

Employees' Retention Program  
5 steps to be done

Moscow, May 16, 2008

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# Agenda

- **Introduction**
- **Customer loyalty programs**
- **Myths about retention**
- **5 steps to develop a retention program**
- **Tips**



# Introduction

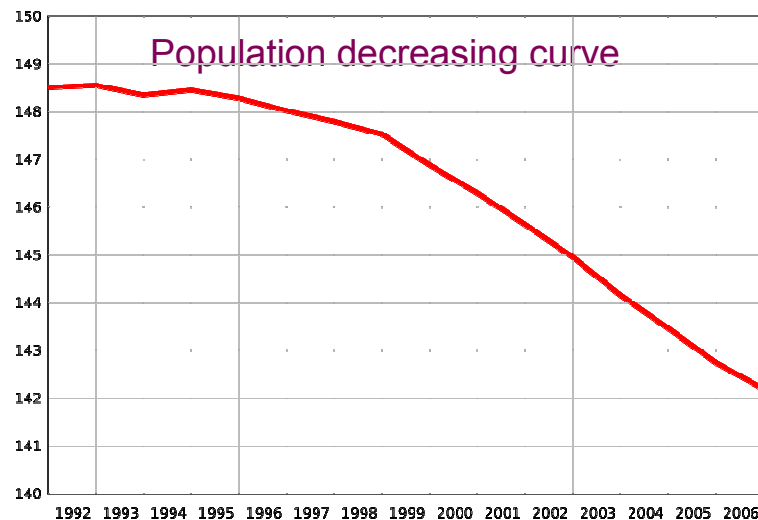
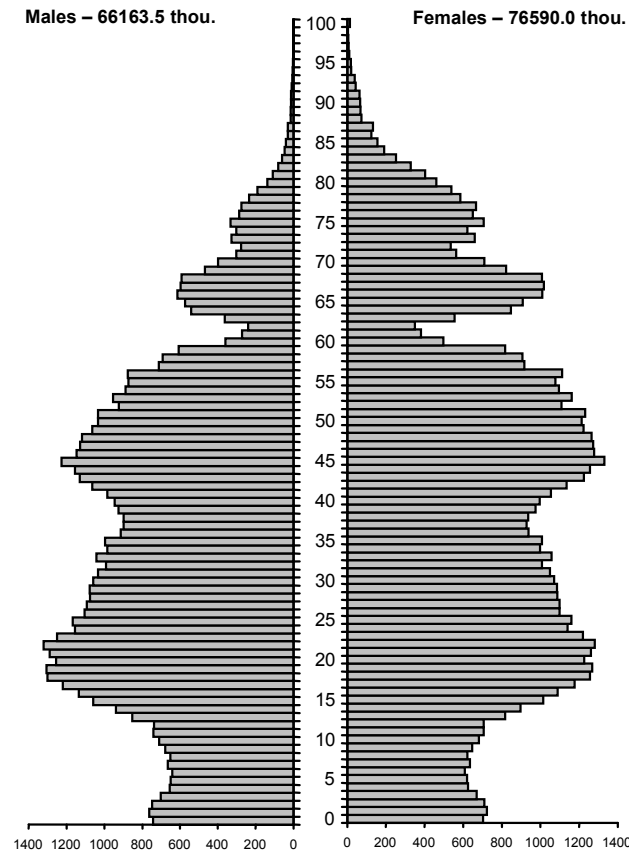
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# Demographic situation in Russia

- Total population:
  - 142 M
- Type of generations
  - < 30 years
  - 30 – 50 years
  - > 50 years
- Life expectancy
  - 72 years for the women
  - 59 years for the men

