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5 Top Employee Retention Strategies

How many are you employing?

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Hospitality operators are facing unprecedented headwinds in today's marketplace. One of the top challenges they face is the labour market. **The hospitality industry's annual turnover rate often exceeds 75 percent for hourly employees and 30 percent for managers.** More often than not when speaking to with top line managers and owners they continually blame the size of the labour pool, how it is contracting, and the overall lack of qualified talent available. Those are factors however are beyond your control, and it is always imperative to focus on what you can control. All the following 5 strategies may not be applicable to your specific business, but there should be some core concepts that you can look at implementing in your operation.

Many of these strategies have a cost and time associated with them, but have you ever stopped to look at the true cost for your operation when an employee decides to leave your business? Some cost factors you need to consider will include job ads, interviewing time, overtime and strain on your existing staff, and a training cycles that can last 2-4 months, if not more. **Many experts believe that the true cost is between to 20% - 30% of a given yearly salary. For a chef earning \$50,000 / year that could be \$10,000 - \$15,000 in additional costs. Even training the 15 dishwashers who rotate through your operation on an annual basis could be costing you well in excess of \$10,000 / year.**



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01

Make tenure in your operation count for something!

One of the first steps you should take is to develop a tracking system to see how long your employees are staying with you in each position (Dishwasher, Chef, Server etc). This will give you insight into the average length of service and help you to develop programs to start increasing these averages. For instance, if your average line cook stays with you for 26 months, you can develop a timeline of rewards around that. Have performance and pay reviews every 6 months, then after 12 months a gift of some branded apparel from your operation. As you start to close in on your average, potentially look to have guaranteed bonuses at 24 months and at 36 months in this example. Bonuses may only need to be \$200-\$300 to be effective.

Another great idea is to make work anniversaries matter! You can use a sliding scale for the relationship between tenure and reward size to your advantage. You would be amazed what the effect a hand written thank you card and a \$10 gift certificate to a local business can have with your first-year employees. (Pro tip – Go trade some of your Gift Certificates with other business owners in town to reduce your cost)



02

Improve the communication in your restaurant, Period “.”

As an owner it is impossible to work in your business 24 hours a day but making sure there are good communication channels for all your employees starts with you. Group settings like full staff meetings, can be intimidating for some, and if you are not having one on one or small group meetings with your employees you may not have a good barometer of overall employee satisfaction and morale. Scheduling this will be position dependant. Some will not have to be every week, or even every month, just make sure you have a scheduling system in place, so you are not missing any of these important touch points.

We have all heard of exit interviews, well why not have retention interviews? Retention interviews are a great way to talk to your best staff members about why they like working for your operation. You can really dig in to what some of their day to day challenges and get their feed back on how they may approach improving these. Exit interviews are tough to get in the hospitality industry but should still be sought after as well. Sometimes a disgruntled employee can be hard to listen too, but there may be some points of negative experiences that you want to look to review and improve.

A chef in a white uniform is cooking in a stainless steel pan. The chef's hands are visible, holding the handle of the pan. The pan contains some food, possibly vegetables or meat, which is being cooked. The background is dark and out of focus.

03

Creatively improve employee compensation and workplace benefits.

Minimum wage and other input costs keep increasing, how can I absorb any more labour cost? Does this hit home with your operation? Well as we referenced before by not looking for ways to improve employee retention, it may be costing your business more in employee turnover than any potential compensation action could take. For a simple example an operation with 40 full and part-time employee who worked 50,000 hours per year looked to spend \$1 more per hour the cost would be \$50,000. If this same operation faced a conservative amount of turnover 25% (Industry average is 70%), with an average salary/wage of \$25,000, and 20% turnover cost to cover recruiting, hiring, training and management time it ends up at the exact same number \$50,000! Not to mention the headache and heartache of looking to find and train 10 new people each year!

We are not saying that giving your employees a \$1 raise will solve all your problems. What we are trying to show is that you can be creative with these funds to bring your employees more value and show them how much they mean to your business. Continuing with this example what if the 20 full time employees were offered a \$750 health care spending account each? They could use this money to cover any health care costs for themselves or their families. Then look set up bi-annual performance goals for the 20 employees who were under 3 years tenure for \$250. Then a similar program for the remaining 20 employees over 3 years tenure for \$400. Your total spend so far is \$41,000. You would still have \$9000 to spend on recognizing work anniversaries, running fun team competitions, and setting aside some funds to have a summer staff team building event.



04

Give your people a purpose.

The modern employee's satisfaction goes well beyond simply finding a job they like. Keeping employees productive and engaged these days, means making sure they find meaning and purpose in what they are doing. What is your operation's brand? Building your brand with your staff is just as important as building with your customers. This really needs to start right at the interviewing process, if a person isn't aligned with your brand, maybe they are not the right fit. Your brand can be an amazing way to unite your staff and get them all pulling for you in the same direction.

Career roadmaps are a great tool to implement for many positions in your organization. It is meaningful to show your employees that they can get from Job A to Job B with-in your operation. It is even more important to lay out the milestones they need to hit between the two. Finally, it is critical to re-enforce how you and the operation is going to support the employee all along the way to achieve this goal. Ask yourself a few questions: Does your hostess know your operations mission statement? What are the career goals of your assistant kitchen manager? What are some of your staff's favorite aspects of their jobs? Knowing the answer to these, and other similar questions will ensure you have a great pulse on the culture and purpose of your people.

05

Employee recognition initiatives should be a major focus in reducing employee turnover.

Did you know that when employees feel properly recognized and appreciated they are 75% less likely to look for a new employer? When you consider how much time and effort you spend trying to attract new talent to your operation, don't you think you should focus as much attention on keeping your best people happy and satisfied. Employee recognition is different than employee rewards and often does not have to have a monetary value associated with it. Over 40% of young workers today actually want to have feedback from their employers on a weekly basis regarding their job performance.

Have some fun in developing and maintaining these critical touch points with your employees. Pre-shift challenges, post shift awards, tracking restaurant metrics weekly, or using social media to recognize your employee of the "month" are just a few ideas that could work for you.



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Rome wasn't built in a day. I am sure, neither was your operation. Trying to implement too much change all at once is often a recipe for failure. Improving your employee retention and overall operational culture should be looked at like a journey. Define where you would like to be as an organization when it comes to defining your culture and brand. Take a hard look at assessing your current situation today and look for any possible blind spots that need to be addressed.

How do you eat an Elephant? One bite at a time! You should look to take this same approach to reach your desired destination. Set yourself short, medium and long-term goals. Give yourself time lines to follow and look to develop a sustainable process. Don't give up, improving your employee retention metrics will be a tough journey, but in the end it will be very rewarding.