



TAKE STOCK, THEN TAKE ACTION

An inside look at how online survey software improves the corporate enterprise

by Marcie Levine and Dr. Peter Tobia

Everybody loved Sarah. Hard worker. Employee of the Year. Always had a smile to share. Then one day it's two weeks notice. And she's gone.

Couldn't we have done something to keep her?

We all know the cost of turnover is extremely high. In today's low unemployment/high technology world, turnover costs keep getting higher. One database company realized it was costing \$70,000 every time it had to replace a \$48,000 employee. (Seattle Post-Intelligencer, September 29, 1997). And, as high as they are, direct replacement costs comprise only a small portion of the total cost of turnover. Employers need to look at the total potential costs of turnover if they want to determine how costly it really is. The loss of high performers costs more than money. It tends to impair the organization's memory, dilutes the ability to perform, and compromises the will to win. In short, it saps the organization of its vitality.

Fortune magazine has studied the correlation between satisfied employees and profits. Its January 1998 issue announced its choice of the "100 Best Companies to Work for in America," all of which were chosen because of their high employee satisfaction ratings and low turnover rates. The same issue carried an article entitled "Happy Worker, High Returns." In this article, Fortune's analysis revealed that of the 61 companies in the 100 Best that had been traded publicly for the previous five years, 45 had yielded higher results than the Russell 3000, an index of large and small companies that mirrors Fortune's 100 Best. The 61 companies averaged annual returns of 27.5 percent, vs. 17.3 percent for the Russell 3000. "Ten-year patterns tell the same story," the article stated. "The Russell 3000 racked up annual returns of 14.8 percent, while the publicly traded companies in the 100 Best averaged 23.4 percent." That's a huge difference.

The Princeton-based management consulting firm Kepner-Tregoe conducted a comprehensive analysis of the employee retention issue. The firm surveyed 1,290 managers and workers, examined the financial impact of employee churn, and undertook a qualitative assessment of 11 "Retention Leaders" - companies such as Corning, Hallmark, Hewlett-Packard, Johnson & Johnson, Motorola, and Steelcase. Kepner-Tregoe isolated seven practices common to all. They concluded that following these practices is key to reducing turnover rates, especially among high-performing employees.

Retention Leaders:

- Don't manage retention, they manage people.
- Have a culture of caring, balanced with a tradition of excellence.
- Have a stair-stepping process for conflict resolution.
- Keep their eye on the high performers.
- View people management as a strategic business issue.

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- Are relentless in their pursuit of continuous improvement.
- First take stock, then take action.

In taking stock, businesses need far more than the traditional operating data collected such as turnover reports, employee demographics or salary history. Although this information is important and necessary in making informed business decisions, it summarizes what has occurred in the past, and provides only half of the picture. Businesses need to understand more from the people they work with. They need to know what people think, what they want, how they behave, what motivates them on the job. They need to ask vital, on-target, strategic questions to have a significant impact on their business.

Retention Leaders make extensive use of employee attitude surveys, not simply as a thermometer, but as a lightning rod for change. Subscribing to the adage that, "if you can measure it, you can manage it," they keep their finger on the pulse of the organization, looking for early-warning signs of increasing turnover and related people problems. Perhaps what distinguishes Retention Leaders most is how they make use of the feedback they receive from their employees. It is never solicited only to be ignored.

Employee surveys, the traditional method of "taking stock," have typically been outsourced using paper-based solutions. Costs average between \$15 to \$30 per employee using this method. Traditional methods of conducting surveys can be costly and time-consuming, feedback can be minimal, they measure only a point in time, and results can take months to filter back to managers and employees. The potential solutions derived from these surveys are often out of date by the time the report is completed

Collecting real-time employee intelligence enables organizations to understand more about their employees. In turn, they can make better business decisions because they can combine past operating data with forward-looking intelligence. Results also provide an understanding of what issues and programs are important to employees, and what motivates them to become and remain high performing members of the business.

