

# Employee Retention: The Key to Success

By John Boyens

Retaining and motivating employees are two of the most difficult tasks for any franchise owner no matter how long they've been at it. So what are the secrets to retaining and motivating employees? To answer that question we need to understand what makes an employee want to leave or want to stay at a particular company. Let's first focus on the reasons they leave.

- Involuntary turnover (either through termination or layoffs);
- Voluntary turnover (employees choose to leave on their own); and
- Promotion.

*One can't fix something that's not understood.*

The first two types of turnover are the most devastating for franchisees. When a franchisee loses a salesperson who is performing it negatively affects their business in three ways. The effects include loss of sales performance; loss of knowledge, expertise, relationships; and loss of valuable "bench strength." One also loses the time and resources that were invested in training this employee. Franchisees can't build a successful business when they lose good people and constantly find themselves in the rehiring process. Worse yet, what happens if they go to work for a competitor?

## The Three "Rs" of Turnover

Why does turnover occur? Our research shows that as opposed to a single, isolated reason for leaving, employees (especially salespeople) will balance three organizational themes (rewards, respect and requirements) in their decision to remain with a particular company. The three "Rs" include:

- **Rewards.** Base salary, commission, benefits, incentives, continuing education opportunities, vacation time and retirement plans.



- **Respect.** How they're treated, work environment, personal and professional growth opportunities, recognition and implementation of some of their ideas.
- **Requirements.** Clearly-defined job duties, realistic goals and expectations and a dress code.

Franchisees who have successfully reduced turnover align goals and expectations across their franchise, invest in the personal and professional development of their people, ask for input from their employees on a regular basis, implement some of their suggestions and consistently review any potential sources of dissatisfaction.

One can't fix something that's not understood. Therefore, a franchise unit that is having significant challenges with turnover must find out which of the three "Rs" is currently in the greatest need of attention and put a plan in place to proactively address

*(Continued on page 60)*

(Continued from page 59)

the dissatisfaction.

Regularly addressing the three “Rs” of turnover helps create a culture where employees can thrive. Culture affects how people feel when they go to work. Is excellence required or is “good enough” tolerated? Are customers and employees treated in a valuable way or just a number or a dollar sign? Culture also plays a huge role in customers’ decisions whether or not to return to a particular store or business.

### Changing Your Culture

In looking for ways to improve the culture of a franchise, it would be wise to follow these guidelines:

- **Create a positive work environment.** Clean facilities, comfortable furniture, modern fixtures, ample workspace, proper equipment, current technology, break rooms and kitchens that are an appropriate size, and ample parking are examples of creating a positive work environment.

- **Ensure a high level of employee involvement.** Give employees responsibility for helping to direct a change in culture. This empowerment diminishes resistance by creating a partnership of the eventual outcome with the people who are most affected by the change.

*When they get scared, they resist.*

- **Ensure continuous communication.** By communicating on a regular basis and in various forms (face-to-face, phone, voice mail and e-mail) one builds motivation and buy-in for all employees. People should be brought into the loop to ask questions and provide input so that they understand what needs to be done. When “fixing” an existing system and there are too many things changing at once, people get scared. When they get scared, they resist. The key is to continually communicate what the problems are, what the desired future is and how the employees will benefit from the changes.
- **Identify potential sources of resistance in advance and develop strategies for overcoming them.** People react to change in different ways. Some embrace it while others need to be brought along kicking and screaming. Resistance is sure to be intense if employees aren’t heard from and if conflict and challenges are swept aside. Remember, most people fear the unknown. Fear and loss must be dealt with and worked through. Fear can only be reduced with information and management’s willingness to listen to input, frustrations and concerns and respond accordingly.
- **Celebrate success.** Recognize and celebrate successes along the way no matter how small. Success is a journey, not a final destination.

### Practice Proactive Communication

Nine-tenths of all problems with managing people stem from poor communication.

Ever feel that “nobody gets it” and get tired of always trying to clarify the meaning of what was said and apolo-

Q: How much would you pay to receive payments faster and easier?

A: Nothing.

Western Union® Payment Services offers a no charge solution to accepting payments from your franchisees. Our services offer them more ways to send payments, which increases the likelihood that they’ll send payments on time – keeping your cash flow strong. Whether it’s over the phone, Web, e-mail or at any of our 48,000 participating U.S. Agent locations, Western Union Payment Services provides electronic and cash bill payment services that can help you prevent late payments, reduce costs and gain operational efficiencies. We can even help you with cash disbursements.

**Call today to see how you could streamline and cut costs at no charge to you.**

**WESTERN UNION** | ®

**PAYMENT SERVICES**

Donna Kennedy, Director of Business Development

☎ 303-471-2425 or ✉ Donna.Kennedy@westernunion.com

© 2006 - 2007 Western Union Holdings, Inc. All Rights Reserved.

gizing for not saying what was meant? If this keeps happening, perhaps its worth looking at the way the message is being delivered. Research shows that people retain only 10 percent of what they hear 72-hours later. Written communication has a 20 percent retention rate. That is why it is critical for owners and managers to provide proactive, consistent and clear communication. Remember, the biggest stumbling block to good communication is poor listening. Here are five ways to be a better listener:

- Eliminate distractions,
- Get rid of excess paper to reduce distractions at your desk,
- Know blind spots, assumptions and prejudices,
- Be an active listener, paraphrase, ask questions, and
- Be an empathic listener and listen to the way the message is being said.

### Motivating Your Employees

Do you know what motivates each employee? Is it recognition? Is it public praise? Perhaps they're motivated by certificates, trophies or awards. Maybe they're motivated by money or gifts. If unsure, find out. The best way to find out is to ask them. Get to know employees as people before getting to know them as employees. That knowledge will help to know how to get the absolute best out of each of them while at the same time recognizing and rewarding their individuality.

