Global Management Consulting Services

Commentaries and Insights from Allawos & Company

May, 2017

"What Do You Think Your Most Important Asset Is?"

Michael Allawos, Principal Consultant

What do you think your most important asset is in or at your business? I guess this depends on your view point in life, position, and type of business.

Some businesses as you know are equipment intensive, others are a desk and a phone and the rest are somewhere in between. Then there's copyrights, intellectual property with licensing, royalties, franchise abilities, and real estate too. Did I leave something out?

Yes, the folks who make it all happen, whether it's the entrepreneur or the guy or gal turning the wrench. All too often we focus on either the owner or executive that may make too much money or the worker who is under appreciated which in reality may not exist at all.

In many cases the "John Q" public never see or even knows what the principles of a business had to endure in setting up that business let alone keep it going. On the other side the principles have their template of their struggles in setting up the business or the daily stresses in keeping it moving forward to not appreciate the folks that have their ore in the water keeping the ship moving forward.

The simple concept of risk, reward, and sacrifice is sometimes lost in our modern-day society or even a notion that is uncompressible or foreign. The concept of realizing that one of the businesses largest if not the largest asset is its workers is also uncompressible or foreign to those in charge.

If you've started to see a trend in this newsletter it's because there is one. Businesses need balance and above all communication within its players. Businesses need to know their workers have real needs and their workers need to know there are finite resources available.

An area that is often overlooked is the moral of an organization. Owners sometimes have such tunnel vision that they don't pay attention to the low moral within and create an untenable working environment within their organization. There is the other side that also believes that the grass is always greener elsewhere.

The cost of turnover you ask?

- For a $10.00 an hour employee 16% of their annual salary or approximately $3,328.00
- Every time a business replaces a salaried employee, it costs on average 6 to 9 months in salary. For a manager making $40,000 a year, that's $20,000 to $30,000 in recruiting and training expenses, along with other intangibles.
- Up to 213% of an annual salary for a highly educated executive position. A $100,000 a year position could cost up to $213,000.

Cost items to considering turnover:

- Advertising
- Screening
- Interviewing
- Hiring
- Training
- Management Time
- Lost Production
- Loss of Tribal Knowledge
- Customer Service Errors
- Cultural Impact

Most companies never track the above cost items.

How do you calculate your retention rate? The calculation is simple. Divide the number of employees who left during a period by the total number of employees at the end of a period to get the percentage. According to industry standards, 85% or higher is considered a healthy employee retention rate.

Here are several suggestions for employee retention strategies:

- Your organization should be positive in all forms of and measure, developed, and effectively managed performance for improvement.
- Match the employee's goals with the company's goals, meaning from the onset the new hire should be in-line with the company's goals. The more aligned these are, the higher the employee retention rate.
- Companies should first take care of an employee's basic needs, such as job security, payment, and health benefits, and then advance to issue, like his or her opportunity for advancement and or promotion.
- How important is it that employees feel they are being treated fairly? If a worker feels he or she is getting what he considers to be fair for the job they are doing in return, he will be happy and remain in the position.
- Open and honest communication with an open door policies is the key for success.

One of the worst mistakes a small business can make is to assume that, because an employee is still there, he or she is happy. Schedule regular, one-on-one reviews with employees. These meetings serve as a forum where the employee can receive constructive feedback or simply to vent.

Even the most productive employees should be given feedback as a part of a retention strategy. Studies show employees not only want acknowledgment for work done well, but also want constructive criticism and routine review of goals and expectations. This makes an employee feel valued and helps keep morale high. Retention strategies keep a balance between what the employees want and what's best for the business.

Exit interviews provide businesses valuable information on the reasons employees seek employment elsewhere. Develop an exit interview survey that asks for feedback on the work environment, employee benefits, areas for improvement, training, supervision, and workload. Evaluate the exit interview surveys and incorporate the feedback into your businesses employee retention strategies.

In our experience by far the most challenging aspect of successful employee relations is to simply start. That's why Allawos & Company is here, to help you start on the road to success and be there every step of the way with executive coaching, employee surveys and other services that will draw on our vast experience.

About Allawos and Company, LLC

Allawos & Company is a comprehensive global management business-consulting firm, tuned to enable organizations to identify and exploit opportunities through creative engagement built on a foundation of decades of senior management experience.

We are a global management consulting firm specializing in business plans, business development, corporate development, contract negotiations, employee surveys, strategic planning and turnarounds.

We service the aerospace industry to healthcare, semiconductor to farming and most industries in between.
Our comprehensive consulting services improve the client's condition and leaves behind the tools for growth.

Michael Allawos
President & CEO
Principal Consultant
California, USA

Larry Vertal
Senior Consultant
Corporate Development
California, USA

Ambassador Werner Brandstetter
International Diplomat & Strategist, Vienna

Albert van Rensburg
Senior Consultant
International Bus. Dev.
Gauteng, South Africa

James Kohlhaas
Senior Consultant
Systems Integration
Washington DC, USA

Dennis Alfieri
Senior Consultant
Real Estate/Gov. Affairs
California, USA

Stephanie Jones
Senior Specialist
Employee Relations
California, USA

Jim Shivers
Senior Specialist
Water Treatment
California, USA

Magnus Caspar
Senior Consultant
Basel, Switzerland

Dr. David French
Senior Consultant, Human Development
California, USA

Alex Kam
International Trade Specialist
China & Hong Kong

William (Bill) Dykes
Senior Business Consultant
Texas, USA

More information is available at
http://www.allawosandcompany.com
or by calling (626) 335-5015 or (626) 824-4546