## AGE AND SEX STRUCTURE OF POPULATION as of January 1, 2006



Source National Statistics

# Labor market characteristics



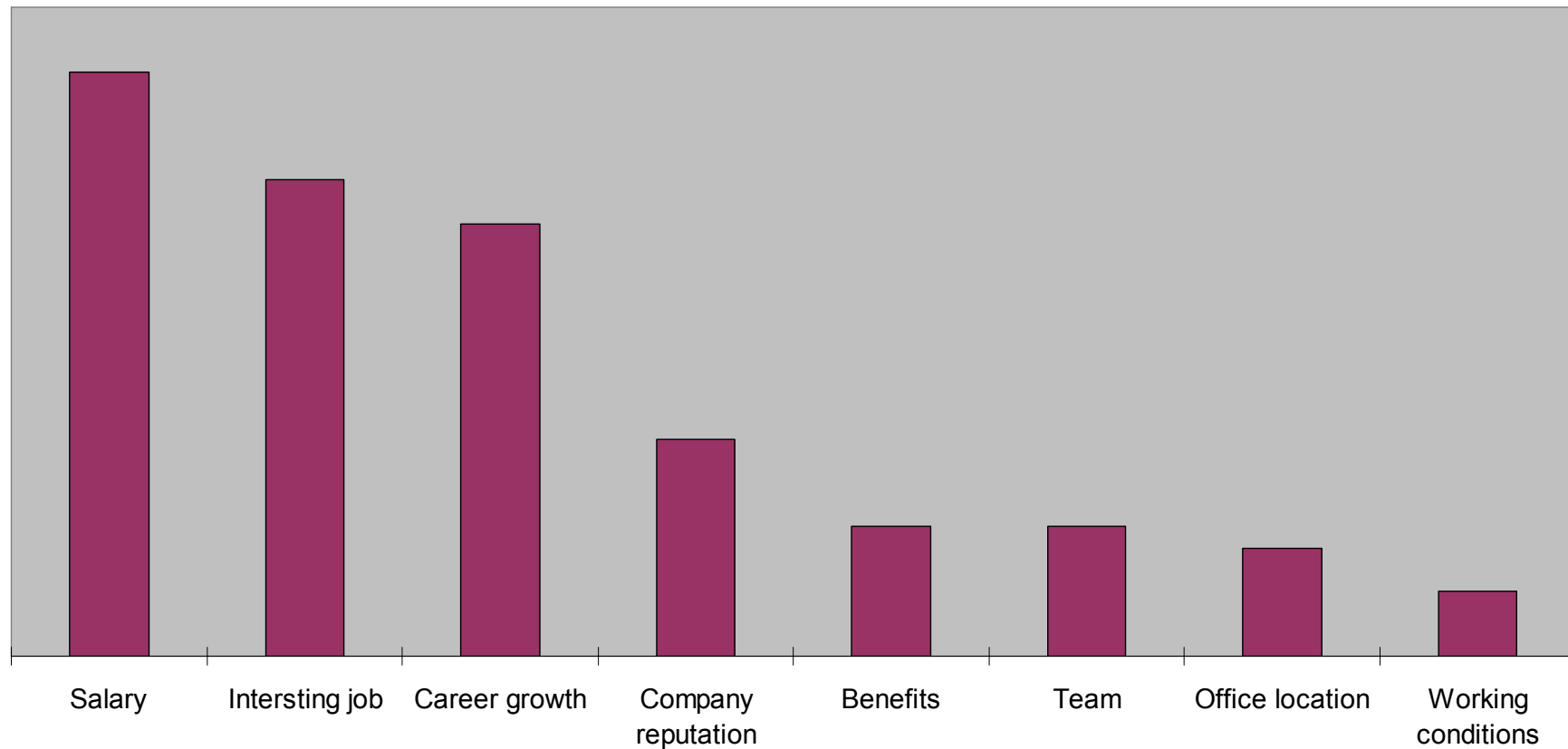
- Low unemployment rate
  - Unemployment rate Russia – 7%
  - Unemployment rate Moscow – 0.4%
- Lack of labor force 2015 – 20 M employees
- Lack of highly qualified professionals for the industry sector
- Employee market

