

Preparing for Better Times

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A sluggish economy has pretty much halted job hopping of yore. Many workers are sitting tight and that means, for now at least, managers can put retention incentives on the back burner. But as the economy recovers, so will the opportunity for new jobs.

Remember what happened during the technology boom when a large mass of companies experienced a brain drain, losing some of their most talented employees? It could happen again. If companies don't implement incentives now, they could face a long talent search ahead when the economy rebounds and employees walk out the door. A recent Watson Wyatt survey reveals that surplus labor (i.e. job seekers) is at its lowest level in the nation's past 10 recessions-standing at 3.7 percent today versus 4.7 percent in 1990 and 9.6 percent in 1982.

Losing talented employees is not only a management issue, but also a burden on the bottom line. It can cost hundreds or thousands of dollars to replace and train each new employee. What's more, bringing new hires up to speed can take months, resulting in lost opportunities where customers are turned off by inexperienced and less knowledgeable new employees. "Once growth happens, it will happen with existing customers who will want to deal with the same employees [they're accustomed to]," says Valerie Frederickson, CEO of Valerie Frederickson & Company, a human resource consulting firm in Menlo Park, California. "It's not just about selling a preexisting widget. The average product is customized for clients. Companies can't afford to make changes in their staff when they need to deliver."

But there is a bright side for managers looking to retain top performers. "For the most part, employees don't leave companies because they're not getting enough money. Rather they leave because they feel neglected or overlooked," Frederickson says. And that's something managers can control.

Aquent, a Boston-based creative and IT staffing firm, is one company trying to boost the morale of employees-and perhaps stem their departure in a brighter economy-through creative incentives and benefits. "We try to motivate people through esprit de corps and foster a local entrepreneurial spirit," says Matt Grant, Aquent's self-titled minister of enlightenment.

Grant cites a number of incentives that he thinks motivate Aquent's 570 employees to stick with it for the long haul. For one, the company offers progressive benefits, covering non-traditional medical procedures like in vitro fertilization and acupuncture. There's no vacation or sick policy. Ideally, employees can take off when they please (of course, subject to management approval). And the company owns a beach house in North Captiva, Florida that employees can visit anytime, free of charge, making arrangements through a company sign-up sheet.

There's also a willingness to listen and hear what's bugging employees. "People will speak their minds to say what's going on here," Grant says.

But one employee who's worked for Aquent for five years and prefers not to be named says access to health benefits and a beach house aren't enough. Tighter markets and a loss in Aquent client business have dampened a once positive employee culture, she says. "They have some interesting ideas of non-monetary incentives that came about during robust times. But in tough times, it's a numbers-driven game. All the perks fall by the wayside," she says, adding that there's excessive pressure to meet numbers.

For example, a couple of years ago people had to sign up early for the company beach house. "It was fun," she says. "But now I spend all day with these people, and the personality and disposition of the company have changed." Now, there are plenty of spaces on the list because camaraderie among employees has sunk.

She concedes that Aquent's problems resulted from a combination of circumstances, like the merger and the downturn, that are out of the company's control. "Do they listen? They try to. Their intentions have always been great."

But when posed the question, Is there anything Aquent could do to make you stay with the company should the economy rebound, it took her all of two seconds to respond: "No."

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