Loop Health

HR Resources

Retaining Your Best Employees

Employee Retention

Topics Covered;

- Managing regretted turnover
- Assessing employee engagement in your org
- Retention bonus agreement
- Assessing the risk of employee churn and its causes

Why?

At Loop Health, we've reviewed proprietary data from nearly 3,000 partners and found that the most successful HRs and recruiters are deeply tactical. These leaders track project management, cost analysis and map people management metrics to business outcomes. We've decided to share these insights with the HR community at large in order to help practitioners go from HR *analyst* to HR *strategist*. **These guides will be useful for new HR associates who are learning about the world of organizational management, as well as HR veterans interested in elevating their game.**

At Loop Health, we're fortunate to work with visionary HRs everyday. Our HR partners work across their organizations to optimize not only hiring, compliance, productivity and retention, but employee experience, leadership, learning, development and more. It's not uncommon for HR to be at the centre of organizational restructures and establishing company values – and these areas are more important than ever for modern companies. Setting expectations and prioritizing areas to focus on has never been more challenging. With these challenges come significant opportunities for HR leaders.

Before we get started

At Loop Health, we're building the easiest-to-use health benefit provider in India. We offer free OPD services for all of our partner companies. Learn more at www.loophealth.com or reach out to our Head of Partnerships, Pranaav Marathe, directly at +91 99703 58844

Prevent regretted employee turnover (RTO)

Why employee turnover doesn’t cut it as a KPI

There can be lots of reasons why people leave organizations:

- They’re terminated.
- They resign.
- They retire.
- They decide to get their professional degree.
- They decide to become a stay-at-home parent.
- They're not bad enough to terminate but they're not good enough to promote and they've plateaued professionally and then bypassed by more promising talent.

All of these circumstances count as “turnover." It’s typical for organizations when measuring turnover to group all of these reasons and to see them as equal, but what this amounts to is mostly meaningless data: the reasons listed are not equivalent in impact.

Turnover actually says very little about your organization: it’s too easily influenced by what is going on in the economy (a hot job market produces higher turnover) and can be a function of how good you are at recruiting the right candidate (hiring a poor fit produces more turnover). Turnover data is itself deceptive. For example: If you run a call center, turnover can run as high as 200%. On the other hand, if you experience a turnover rate of 20% among your developers, that’s probably a crisis. Having a turnover rate for the entire company that combines that call center turnover with the developer losses won’t lead you to make the right key decisions.

Stop measuring turnover, especially for the entire organization, and **start measuring Regretted Turnover (RTO).**

What is regretted turnover?

Regretted turnover involves people who leave, you didn't want them to leave and you didn't have plenty of advance notice they were leaving.

Counted in RTO data:

- People who you didn't want to lose but they're leaving and you didn't have plenty of notice (e.g., 2-3 months) they were leaving.

Not counted in RTO data:

1. **People who you want to keep but you know are leaving**. This includes scenarios where you have advanced notice, such as:

- An employee gives you six months advance notice they're leaving for a graduate program and you have an opportunity to groom a replacement.
- An employee who is retiring at a pre-set date who you don't want to lose but again, you have advance notice.

2. **People who you are separating with but you don't see their departure as a significant loss** (they're either easily replaced or they weren't a key performer).

RTO is only useful when it is consistently defined.

It's important to understand the distinction between who is and isn't eligible for RTO status. If your organization is going to move from measuring turnover to instead tracking regretted turnover, you need to make sure everyone capturing data is capturing the same data. Consider the following:

- The Asia-Pacific Division Director defines RTO as **"everyone who left that we didn't terminate."**
- The US Division Director defines RTO as **"people we didn't want to lose, even if we had advance notice they were leaving."**
- The Europe Division Director defines RTO as **"people we didn't want to lose and didn't know they were leaving."**

Due to the varying definitions of regretted turnover, the company is going to end up with an inaccurate data set. It's critical to make sure that everyone collecting data on RTO is aligned around the same definition.

It's often very easy for organizations to encourage poor performers to leave but officially the manager will say it was the employee's decision to leave and the company will miss them—thus making it seem like it's RTO.

> Don't confuse a public PR stance with the actual evaluation of the employee and your organization's standard for what constitutes RTO.

Why care about regretted turnover?

Your organization will always lose people you don't want to lose. But when you have advance notice (because someone is retiring or staying home to raise children or making some other career altering decision), your business has an opportunity to plan for that change. You can:

- Start sourcing for replacements.
- Groom replacements in-house.
- Look to offshore that work.
- Change the nature of the role or position so you can more easily find a replacement that works.

Those losses are tough but you have time to adjust. And there will always be people who leave who were solid performers—but are easily replaced and their departure isn't a significant hiccup to your business. In fact, **turnover like that can often be useful because it leads to an infusion of new talent and fresh insight.**

The turnover that actually matters is when it involves good performers (those who are difficult to replace with someone equal or better) and we don't have enough advance notice.