# What is the perception of the employees about work?

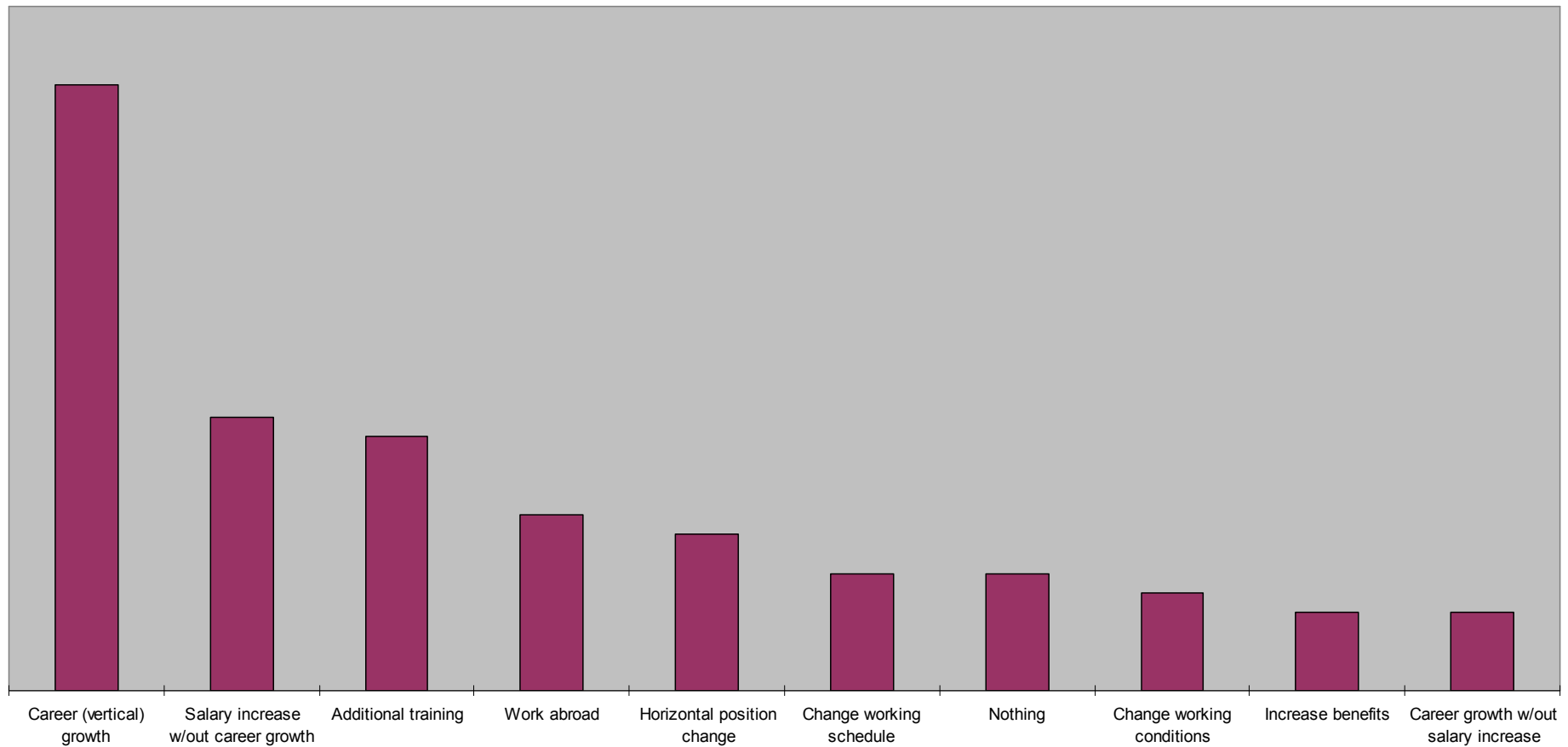
- For 64% of the Russians the work is just a source of revenues for living
- 44% of the employees in Russia prefer small, but fix salary (26% for employees between 18-24 years old, 53% for employees over 45 years old)
- 45% of the employees between 24 - 45 years old would like to work havely for a good remuneration without having any guarantees for the future



# Why people leave companies?




# Why people stay in the companies?



Source Kelly Services 2007





Can we apply the methodology  
of the customer loyalty  
programs to build employees  
retention program?

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# Customer loyalty program




- External environment analyses
- Competition analyses
- Definition of program goals
- Target group definition
- Length of the program
- Creation of rules of the program
- Rewards selection
- Estimation program budget

- Selection types of communication tools
- Selection type of communication channels
- Medial plan preparation
- PR of the program

- Operational platform design, conception, test and running
- Day to day management of the results of the participants in the program

- Rewards purchasing
- Management of rewards delivery
- Special events organization for the rewards offer

- Analyze of the fulfillment of the program aims:
  - ROI
  - new clients
  - retention rate
  - new sales
  - ...



Why are we not fighting for  
the retention of our  
employees as we are  
fighting for our clients?

