



Reduce Turnover Costs with Coaching and Mentoring

By Rey Carr

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Peer Resources is a Canadian organisation that provides high quality training, superior educational resources and practical consultation for persons who wish to establish or strengthen mentor programs. (<http://www.peer.ca>)

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What is the number one concern of the majority of businesses in Canada? In an international study that included Canada, research showed that 82.9 percent of the organizations polled rated losing key employees as a major concern. In the US, 82.4 percent of executives rated employee selection and retention their number one business challenge. According to the Conference Board of Canada, the proportion of employers using specific compensation strategies to attract and retain key talent has jumped to 81 per cent from the 66 per cent a year earlier. And more and more organizations are conducting satisfaction surveys to deal with soaring turnover problems.

But are ice cream lounges, pinball machines, billiard tables, gameboys and gourmet lunch rooms the answer? Are better financial incentives necessary to stem the draining of the talent pool? According to Barbara Moses, Canada's guru of career development, these incentives are only temporary measures; fun and tempting, but they don't deal with the real reason people move on: lack of recognition, inadequate performance evaluations, too few opportunities for real learning, freedom to determine work content and productivity. Moses says that most people don't say, Hey, I love my job and the people around me, but its' time to see if I can make more money." Most people leave their work because of psychological reasons: their personal needs are not being met; it's too difficult to balance work and personal life, there is too little appreciation, or there is no emotional connection to work or the people with whom they work. The estimated cost of replacing an employee, including recruiting, screening, and training, typically averages 1-2 years salary for the position under review. Other costs not included in the estimate are loss of customers, loss of intellectual capital, increased anxiety and stress on remaining employees, loss of productivity, and a negative impact on customer loyalty and any competitive advantage. Employee replacement costs have also been estimated to reduce earnings and stock prices by an

average of 38 percent. Sibson and Company, who conducted a recent study in four high turnover industries (specialty retail, call centre services, high tech and fast food), estimate turnover costs Canadian industry \$75 billion annually to replace the 6.5 million people who quit last year. (Source HR Reporter, December 4, 2000).

No wonder so many organizations are seeking non-financial ways to decrease turnover. The two primary strategies that have shown promise are mentoring and coaching. Connecting experienced employees with less experienced employees is the primary focus of mentoring. Results have shown that mentoring not only reduces turnover, but it also increases career satisfaction, creates a learning and recognition emphasis and acts as a way of maximizing leadership opportunities. Virtually everyone can benefit from having a mentor and in some organizations they have even created "reverse mentoring" programs where younger employees act as mentors to the "old-timers" often helping them learn about new electronic technologies, diversity needs, and how to market to the new generations.

Coaching has become the fastest growing field in North America. And it's easy to see why. Coaching helps people achieve the results they want whether in their personal life, at work, or in balancing between the two. Even Michael Jordan has a coach. And executives across Canada are employing coaches for themselves while at the same time increasing the use of coaches within their organizations. Coaches can be particularly valuable for businesses that want to grow and for businesses that are concerned about increasing the quality of service to clients.