

Eradicate the Turnover Virus

BY BYRON STOCK

Virus Alert: Seeing these words in the headlines of the business pages makes you a bit more cautious about opening e-mail from someone you don't know. Most likely, you have software that scans for computer viruses every time you boot up your computer. But are you aware that your company could be harboring a virus, potentially costing you millions of dollars annually?

"Sometimes one or two unhappy people can ruin a larger group of people," said Kay Christian, COO of TLC Staffing in San Diego, CA. A recent reorganization at her company resulted in 70 percent turnover, despite the fact that in previous years, turnover had hovered between two and five percent. "We had turnover and people leaving, some of them just because their friends were unhappy. People get caught up in other people's emotions. It's almost like a cancer."

Negative emotions can be like a stealth virus that drains both financial and human resources from your company. And unless you've inoculated everyone by creating a positive emotional climate, high turnover can be contagious. The key to preventing an outbreak of emotional cancer at your company is an emotionally intelligent retention strategy. This is not about "program of the month" incentives such as "Bring Your Pet to Work Day," or "Anniversary bonuses," and it will require more than a fair compensation package.

The High Cost of Turnover

In the old economy, when unemployment was higher, telling an employee, "You can be replaced!" was considered a viable (though somewhat insensitive) motivation strategy. Obviously, such threats won't work today. Certainly, any employee can be replaced. But at what cost?

The cost of turnover is an issue that has been beaten to death. Countless articles and even books have been written about the direct and indirect costs. The cost of replacing a worker whose skills are in high demand can hit up to 1.5 times annual salary. At minimum, the cost to replace any worker is about 20 percent of his annual salary.

Indirect costs of high turnover can be staggering, but hard to track. For example, if a supervisor is spending even part of his day conducting exit interviews, interviewing candidates, posting jobs on the web, that's time away from doing his regular work. That's costly. Christian pointed out that in her or-

ganization, unhappy employees left only after causing immeasurable damage to relationships with clients, by not completing work assignments (even going so far as to hide unfinished paperwork in a drawer), ignoring customer service issues, even "losing" orders or customer requests.

"In our case, when people were unhappy they shut off, and you almost felt like they didn't want the company to succeed because they weren't happy," Christian said. Her company lost customers as a result of this subtle sabotage, and now that those unhappy workers have left, the company is spending extra time and money trying to woo those customers back.

What Do Workers Really Want?

Many HR professionals say that retaining workers means figuring out what employees want. They suggest customizing job descriptions and perks for each worker so that they will say, "No thanks," when recruiters call them. The thought of figuring out what perks each individual wants, from telecommuting to on-site massage therapy, can be daunting. Also, it's the wrong place to start. Trying to cater to each employee's unique wants and needs creates plenty of stress for supervisors, managers and human resource professionals. Trying to meet the variety of different needs and please everyone is overwhelming. And even if you give workers what you think they want, they may bail on you anyway. Underneath it all, employees want the same thing. (See Maslowe sidebar.)

Every employee, whether he or she is able to put it into words or not, wants to *feel* certain things:

- They want to *feel* secure (if they perform well, they will keep their job).
- They want to *feel* appreciated for their contributions.
- They want to *feel* that their immediate boss sincerely cares about them as a person.
- They want to *feel* fulfilled in the work they do.

The foundation upon which to build a successful employee retention strategy is that of creating a positive emotional environment—creating, through the behaviors of every manager and supervisor, an emotional climate that makes people want to work at your company. They want an emotionally intelligent employer, and in particular, an emotionally intelligent leader to guide them.

While various companies have found that they must be creative in what they offer workers in order to keep them, the bottom line is that all workers, no matter what level, really have some common basic needs.

The Common Denominator for Increasing Retention

All these emotional needs and the feelings employees experience at work constitute the emotional climate at your company. A positive emotional climate is not one in which everyone always pretends to be happy and problems are ignored. Rather, a workplace with a positive emotional climate treats people fairly. People feel satisfied, yet not complacent. They strive to do well, because they feel that what they are doing matters. They know that if they do a good job, they'll be recognized.

A positive emotional climate does not mean there are no conflicts or stresses. But it does mean that when problems arise, they will be dealt with in a fair and respectful way, a way that allows people to disagree and still demonstrate sincere care for one another.

Sounds great, right? But just how do you create a positive emotional climate that increases employee satisfaction and employee loyalty, which leads to better retention?

Where Do You Start?

