

SUMMARY

Retention Analysis to Reduce Preventable Turnover

Collecting and analyzing data on employee satisfaction, considerations, and motivation for departing or staying with a company can inform impactful strategies that improve employee retention and organizational performance.

WHAT IT IS

Retention analysis strategies were initially developed to measure and improve the rate of returning customers and clientele. Over the past several years, these strategies have been adapted to help companies measure and analyze employee satisfaction and identify strategies to retain high-performing talent. Maintaining a stable and satisfied workforce directly contributes to operational continuity, productivity, and profitability. A recent Gallup poll found that 42% of employee turnover is preventable but often ignored.

Retention analysis measures retention across an organization and across sub-groups, such as by job title, location, tenure, or other characteristics. This helps managers understand the factors that influence whether employees remain with a company. In gaining these insights, businesses can develop an effective strategy to reduce turnover, retain top talent, and improve overall productivity.

WHAT IT DOES

Retention analysis typically involves measuring employee attrition rates and retention rates across a specific time period and then collecting information from employees on the factors that contribute to their likelihood of staying or leaving. Once these factors are understood, an employer can use them to inform hiring strategies and to develop a retention strategy that addresses the factors driving employee resignations.

Retention analysis typically follows these steps:

1. **Measuring attrition and retention rates.** Calculating the retention rate over a specific time period provides insight into whether turnover is a problem. Companies can

then calculate the cost of these turnovers by multiplying the average cost to replace an employee for different job categories by the number of employees that departed within that job category over the measured period, yielding critical business insights.

2. **Analyze the data.** Businesses will usually benefit from assessing attrition rates across subgroups, such as by department or manager, job type, location, and/or tenure of employment. Higher turnover rates tend to affect overall organizational culture and cohesion, which can affect business profitability. Analyzing this data reveals the problem areas that may exist for an organization and enables improvement in employee experience.
3. **Gain insights directly from employees.** Employee feedback can occur through surveys, one-on-one conversations, or a combination of these methods. Surveys and interviews, when done well, can meaningfully engage employees and provide insights into their job satisfaction, factors affecting their likelihood of remaining with the company, and opportunities to improve well-being at work and avoid turnover.
 - a. **Employee Opinion Surveys:** Frequent pulse surveys can be more effective than an annual survey at revealing the factors affecting employee decisions about whether to stay or go and enable an organization to act in real time to prevent turnover. However, annual surveys can provide important baseline data and more detailed assessment of employee satisfaction and needs against which to compare pulse survey results.
 - b. **Employee Conversations:** Periodic “staying interviews” with employees can shine light on the reasons they may decide to leave and what may compel them to stay. These interviews combined with regular check-ins between employees and managers are powerful tools for increasing employee engagement and collecting information across different levels of an organization on job and workplace satisfaction.

By adopting these strategies, companies can position themselves to increase their retention rate, retain top talent, and improve overall organizational culture and productivity.

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