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**Sodexo**  
*Service Vouchers and Cards*

# Some myths about retention

- People most often leave companies for more pay
- People don't want more responsibility
- Loyalty is dead
- Incentive programs produce long - term profits
- Improving employees satisfaction is expensive
- Employees satisfaction is « fluff »
- Supervisors are the problem
- My industry/company/people are different



# How to build retention program? Step 1

## Design

-External environment analyses  
- Competition analyses  
- Definition of program goals  
- Target group definition  
- Length of the program  
- Creation rules of the program  
- Rewards selection  
- Estimation program budget

### ○ External environment analyse:

- Labor market status in Russia
- Sources of possible new replacements
- Salary levels progression
- Benefits packages trends

### ○ Competition analyse:

- Type of competitors
- Remuneration package given by the competitors
- Future needs of employees by the competitors
- Geographic development of the competitors
- Retention programs of competitors

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### ○ Definition of program goals:

- Vision/ambition/strategy of the company
- Main goals of the program
- KPIs to be measured

### ○ Target group definition:

- Type of employees to be retained
  - By age – Baby boomers, Gen X, Gen Y
  - Blue collars, white collars
  - High value employees, low value employees
- Type of managers in the company – X or Y
- Type of motivation of employees to stay in the company

S / M / C / P / N / S

# How to build retention program? Step 1

## ● Get people expectations (why people are working for the company?)

### Design

-External environment analyses  
- Competition analyses  
- Definition of program goals  
- Target group definition  
- Length of the program  
- Creation rules of the program  
- Rewards selection  
- Estimation program budget

- Employment agreement
- Trainings
- Tools to do the job
- Leadership/ type of management
- Office atmosphere
- Employer image
- Support
- Interesting job
- Corporate culture
- Remuneration
- Benefits
- Recognition
- Empowerment
- Having fun

# How to build retention program? Step 1

## Design

-External environment analyses  
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### ○ Length of the program:

- Short term retention program
  - Rewards and recognition programs
  - How often to organize short term programs
- Long term retention program
  - Promoting work/life balance
  - Creating management style and culture
  - Encouraging professional training and development



# How to build retention program? Step 1

## Design

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### ○ Create the rules of the program

- Define the mechanism of set up and management of the program
- Define the motivation methods to be used:
  - Fear and manipulation
  - Carrot on the stick seldom
  - Personal growth promotion

### ○ Rewards selection:

- Low cost:
  - Showing appreciation and recognition
  - Recognizing personal/family milestones
  - Providing workplace conveniences
  - Having fun at work
- Medium cost
  - Recognition for a job well done
  - Benefits programs
  - Professional training and development

# How to build retention program? Step 2

## Communi- cation

-Selection types of communication tools  
- Selection type of communication channels  
- Medial plan preparation  
- PR of the program

- Select type of communication tools
  - Mails
  - Brochures
  - Presentations
  - Events
- Train managers to communicate properly the rules of the program
- Train managers to communicate goals, roles and responsibilities so people know what is expected and feel like part of the in-crowd
- Define the time frame you will communicate the program to the managers and/or to the employees

# How to build retention program? Step 3

## Management

-Operational platform design, conception, test and running  
-Day to day management of the results of the participants in the program

- Select the right person in the right seat on the right bus
- Provide opportunities to people to share their knowledges via training sessions, presentations, team projects
- Offer performance feed-back and praise good efforts and results
- Enable employees to balance work and life
- Involve employees in decisions that affects their job and the overall direction of the company
- Recognize excellent performance
- Prepare and communicate a career plan

# How to build retention program? Step 4

## Reward & Recognition

-Rewards purchasing  
- Management of rewards delivery  
- Special events organization for the rewards offer

- Do not hesitate to reward your employees
- Rewards doesn't mean only money or material gifts
- Do not give just a reward, create an emotion, organize special event
- People should know why they are rewarded

# How to build retention program? Step 5

## Analyze

-Analyze of the fulfillment of the program aims:  
- ROI  
- new clients  
- retention rate  
- new sales  
- ...

- Analyze on regular base the results of the program
- Be flexible, adapt the program if needed
- Improve the program constantly

# Tips

- Value your employees and you will have better business results
- Employees who contribute to how work gets done are more engaged and loyal
- Pay and benefits matter. But you can't « buy » true commitment
- Layoffs are a last resort
- Learning and development are priorities
- Reputation breeds retention
- Simple and lean allows people to do what they love. Work should make sense.
- Respect
- Keep people in the « know », not in the dark
- Hire as if you could choose your family members



**There are two things people want more than sex and money ...**

**Recognition and Praise**

*Mary Kay Ash, Founder, Mary Kay Cosmetics*

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Thank you

Q&A

[dvassilev@sodexho.ru](mailto:dvassilev@sodexho.ru)

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