Start at the top. The behavior and attitudes of top leaders directly affect employee satisfaction, loyalty and productivity. These, in turn, directly affect customer satisfaction, loyalty and profitability. (See Service-Profit Chain sidebar.)

How employees are treated, first by their immediate boss, and second by other leaders in the organization, directly drives employee satisfaction. And job satisfaction is about attitudes and emotions — how employees feel.

In an elaborate 800-store survey, Sears Roebuck & Co. came to similar conclusions (*Wall Street Journal* 7/22/98). Sears found that “Basically, a happy employee will stick with the company, give better service to the customer and recommend company products to others. If employee attitudes improve by five percent, Sears found, customer satisfaction will jump 1.3 percent, driving a one-half percentage point rise in revenue.”

Smart companies realize that tracking employee attitudes is simply good business, because of the link between the satisfaction of employees’ and customers’ satisfaction and loyalty.

“MCI Communications surveys employees as often as quarterly, focusing on attitudes, which the company knows, help determine whether they stay,” the *Wall Street Journal* (7/

Maslows and Emotion

Psychologist Abraham Maslow identified what he called a “hierarchy of needs.” (See Figure 1.) Understanding people’s needs will help you understand what motivates them, according to Maslow’s theory.

The most basic needs are physiological, that is, for food, air and water. If these basic needs are met, people move on to looking for safety and security. They desire some stability and structure in their lives, and often seek this in their work environment. Once they feel secure, human beings desire affiliation and belonging, Maslow said. People desire to have supportive relationships both in their personal and professional lives. They desire to join groups with like interests and beliefs. They want to feel supported and cared about.

If these three basic needs are met, people look for what Maslow labeled “esteem,” that is, respect, both from others (i.e., recognition) and from oneself (i.e., confidence and competence). They want to feel that their contributions are genuinely appreciated. If all these needs are met, they form a foundation for what Maslow said was the highest need of human beings: self-actualization. They want to feel that their contribution is having a significant impact.

What does this have to do with retention? A lot. If your people don't *feel* secure and safe, because of the way they are treated by management — they will leave. If your people don't feel that their boss sincerely cares about them as individuals — they will leave, or not perform at their potential. If your people don't *feel* respected by management or if their competence

and contributions are not recognized — sooner or later they will leave. They will jump from workplace to workplace, saying they are looking for a better job, but really, what they want is an environment where their many emotional needs will be recognized and met, first by their immediate supervisor, second by the leaders in the organization, and third by colleagues.

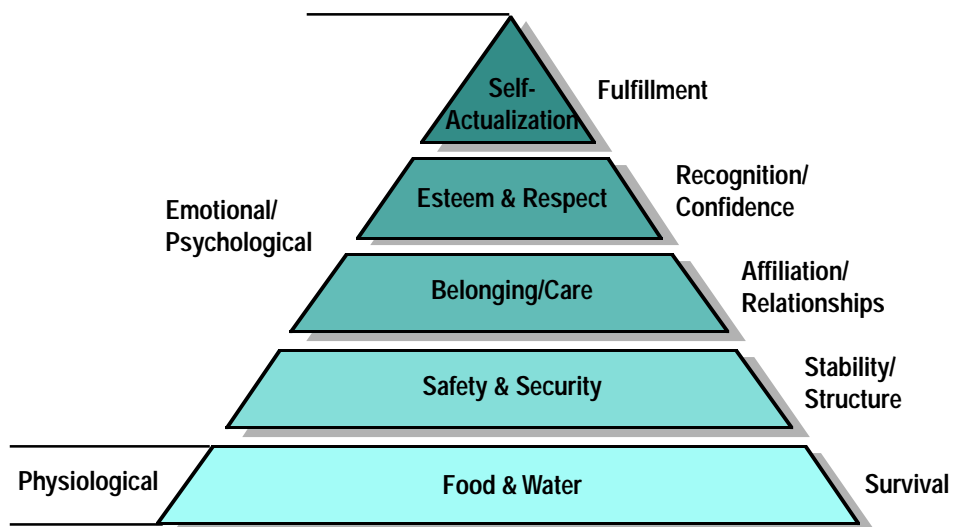


Figure 1: Maslow’s Hierarchy of Needs

22/98) quotes Brian McQuaid, MCI's Executive Director as saying. "Even a five percent drop in overall employee efficiency cuts annual revenue by a couple of hundred million dollars. We know employee satisfaction does increase customer satisfaction, as well as productivity, for us."

