

Retaining Your Greatest Asset



Retaining Your Greatest Asset

By Thomas A. Figiel, PHR

We often hear the biggest investment a business can make is in its employees; a great team can make anything possible. All too often, however, business owners spend more time, energy and resources on office technology, equipment or rent and less on their greatest asset – their people.

People the greatest asset and expensive to replace. Turnover is costly; statistics show that companies spend 1 to 3 times the lost employee’s annual salary in various expenses when they experience turnover. Going the extra mile to make good employees happy and keep them at the company will save you money in the long run.

Investing in employees does not necessarily mean just paying them well. In fact, statistics have shown that people often choose jobs for employee benefits over salary. Traditional employee benefits, like insurance, paid holidays and vacations are not the only options, but are certainly helpful in attracting star employees. Benefits such as wellness programs, flexible schedules, employee assistance programs, flexible spending accounts and tuition reimbursement are becoming increasingly popular.

One way to showcase benefits and their value to an employee is to provide an annual Total Compensation Statement. This document outlines the cost to both the employer and the employee for every benefit item. Showing the employee the value of the benefits they receive as a result of employment will show the employee the true investment you have in their employment.

Employees do not typically add all these benefits that they might pay out of pocket if not offered by their employer when considering their total compensation.

The sample Total Compensation Statement on the right shows categories typically included in this type of report, but any type of compensation can be included.

Total Compensation Statement		
	<u>Company Cost</u>	<u>Your Cost</u>
Compensation		
Regular Earnings	\$70,000.00	
Bonus	\$ 5,000.00	
Paid Holidays	\$ 2,692.00	
Paid Vacation Days	\$ 2,692.00	
Paid Sick Days	\$ 1,346.00	
Benefits		
Medical Premium	\$ 4,176.00	\$ 1,066.00
Dental Premium	\$ 500.00	\$ 100.00
Vision Premium	\$ 180.00	
Life Premium	\$ 300.00	
401K Match/Contribution	\$ 3,000.00	\$ 5,000.00
Taxes		
FICA Taxes	\$ 7,180.00	\$ 7,000.00
Federal Unemployment	\$ 56.00	
State Unemployment	\$ 505.00	
Workers’ Compensation	\$ 7,741.00	\$ 7,000.00
Miscellaneous		
Training	\$ 200.00	
Scholarship Program	\$ 1,500.00	
Referral Program	\$ 500.00	
Total salary and pd time off:	\$81,730.00	\$0
Total benefits, taxes and misc:	\$25,838.00	\$ 20,166.00
Total Value of Compensation Package:		\$107,568.00

Training is another way to increase retention. Employees take notice when you invest time, energy and resources in them. Morales boost, motivation enhances, and productivity improves. Give employees a new task, send them to a seminar or invest in an on-line training tool. Create an atmosphere that challenges people to grow and generates a sense of worth. Employer must be careful when choosing training programs; they must pertain to the employee's day-to-day activities or performance. When employees can walk away from a seminar and apply a newly learned skill or technique that improves or enhances their work output and allows them to work more quickly and efficiently, they notice the company's interest in their development. If they feel the training has nothing to do with their performance or job skill and is useless in their line of work, they may feel you are wasting their time. Employees like to be challenged and are more likely to leave a job that doesn't challenge them.

Along with employee benefits, employers should continually show employees they are a valued asset. Recognition from top management or a business owner will go a long way. Additional luxuries like employee appreciation events show employees that you are interested in treating them to a fun event to promote socialization with co-workers and a higher sense of team spirit.

Other tidbits to consider: Continually assessing salaries and considering the cost of living when calculating raises is a great way to ensure that you are competitive in the marketplace. Keep your office technology updated; it makes employee's lives easier when combined with proper training.

Employee satisfaction surveys, when done anonymously, will give you a good idea of what employees think of your current programs and benefits. Consider taking employee suggestions as well. Create an environment where communication is not only present, but encouraged.

For more information on employee retention or creative benefits, contact Tandem HR at 630.928.0510 or visit www.tandemhr.com. The human resource staff at Tandem HR contributed to this article. It is intended as information only and is not a substitute for legal advice. Tandem HR partners with small-midsize organizations to further their success by providing expertise in Human Resource solutions such as payroll, benefit administration, people management, risk management and organizational development.

Copyright © 2009 Tandem HR. All rights reserved.