Measuring and understanding regretted turnover in your organization is very revealing. It can:

- Identify ongoing issues with engagement or a specific manager.
- Tell you if you're not competitive with benefits, wages, or work environment with your competitors.
- Help you identify problems that may be obstacles to critical objectives.

- Help you be strategic with your human capital.

You don't have enough resources to do everything you want, so you want to focus on critical people and the ones most at risk. RTO metrics help you identify those kinds of problems and issues.

What regretted turnover tells you

Regretted turnover tells you where we have critical issues. For example, if the overall turnover rate for your company is 8% and the sales team has an 8% turnover rate, nothing seems to be amiss. But if you're measuring RTO and it's 2% for the company and 8% for the sales team then you'd sit up and take notice. At a minimum, you'd want to know **what explains that difference** (e.g., why are you seeing a higher rate of turnover among sales team members that you don't want to leave—what is going on?) Realistically, RTO rates will rarely be consistent across the entire company and across all teams so you'll always see some differentiation.

What does differentiation tell you

1. It's the manager

There are lots of reasons for regretted turnover that would explain why one team or unit has a higher rate. For example, while we commonly talk about an "organizational culture," the reality is that **every organization has subcultures.** So while your organization may seek to have an inclusive culture that accepts and acknowledges diverse performers, you may also have teams with sub-cultures that reward conformity and homogeneity or discourse some key corporate values (thus encouraging good performers to leave the company).

There is a frequent saying within the Human Resources field: 'People join companies and leave managers'. - Joe Willmore

When some teams or business units have higher RTO rates, you'll want to take a closer look at their managers. Google found with Project Oxygen that managers that score lower on both employee evaluations and peer/management performance assessments also had employees with significantly higher RTO rates. A higher RTO does not mean the manager is a bad apple—RTO could be due to other factors. But looking at the manager is always a good place to start. You may have managers (because of their higher RTO rates) that are costing your company money and making work for your talent acquisition team.

2. It's a lack of engagement (autonomy, purpose, and/or mastery).

There is a tendency to assume that if you've got a lot of regretted turnover in particular departments, **it must be a function of pay and benefits. This is not an accurate assumption.** If engagement scores are generally high across the company, pay and benefits usually isn't sufficient to encourage good performers to jump ship. Daniel Pink argues that, for engaged performers, other factors **(like autonomy, purpose, or mastery)** are what make the difference.

If you have any kind of human capital analytics program, you can look at the data to see what common factors are driving your regretted turnover. This kind of analytics data may also **help you to identify predictive elements** that suggest who is likely to leave in the future (so you can either take steps to reduce the likelihood of those performers leaving or you can work to mitigate the impact of their departure).

For example: Imagine that you looked at employees over the past two years who fell into the RTO category and discovered the following characteristics:

- Didn't participate in company **giving or charity events** in the past year.
- Didn't qualify for a **performance bonus.**
- Didn't participate in the **company blood drive.**
- Maxed out their **personal time off last** year.
- Worked for a **manager who rated in the bottom 20%** of the company.

Now suppose that 75% had shown **at least three** of the following five characteristics. None of those factors by themselves could constitute a reason an employee chose to leave, but they can become leading indicators when combined. ***If you identify a pool of current employees who share most of those characteristics, you need to look at steps to mitigate the risk of regretted turnover.***

Maximize insight with regretted turnover data

1. Segment data

Once you've begun to measure regretted turnover, segment your data (e.g., identify critical roles or teams and then look at RTO for those roles). You may not want to lose valuable performers in operations but if you've got a good bench, you can weather their loss. But if you're thin with engineers or it's critical to keep your best sales staff, then segmenting RTO allows you to focus on the strategically critical roles (e.g., the ones that will make or break your business and determine if you hit your strategic priorities).

Segmenting makes even more sense when you realize you may not have enough resources to plug all the holes or fill every position. If your Developers are critical to your business success and your RTO in that role is high, knowing your regretted turnover rate for that role will push you to take corrective steps to either prepare for those losses or find a way to correct the problem. So to take your RTO analysis to the next level, segment: identify which teams or units are the most critical to your business and then look for regretted turnover.

2. Look at tenure

An additional way to segment RTO data is to observe tenure**.** Most regretted turnover will happen in the first two years of employment (and for IT roles, even less than two years). Typically what explains this is that a new hire discovers things don't match their expectations. If you discover you've got a jump in RTO among employees who've been with you five years or longer, that's a data point that should be a little scary. It points potentially to several interrelated structural issues:

1. **You may have a dysfunctional culture.**
2. **Employees may feel plateaued (e.g., unable to progress).**
3. **Employees are unhappy with the direction of the company (particularly if there is a new initiative).**
4. **You've got an engagement issue.**

How to address regretted turnover

So you've started tracking regretted turnover data—what next? There are a couple of different things to do with this information.

