



Rolling Out the Recognition!

**Employee Retention
Strategies
for
Manufacturers**

Presented To:

From:

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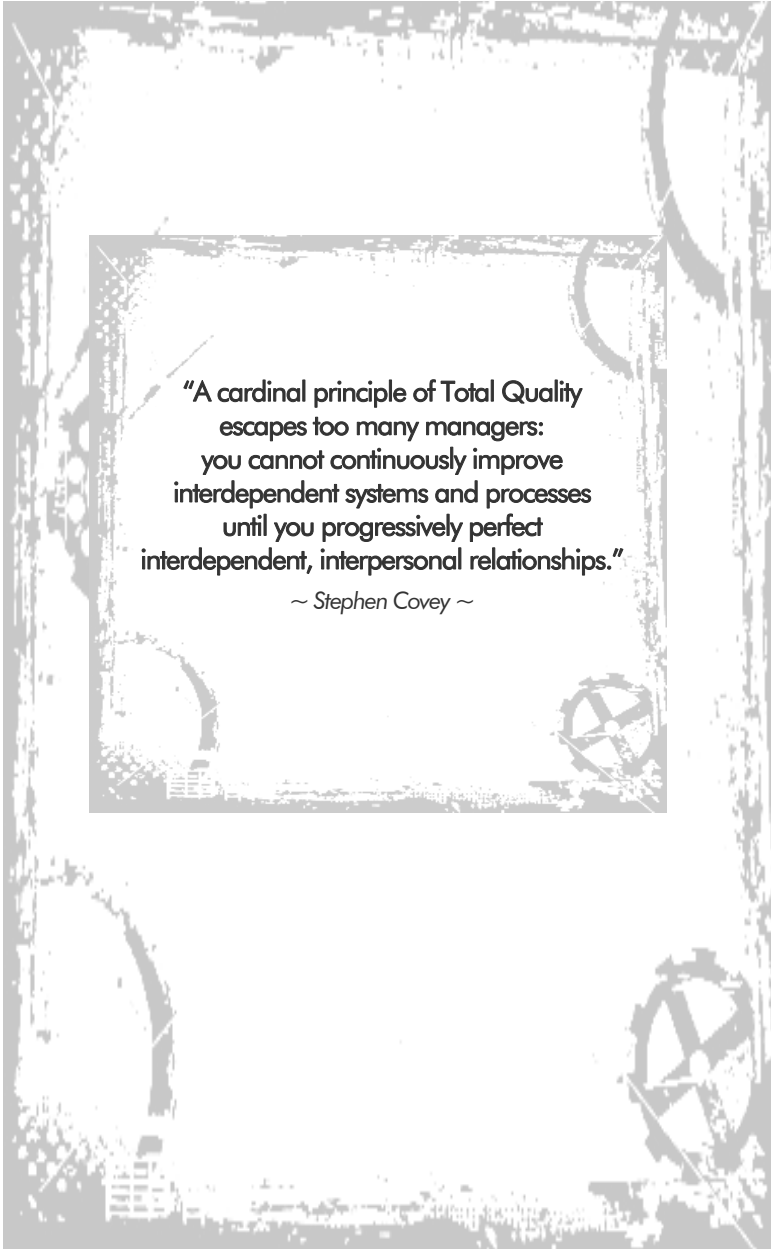
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**"A cardinal principle of Total Quality
escapes too many managers:
you cannot continuously improve
interdependent systems and processes
until you progressively perfect
interdependent, interpersonal relationships."**

~ Stephen Covey ~

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Rolling Out the *Recognition!*

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Employee Retention Strategies for Manufacturers

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Dedication

This book is dedicated to all American employees
working in the manufacturing industry.
Your contributions and sacrifices are unwaveringly
appreciated by your families, your companies,
your communities, and our country.

Thank you for manufacturing with pride – in the USA!

In Appreciation

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INTRODUCTION



“Hard working manufacturing employees want recognition from their employers too!” These words frequently escaped from our lips as we have met and consulted with manufacturing clients. It was apparent that traditional American white-collar companies were far more apt to have some form of an employee recognition program than those in the manufacturing industry. Walk into any major service-related company and the walls are plastered with employee-of-the-month plaques and the lapels of employees’ shirts are sporting pins announcing years of service. Yet your average factory walls hold only design specs, machine operation instructions, and pizza delivery menus. And the clothing worn by manufacturing employees rarely have lapels in which to stick any type of pin!

