

Ten Commandments for Building a Retention Model

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It's an age old question—what can be done to keep good employees engaged and excited to come to work each day? Establishing reward programs that support talent management objectives can make or break whether high performers are engaged and motivated and—most important—stay with your organization instead of flee to the competition.

Once you've made the investment in attracting the right talent, extending that value is contingent upon building the right retention model. The reasons people stay with an employer are incredibly obvious but so often overlooked: having expectations that are clearly defined and well communicated; being rewarded for their contributions to the organization's success; and seeing how those rewards relate to the goals they achieve. Addressing these requirements will help top talent see a future rich with opportunities for career development.

It all starts with the right retention model, which requires careful planning and execution. These “ten commandments of building a retention model” should govern your approach to creating a culture that retains employees and keeps them motivated.

Thou shall establish firm, smart performance goals.

Employees who understand the corporate vision and what they need to do to achieve success—and are rewarded for achieving or exceeding goals—are more likely to stay. Ongoing and open feedback can inspire better performance and ensure employees are clear on what they need to accomplish.

Pay for performance.

Actionable, measurable goals linked to incentive programs can boost productivity. Using consistent and standardized compensation processes help employees understand how they will be rewarded for a job well done. A centralized system enables business oversight and will have the flexibility to accommodate for regional variances.

Make ongoing communication part of the management process.

Don't underestimate the power of communications. Share information often and regularly to keep employees focused and excited. For reward programs to work, people need to understand what they need to achieve and how they'll be rewarded for their accomplishments.

Put a laser-like focus on just a few goals.

Many businesses make the mistake of having too many goals, making it difficult to tie accomplishments to rewards. Stick to three to five goals to maximize effectiveness and help employees understand where to focus their efforts.

Allow transparency into corporate metrics that drive individual compensation.

Drive individual accountability for accomplishments and ensure individual goals are aligned with corporate objectives. For individuals that regularly exceed expectations, provide additional compensation opportunities to maintain their high performance standard.

Reward and recognize employees formally and informally.

A culture of appreciation shows employees that their contributions are valued. Informal rewards such as lunches, gift cards and time off are small gestures of appreciation that go a long way. Formal recognition programs such as spot awards and president's awards that recognize exceptional employee achievement fosters engagement and loyalty.

Customize rewards for short and long term goals.

Long-term, big picture goals may be too far down the road. Stock options illustrate a desire for the employee to grow with the organization, but how do you keep them motivated along the way? Short-term rewards give employees another reason to stay on track and be motivated to succeed.

Define a career path for employees.

The longer an employee stays with a company, the more valuable they become. Instead of letting that knowledge walk out the door, show high performers there's a career path for them if they stay. Vertical promotion may not be an option, so consider horizontal opportunities or job rotations. These training and development opportunities can broaden an employee's knowledge, expand their skills and increase their total value to the company. Applying these knowledge-retaining techniques to succession planning can help groom employees for new positions and illustrate that they are important to the company.

Don't be a dictator.

Let people have a say in advancing their personal career goals. Employees who feel in control of their destiny and can see the opportunities available to them are likely to be engaged and stay with the organization.

Tailor compensation and career paths to appropriately resonate with diverse populations.

Different rewards motivate different people. Take cultural and generational differences into consideration when designing an incentive program and reward employees in the currency that matters most to them. Tailoring rewards to meet employee needs boosts morale and contributes to higher retention.

When employees understand what it is that they are supposed to do, and the rewards they will earn for achieving business goals, employers benefit from more motivated and engaged employees, less turnover and increased productivity. Rewards can make the difference between a high performer that views the organization as one that values their contributions or one who walks out the door. Incentives—when effectively awarded and communicated—can be an integral part of a strong retention model and keep employees motivated to meet and exceed goals and objectives.

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