



Businesses May Be Pressed to Retain Top Workers

When workers want to leave, small businesses need to offer them something besides money

By Joyce Rosenberg

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This scene is likely to play out at many small businesses in the coming months:

One of the company's top performing employees comes in to see the owner and says, "I've been offered a job at XYZ Widgets. They're going to give me a substantial raise. Can you make me a better offer?"

Many owners will be hard-pressed to come up with money to keep staffers who want to leave for better-paying jobs. But small companies can win a bidding war by offering more intangibles and flexibility than their larger competitors.

A JOB IS NOT JUST ABOUT MONEY

Rob Wilson, president of Employco, a Chicago-based resources outsourcing company, said his small business clients are starting to see employees recruited by larger firms. And many small businesses still have tight cash flows, making it hard to give a big raise.

What they can offer, however, are non-monetary benefits such as flexible scheduling and more vacation time. Wilson noted that many people start new jobs with a minimum of vacation time. A current employer can use extra vacation time to be competitive.

But, Wilson said, there are other benefits that will appeal to ambitious employees, including the chance for professional growth. Wilson said owners need to point out to employees that because they work for a small business, "you are much more involved than you would be with a larger company."

Wilson said workers also need to know what their roles will be as the economy improves and business picks up. He recommends telling an employee, "you've helped me through the last years, getting through the recession. You're a key person. Help shape the future."

Leza Raffel, president of The Communication Solutions Group Inc., a Philadelphia-based public relations firm, has had such a talk with a senior staffer who was considering what her other work options might be.

Raffel talked with the staffer about the future, and told her that when Raffel is ready to stop running the firm at some point, "I want my core people to be the ones who carry this business on."

TALK WITH STAFFERS LONG BEFORE THEY WANT TO GO

Human resources consultants say open communication is a good strategy when you're trying to persuade an employee to stay. But they say it's also something companies need to be doing all along. Communication can be the proverbial ounce of prevention, helping employees to feel valued and that they are truly part of a team.

Raffel, who has four employees, practices what she calls open book management.

"I find it is best to share all financials with my team so that they can see what we have to work with as far as revenues go and what our expenses are," Raffel said. "I update them on new business prospects constantly, so they know that I am working to address the economic hurdles."

She also offers flexible scheduling and, for senior staffers, profit sharing. Raffel also brings personal touches into the workplace, including birthday celebrations and giving \$100 gift certificates on the company's anniversary.

Keeping an upbeat attitude in a company will also make staffers less likely to leave.

Fred Meyers, president of The Queensboro Shirt Co. in Wilmington, N.C., said "being successful and making sure that your business is winning" is a way to retain your best employees.

"One thing that everyone responds to is being a winner, being in a productive and positive environment," he said.

ANOTHER VIEW: LET THEM GO

Michael McKean, CEO of The Knowland Group, a Salisbury, Maryland, business software company, said he learned the hard way that it's not worth trying to hold on to staffers who want to leave.

A high-level staffer said she was leaving. So the company gave her more pay and a car, "an offer that was amazing for someone in her position," McKean said.

"Quite frankly, if she had left, it really would have hurt the company," he said.

Then, about six months later, "we discovered some fairly serious malfeasance on her part," McKean said. He declined to give details.

Now, if a staffer says he or she wants to leave, "we say, 'Good luck, more power to you,'" McKean said.

"If you've got to throw money to get them to stay in your business, you've got to wonder where their loyalty is," he said.

McKean also learned something else from the company's experience: No employee should be so indispensable.