The benefits and value of capturing real-time intelligence data are significant and can directly impact a company's bottom line. They include:

- Enhancing insight: Top management understands the opinions and attitudes of employees; they don't have to guess.
- Providing early warning indicators: Solving problems early before they impact the bottom line.
- Deepening employee motivation: Employees engaged in dialogue see that their voices are heard and their input is used. It costs far less to keep an existing employee than find a new one.
- Helping the organization handle change: Businesses can sample the environment, make adjustments and anticipate instead of reacting.

As the use of the Internet and Intranets expands to most organizations today, survey software tools are now available to enable Web-based surveys that can be designed and managed in-house. Electronic and online survey tools can reduce the cost of surveying employees to \$8 to \$20 per employee -- representing a significant cost reduction over other distribution methods. Electronic surveys can also be implemented as a continuous process, eliminating stale and single event measurements that lead to out-of-date or incorrect conclusions. Automated design, administration, and analysis tools dramatically simplify the process while improving the overall quality of the information obtained, thus enabling quick feedback and analysis. With these cost savings companies can afford to first take stock, then take action

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As a case in point, SurveyConnect recently helped MindSpring Inc., an Atlanta-based Internet Service Provider, conduct their annual employee survey. MindSpring has grown exponentially over the past two years, and now have over 1,800 employees. Through organic growth as well as acquisitions, MindSpring relies on its Nine Core Values and Beliefs to maintain its culture and introduce new employees to the "MindSpring way". MindSpring manages people. They have a culture of caring. They view people management as a strategic business issue. They pursue continuous improvement. And Taking Stock has continued to be important to implementing the framework that will help the company in their continued growth strategy.

In the past, employee surveys were done annually, using paper and pencil instruments. Last year, an HTML survey was utilized but it required a dependency on internal programmers to generate. Then it had to be translated into a spreadsheet program for analysis. This year MindSpring posted an HTML survey to its Web site and informed employees through their email system. Employees completed the survey on the Web site and were assured of confidentiality and anonymity.

Responses were then imported into the survey software package in less than 5 minutes. There was no need for manual data entry of responses, no inaccuracies, and results were reported to the management team within two weeks after the close of the survey. Employees were given feedback within weeks, not months of the survey.

With the ease in generating and analyzing the annual employee survey, MindSpring now plans more frequent employee surveys as well as other types of surveys. Even though MindSpring is an Internet company, Cindy Buell, director leadership and organizational development, likes the fact that a high level of technical expertise is not required to develop and administer an on-line survey. "The time involved in the whole process has been drastically reduced, resulting in more time to concentrate on the emerging issues, rather than the administration" she says. John Bushfield, MindSpring's vice president of human resources, says "using online survey software allows us to increase the frequency, the focus, and facilitates rapid response to our employees."

Through the online survey process, MindSpring is able to manage its people more effectively, thus increasing employee satisfaction and decreasing employee turnover. With a deep corporate culture of caring, MindSpring views people management as a strategic business issue. They pursue continuous improvement, and "taking stock" has continued as a critical factor in implementing programs and policies that will help the company in their continued growth strategy.

Taking stock, then taking action will continue to play a crucial role in successful employee retention and performance as a strong U.S. economy continues on its current roll. Beyond the retention issue, taking stock and listening to employees makes good sense on a wide range of levels, from gaining a competitive edge to increasing bottom-line profits. With the continued use of the Internet as an everyday communications tool, and the growing availability of easy-to-use survey software tools, there's little excuse for not taking stock of your most precious resources.

About the Authors

Marcie Levine is president of SurveyConnect, producer of SurveyConnect and Survey Select *Expert*, software tools that allow professionals to design, administer and analyze surveys, as well as the ActiveView 360 family of hosted applications which facilitate the notification, collection, compilation and analysis of 360 degree assessments to help organizations of all sizes increase employee performance and improve their competencies. After spending 15 years in human resources management, Marcie was inspired to develop technology to simplify the survey process. In 1996, she founded SurveyConnect and launched their first product SurveySelect. Today, SurveyConnect is one of the top survey software products and, along with complete

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survey services, it is marketed to professionals worldwide. To contact Marcie Levine, please call (800) 945-0040 or e-mail her at mlevine@surveyconnect.com.

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