### Hire the Right People

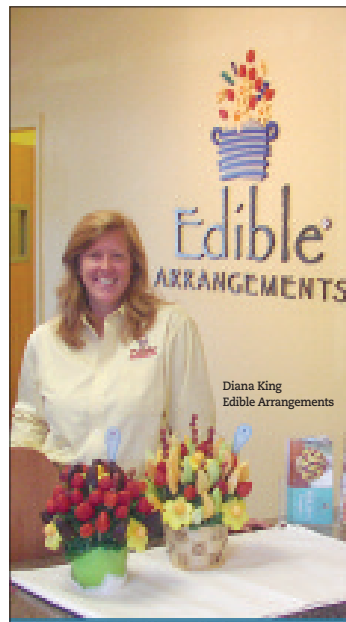
One reason franchisees suffer turnover problems is because they haven't done a good job hiring employees in the first place, especially salespeople. Often during the interview process the owner subliminally switches from interviewing the person to trying to hire the person. Consider that the company has had an open position for quite some time. The owner or other employees have to cover for that position and it's putting quite a bit of strain on the business. A candidate appears at the door that at least "looks the part." She sits down for the interview and as she answers the first question the interviewer observes that she is reasonably articulate and she answers subsequent questions the way the owner wants them to answer. All of a sudden

the owner moves into the hiring mode and begins to tell her about the job. The owner sells her on the franchise, including selling her on the benefits and so forth. The owner does everything except interview her. One way to keep from falling into that trap is to use a process called behavioral interviewing.

**The biggest stumbling block to good communication is poor listening.**

Behavioral Interviewing is a technique that enables the interviewer to extract relevant information to help distinguish a good hire from a bad hire. It is based on the fact that a candidate's past and present behavior is the best predictor of how he or she will behave in the future. Behavioral traits don't appear on a resume, they can only come from an interview. Furthermore, interviewers need to obtain repeated examples of a specific behavior to ensure that the behavior they are observing is real and

*(Continued on page 62)*



Diana King  
Edible Arrangements

Print, Ship & Insert  
as low as **4¼¢** each

Full sized inserts: 4-color, 2-sided magazine quality printing, with low minimums

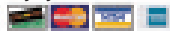
Automatic newspaper insertion in hundreds of US markets, including most of the top 25

Customized for EACH location, so every store can display their own unique offers, address, etc.

No charge for shipping

Direct franchisee billing

Pay by credit card



**Put More Power in Your Local Store Marketing!**

Newspaper inserts deliver new customers every day

“I have only advertised one month, and in that time, the newspaper insert completely paid for itself.

I have not received such a strong return on any other marketing venue.

I can't wait to see what happens as we begin to build momentum. I have already signed up for my second month and am planning the third.”

—Diana King, Edible Arrangements, Asheville, NC

**Call today! Boost your bottom line next month!**

**FranchiseXpress®**

Jim Lipson 1.800.248.4667 x2

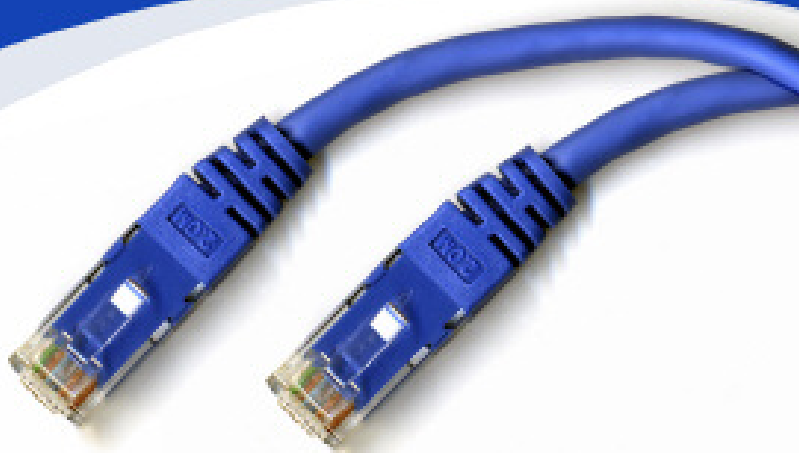
jlipson@gannett.com

www.franchisexpress.com



# FranchiseForSale.com

A Comprehensive Listing of Franchises and Businesses For Sale



## Connecting you to your target market.

FranchiseForSale.com is  
one of the largest online  
franchise directories.

**Over 400 advertisers can't  
be wrong.**

Give us a call today and  
start planning for growth.

# 800.497.4975

**Booth #726**

*(Continued from page 61)*

not just turned on for the interview itself.

Interviews not based on exploring past behavior with previous employers inevitably focus exclusively on education, experience and knowledge, exactly what's on the resume. While education and experience are clearly important, they only reveal what a candidate "says" they did. Behavioral interviewing helps drill down to the core of a candidate's past performance and what he or she is likely to do in the future.

During the interview, it is important to ask questions that require the candidate to describe how he would handle certain real-world situations. In other words, how would he behave if that situation were to present itself today? Here are some examples of behavioral or situational interview questions:

- Tell me about a difficult customer situation that you were able to satisfactorily resolve.
- Describe your job hunting process and desired outcome.
- Tell me about a time you had to complete a rush project with no resources and little direction.
- Describe the best boss that you've ever worked for and what made them so good.

Review the secrets to minimizing turnover:

- Proactively manage the three "Rs" of turnover,
- Create a culture where all employees can thrive,
- Practice proactive, consistent and clear communication,
- Know what motivates each of your employees and act accordingly, and
- Do a better job on the front-end when hiring employees by using behavioral interviewing. ■



*John Boyens is the president of the Boyens Group. He can be reached at 615-776-1257 or john@boyens.com.*