Manufacturing in America provides great benefits to the economy and our quality of life, but it is being challenged on several fronts. These challenges will only be met when companies understand the facts associated with modern

manufacturing and its modern workforce. The demand for change by the new generation requires organizations to become smarter in relation to its human capital investment.

It is increasingly obvious that those coming into the workforce want companies to recognize them. It is also true that companies adopting formal recognition programs benefit the most. Findings from a recent Watson Wyatt Worldwide study indicate that **companies with an effective recognition program realized a median return to shareholders almost double that of companies not having such programs in place. WOW!**

Manufacturing leaders are reaching out to our consulting firms because of their overwhelming demand for welders, engineers, machinists, and production workers. Often, their challenge is multifaceted: they want solutions to the constant turnover, in addition to new ideas for recruiting, developing, and retaining new hires.

Frustrated, a stressed Plant Manager would say, "I don't get it - we pay pretty well and we have a solid benefits package, but we just keep losing our most valuable employees. We run help-wanted ads and put signs out that we're hiring. And maybe, just maybe, we'll get two to three applicants but they either can't pass the drug test or don't even show up after the second day! Can you please help us?"

The main message we strive to share is that salary or pay is rarely the primary cause of employee turnover. Almost unwaveringly, all the research and surveys as to the causes of turnover continue to purport this one screaming result: employees feel under-recognized and undervalued!

Fewer than one in three American workers, according to Gallup research, can strongly agree that they've received **any** praise from a supervisor in the last seven days.

But when employees could answer, "YES! In the last seven days, I have received recognition or praise for doing good work," there was a difference of 10% to 20% in their organization's revenue and productivity.

Employees who report they're not adequately recognized at work are three times more likely to say they'll quit within the next year.

In a joint survey conducted by the Society for Human Resource Management and *The Wall Street Journal's* CareerJournal.com more than 75% of employees are looking for new jobs. OUCH!

In a recent National Recognition Survey, sponsored by World at Work (www.WorldatWork.org) and the National Association for Employee Recognition (www.Recognize.org), employers were asked to respond to questions regarding their current recognition program initiatives (YES! There actually is an Association for Employee Recognition!! I wonder if the bosses that really need to be members have joined... or is the membership compromised of professionals like you that understand the power of employee recognition and are willing to take the time to read and implement recognition strategies?)

The survey revealed:

- 87% of the responding companies reported they had some form of an employee recognition program and 40% of the respondents indicated they were expanding their programs.
- The responding companies reported they certainly hope to achieve a number of results through their recognition programs, but creating a positive work environment was the top reason cited in this survey (80%).

Other goals included:

- Creating a culture of recognition (76%)
- Motivating high performance (75%)
- Reinforcing desired behaviors (75%)
- Increasing employee morale (71%)
- Supporting the organization's mission and values (66%)
- Increasing retention/decreasing turnover (51%)

Additional reasons for adopting these types of programs are: reducing costs; attracting and retaining key employees; increasing employee productivity, competitiveness, revenues and profitability; improving quality, safety and customer service; and lowering stress, absenteeism, and turnover.

How Your Organization Can Build an Effective Recognition Program

According to the Society for Human Resource Management and attorney and author Teresa Daniel, an effective recognition program must include these components:

1. Management Assurance

Managers must be completely willing to commit the time, resources, and necessary follow-up to ensure the program has credibility and longevity. This is the most vital ingredient to the success of any recognition program.

2. Link the Rewards to Bottom-Line Results of the Company

To be effective, any program must connect with the needs and expectations of the workforce as well as the company's overall goals and strategies.

3. Recognized Value of Awards to Employees

Employees must understand the mission — why the incentive program is being launched. They must be convinced the chosen recognition system is appropriate for the sacrifices that will be expected in order to achieve the program's goals. The way to make this happen and guarantee "buy-in" at the same time is to give employees ownership of the program. Employees must have some opportunity to make decisions and exert control over the program's direction.