So each manager, supervisor and leader must create a positive emotional climate through his or her own behavior and demeanor.

Boosting Your Immunity

OK, so I'm a supervisor or manager or executive. And I'm supposed to behave in a way that's caring and positive toward my people. I guess I'm supposed to be immune to the pressure and stress of leading? No!

You have feelings and emotions too! So what should you do? You should enhance what is known as your Emotional Intelligence (EI) skills. EI is your ability to acquire and apply knowledge from your emotions and the emotions of others to help you make decisions about what to say or do. An emotionally intelligent person has developed skills in five basic competencies: emotional self-awareness, emotional self-regulation, emotional self-motivation, empathy and nurturing relationships.

These competencies, when developed and practiced, can inoculate an individual and an organization against the virus of negative emotions that can cause dissatisfaction and turnover. They can help an organization retain its most valuable resource — its people!

Unfortunately, the vast majority of people are never taught to develop their competence in emotional intelligence. In fact, most people are taught just the opposite! Particularly if you're male, you've had it drilled into you since childhood to ignore, bury or deny your emotions.

How well you develop and demonstrate emotional intelligence competencies will not only have a tremendous impact on employee retention, it can also dramatically impact your performance and your health. To see how this might play out in the workplace, imagine yourself in the following scenario.

One of your employees comes into your office and tells you that the XYZ project, the one your boss has been counting on to help meet the quarterly goals, is not going to be ready to implement by the deadline. In fact, it's going to be a month late!

Your response is, "Oh, —!" But what is going on emotionally? You may not be able to name or even be aware of your emotions in the moment. You're likely to explode emotionally, which physiologically prevents you from thinking logically.

Your immediate emotional response, whether you acknowledge it or not, is most likely to be feelings of worry, anxiety, fear, and frustration.

If you're like the vast majority of managers (and people in general) who've not been taught how to develop your emotional intelligence skills, you're not likely to be very skilled at labeling or managing those emotions. As a result of not being able to manage these emotions well, and trying to avoid actually experiencing them, you create even more problems for

Where to Look for Gold in the Service-Profit Chain

In a 1994 article in the *Harvard Business Review*, several researchers shared their conclusions of the connection between profitability and leadership in service companies. The research also points out the importance of emotions and employee attitudes in relationship to profitability. A high level of profitability and growth are primarily stimulated or driven by customer loyalty. A loyal customer is far more profitable than a new one. The key driver of customer loyalty is customer satisfaction. A customer must be satisfied (feel positive emotions) long enough, and consistently enough, to become loyal. The customers' perception of value they have received largely determines customer satisfaction.

Productive, loyal, satisfied employees create value. Productivity is the primary driver of value. Loyalty is the major determinant of productivity. Loyal employees go the extra mile for customers and their managers. Employees are loyal to an organization because they feel more satisfied. Satisfied employees are much more loyal and productive than their unmotivated, dissatisfied counterparts. Employee satisfaction is largely driven by the internal quality of the working environment. By internal quality, the authors mean the feelings that employees have toward their jobs, colleagues, and company.

What underlies the entire Service-Profit Chain? Leaders who actively develop and maintain a company culture centered around sincere care and service to fellow employees and customers.

yourself. You may be able to push down the negative emotions for a moment, try to bottle them up, but they'll re-emerge almost immediately as stronger, and less rational, feelings: concern that your safety and security with the organization is threatened, worry about the impact this will have on your job, even your career. You may go careening down a slippery slope of irrational fear, because your logical, rational thinking is emotionally hijacked. (See Emotional Hijacking sidebar.)

Of all the different emotions such a situation evokes, the one emotion that most people express when they feel threatened is anger, despite the fact that this is the least productive way to handle the situation.

The first words out of your mouth are likely to be, "What do you mean?!! You know how important this project is! You told me two weeks ago things were on target! I thought you knew how to manage this project!"

The fear that you're experiencing because of the perceived threats to your security, safety, and stability is likely to come out as anger or frustration, because you are under stress. Stress is a result of negative emotions and beliefs that occur when you are unable to cope with the demands from your environment. And what is the employee likely to feel as soon as you

start speaking? The same emotions you are feeling: anxiety, frustration and fear. You will have spread the emotional cancer! And if he repeatedly feels negative emotions like fear and frustration, his satisfaction with and loyalty to the organization will begin to erode.

