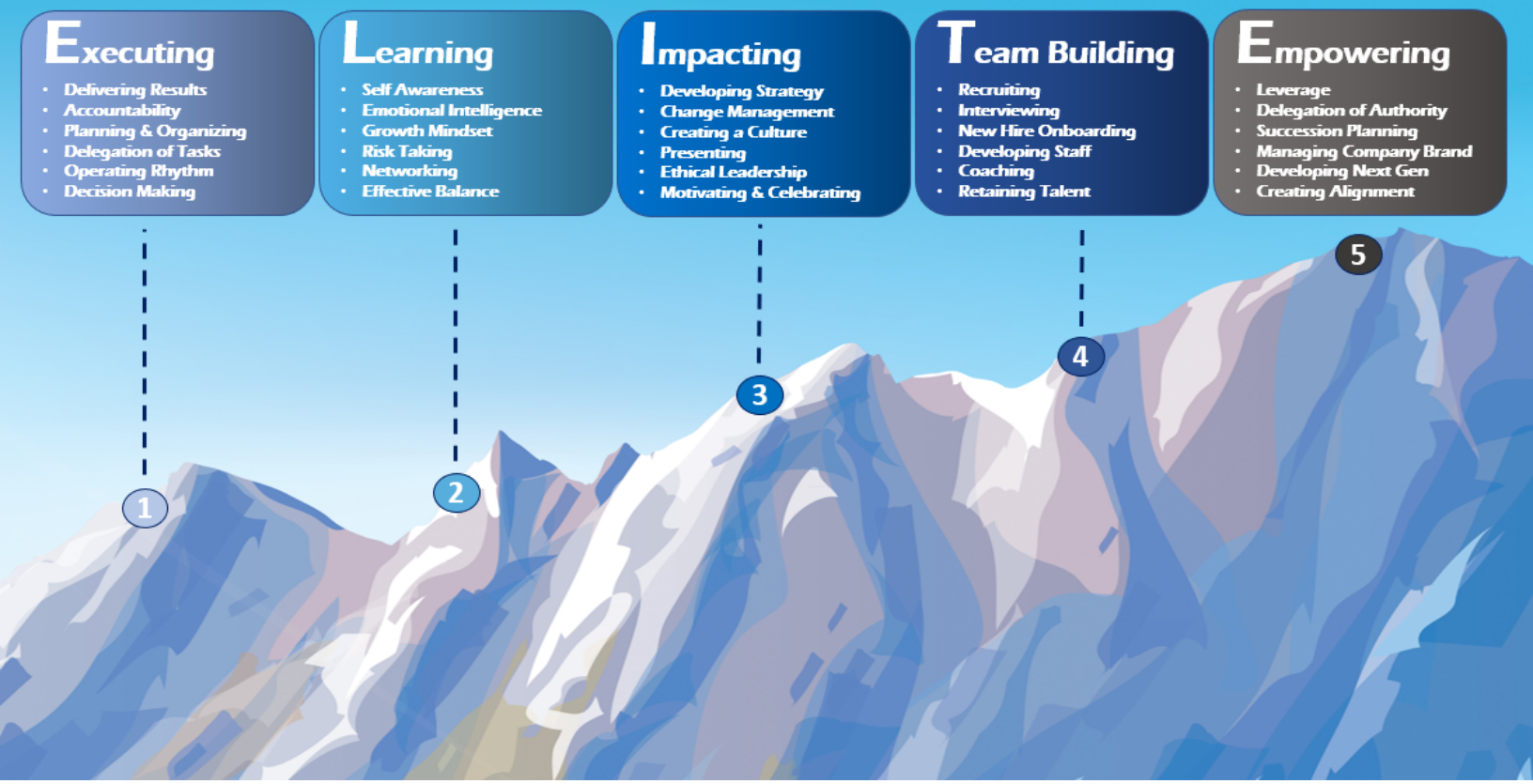
1. **How will management team accumulate knowledge and in what medium? Will managers respond best to reading, videos, live classes, coaching or some combination?**

2. **What will be the frequency of lessons? How much new information can one manager retain for any given training session?**