We each must take responsibility for our part in having spread the emotional cancer. We must recognize that we have been behaving like “Typhoid Marys and Typhoid Harrys.” By developing our Emotional Intelligence skills we can inoculate ourselves, eradicate the cancer in our teams, and improve employee retention.

Now let’s assume you’re a manager who has attended a training program and have been taught techniques to develop your emotional intelligence. You’ve practiced these techniques and have improved your skills. You may even have received some coaching to help you over the difficult parts of using your new skills. The same situation occurs: a key project is going to be way off schedule. But now you’re more emotionally self-aware. You recognize your feelings of anxiety and fear *in-the-moment*. You use an emotional intelligence technique you’ve learned during the training to regulate and transform your negative emotions and use positive emotions to create a positive, productive response.

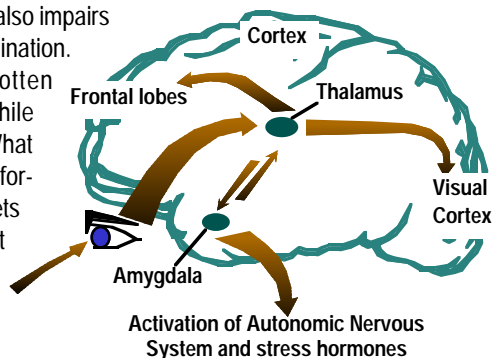
Such a skill will allow you to quickly transform the anxiety and fear into curiosity. You’re now likely to ask some

I Was So Mad, I Couldn’t Think Straight!

The Limbic System is the area of the brain that is responsible for initiating the “fight or flight” response. It does this in an attempt to keep you from physical and symbolic threats to your well-being. Scientists believe that the amygdala, an almond sized object in the Limbic System (emotional center) of your brain, coordinates emotional behavior. The amygdala acts as the repository of emotional memories or emotional patterns in your brain.

One of the key functions of the amygdala is to compare all of the sensory information coming to you through your eyes, your ears, your nose, etc. with stored emotional memories. If there is a match your amygdala sends signals to the rest of your brain to take action — before the sensory information can be processed and sent to your neocortex (thinking brain). The unconscious instantaneous “decisions” your amygdala makes about incoming sensory information can “hijack” your rational thinking. And once hijacked, it is difficult to think clearly.

This hijacking also impairs your physical coordination. Have you ever gotten mad at yourself while playing a sport? What happens to your performance? I’ll bet it gets worse. You’ve just been emotionally hijacked!



questions: “What’s happened to change things since our last discussion? What alternative ideas have you come up with to meet the deadline? What can I do to help?”

By using your EI skills, you’ve kept the communication channel open instead of shutting it down. You’ve demonstrated respect, confidence and sincere care for the employee. You’ve improved the likelihood of meeting the deadline or minimizing the delay. You’ve enabled logical, rational thinking to prevail, by eliminating the emotional and physiological factors that could have caused an emotional hijacking. You’ve reinforced a positive emotional climate that supports and recognizes the employee’s competence as a problem-solver. And whether you know it or not you’ve protected your health from the detrimental effects of negative emotions!

By raising the emotional intelligence capabilities within your organization, you’ll see quantifiable results on several levels. Documented pre and post-emotional intelligence training results have shown that individuals who have developed their EI skills are able to significantly reduce anxiety, distress, anger, sleeplessness and the physical symptoms of stress, including hypertension. Simultaneously they are able to improve self-confidence, personal productivity, communication effectiveness, and attitudes.

The core fundamental solution for improving employee retention is to eliminate emotional negativity and to create a positive emotional climate. This is what every employee wants and needs. This is what is underneath the demand for attention when employees say they want on-site massages, or free ice cream on Tuesdays, or to be allowed to let their pet accompany them to the office.

The single most effective way to create a positive emotional climate is to commit to developing the emotional intelligence skills of every leader, manager, supervisor and employee in the organization. Now that you know the fundamental cause of employee turnover and the fundamental solution to employee satisfaction, you can wipe out the emotional cancer causing high turnover. Inoculate yourself and your company by developing the emotional intelligence of all your people.

BYRON STOCK, a former engineer and director of corporate education, guides individuals and organizations toward excellence by showing them how to use their emotional intelligence as a powerful tool to achieve strategic objectives, lead change, and improve organizational culture. Byron is best known as an international speaker and seminar leader, teaching people to achieve immediate, significant, and sustainable improvements in mental clarity and personal productivity. To discuss this article or for more information, email Byron at Byron@ByronStock.com.