3. **How will managers immediately practice what they learn and in what forum? Humans remember 20% of what they hear but 80% of what they personally experience. Without deliberate practice, a leadership development program will be ineffective at best.**

4. **Who will own the coaching? If managers are learning and practicing at a regular pace, who will they interact with to adjust their approach? Will this individual have the time and patience to stick with a regular schedule? What will be the desired background of the coach? Do they have specific experience as a manager or is their expertise academic?**

5. **How will the business measure effectiveness of development program? What objective and subjective yardsticks will be used and at what intervals?**



At 5on4 Group, we use the ELITE model for leadership development. Many of the mistakes covered in this report fall under the Team Building skill set, which is designed as a six-skill course complete with video lessons, weekly assignments, additional tools and an option for live coaching.

This model can be used as a template for any company determining where to focus investment in leadership development.

About Ian Mathews

I worked for two decades as an executive with two different Fortune 500 companies. I strongly believe that an exceptional leadership team is critical to a growing, profitable business.

Since 2001, I have hired, promoted and coached several hundred executives, managers, and supervisors. I have also interviewed several thousand of their employees to understand the impact of leadership on team dynamics and performance.

I led businesses selling products as diverse as power generation equipment, new construction homes, financing, and software. I built teams in some of the largest companies in the world as well as startups with only five employees.

I founded 5on4 Group to help companies develop stronger management teams with the same process, tools, and strategies that I have used to coach teams to extraordinary, breakthrough performances.

If you believe you, or your team is capable of making a major leap in skill, mindset, and performance, we want to help.

Click Here To Connect

APPENDIX

“Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients.”

– Richard Branson, CEO & Founder of Virgin Group

“Businesses often forget about the culture, and ultimately, they suffer for it because you can’t deliver good service from unhappy employees.”

– Tony Hsieh, CEO of Zappos

“Our mission statement about treating people with respect and dignity is not just words but a creed we live by every day. You can’t expect your employees to exceed the expectations of your customers if you don’t exceed the employees’ expectations of management.”

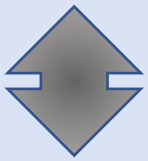
– Howard Schultz, CEO of Starbucks Coffee

“Engaged employees stay for wh
they give (they like their work);
disengaged employees stay for
what they get (favorable job
conditions, growth opportunitie
job security).” – *Blessing White’s T*
State of Employee Engagement 20

“Everyone enjoys doing
the kind of work for which
he is best suited.” –
Napoleon Hill

98%

Executives that say onboarding programs are a key factor in retention efforts*



28%

New hires willing to quit their jobs if they are not satisfied in the first 90 days**

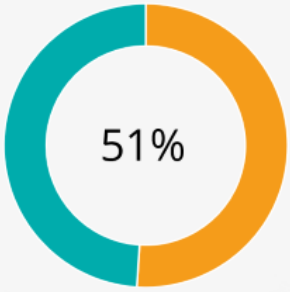
There is no point investing in your recruiting process if your company does not deliver a consistent new hire onboarding process.

*Korn Ferry International executive survey

** Robert Half employee engagement s

7 EMPLOYEE TURNOVER STATISTICS

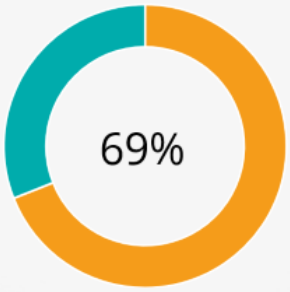
Employee turnover



Of employees are considering a new job.

Source: Gallup

Onboarding benefit: Better retention



Of employees are more likely to stay with a company for 3 years if they experienced great onboarding.

Source: SHRM

51%
of employees are considering a new job.
Source: Gallup

50% - 60%
of an employee's annual salary is the direct cost of replacing that employee.
Source: SHRM

87%
of employers said that improving retention is a critical priority for their organization.
Source: Future Workplace and Kronos

25%
of all new employees leave within the first year.
Source: Allied Workforce Mobility Survey

69%
of employees are more likely to stay with a company if they experienced great onboarding.
Source: SHRM

72%
of candidates change jobs because of career advancement opportunities.
Source: MRINetwork

25%
is lower employee turnover in companies that offer remote work option.
Source: OWL Labs

TALENTLYFT