1. Conduct root cause analysis with RTO data.

Many management teams assume that regretted turnover is a function of pay and benefits. Don't fall into that trap. And don't fall victim to confirmation bias either. In exit interviews, employees find it easy to say that it's a matter of pay or benefits. Look at your metrics associated with the regretted turnover—what do all these employees have in common? Look at comparisons with competitors. Even if your existing talent says it's about better pay or benefits, if the competitor isn't consistently paying above the industry standard and talent is still staying there then you know it's about more than pay or benefits.

2. Look at engagement.

There are a lot of factors that contribute to engagement. So it's a mistake to assume that your corporate engagement levels are all due to one factor. But what is generally true is the more engaged a performer is, the less likely they are to become an RTO statistic. So monitoring engagement scores can help you stay ahead of regretted turnover.

3. Use stay interviews.

Stay interviews can be conducted in three ways:

1. **All new hires get a stay interview within their first six months on the job** to see how well their experience is aligning with their expectations.
2. **All employees (or at least those in key roles) get a stay interview annually.**
3. **Lay out a series of topics and make it clear to each manager that they're expected to know the answer to each of those questions for every employee on their team.** (Note: In this case, the stay interview would probably be more informal: a manager simply makes it a point to weave these topics into other conversations with the employee.)

Helpful analytics for calculating regretted turnover

It's important to have a consistent and aligned definition of what you mean by RTO: it's not just everyone who leaves that wasn't formally fired. But there are other metrics that can also help you get important insights about regretted turnover in your organization.

1. **Identify common traits that most of your RTO performers share.** A lowly rated manager, unpopular project, or dysfunctional culture in a specific team will allow you to anticipate future problems and act to reduce regretted turnover in the future.
2. **Connections to managers matter.** Determine if particular managers are driving most of the RTO in your organization.
3. **Determine if most RTO happens within a specific employment timeframe**. For instance, if 70% of your RTO happens to new hires (in their first six months) than there's a good chance your talent acquisition team is making unrealistic promises in a desire to quickly fill positions (which actually makes things worse—you go through the time and cost to fill a position only to have to fill it again in six months).
4. **Determining the cost of RTO for your organization is a useful data point.** At a minimum you should be able to determine what it costs to recruit and

then fill a specific critical position (let's say a webmaster). With a little more work, you can identify how long it typically takes to get this performer up-to-speed. This data on the cost of RTO can help you get:Senior management's attention because this is money walking out the door every time you have regretted turnover.Managers to understand how critical it is to anticipate problems and try to develop fixes rather than let it escalate to the point that a valued employee walks. Managers continually pressure recruiters to fill positions ASAP. But if the cost of this is to fill a critical position with someone who is going to leave in six or nine months, it makes more sense to wait a little bit longer to get the right fit. Or work even harder to prevent good talent from leaving.

How to improve regretted turnover numbers

If you've got too much RTO, especially in key areas, what can you do to reduce it? Your answers (and there are usually multiple actions you'll need to take) start first by understanding why you've got high RTO. Do not automatically assume you're going to fix this by raising pay or benefits.

1. Look at the relationship with the manager.

The most long-lasting way to reduce RTO is to improve the work relationship between performers and their team lead or manager. This is not about friendship: it's about how effective the manager is, if they do a good job bringing out the best in the performer, if they make their team a desirable place to work.

2. Get ahead of the curve.

It's too late to address RTO when you have employees telling you "I've got an offer from X and I'm thinking of taking it," so you get involved in bidding wars to keep valuable talent. You need to identify when people are starting to get an itch to go elsewhere before they make that decision or return the call from that headhunter. Two things are critical here: **first, stay interviews and second, i**dentifying leading indicators and metrics for RTO. You need to be addressing potential RTO before employees are dissatisfied.

3. Start with the critical roles first.

You may consider every employee valuable but some have more impact on the business than others. Identify the critical roles and make sure you have a good sense of how those performers are feeling. Are they happy campers? Or are they grumbling and uncommitted?

4. Check your talent acquisition process.

In the rush to fill positions, a recruiter will sometimes pick someone who is prone to leave and isn't really excited about your firm or the work--this is just a raise in pay for them (and they'll jump ship at the next opportunity to get another bump in pay). It's better to leave a position vacant an extra month to make sure you find the right person than to be in a rush to fill it (with someone who will be quick to leave so you'll be stuck filling the position again in 6 months). If your recruiters are over-promising or creating unrealistic expectations, this will show up in stay interviews in the first 6 months. [Link to How to hire a recruiting firm]

5. Build engagement.

The more engaged employees are, the less regretted turnover you'll have.

6. The more committed performers are to the mission or purpose of the organization, the lower your RTO will be.

So building in "line of sight" (so workers see how their job affects the end result) or having something that makes the world a better place or just doing a better job selecting talent interested in what you're doing--all of that will contribute to lower RTO.

How to assess employee engagement in an organization

Process Overview

There's lots of talk about employee engagement. A lot of people presume to know what it means and so are remarkably imprecise when asked to define it.

In this article, we will look at:

- **What engagement is.**
- **Why engagement matters.**
- **What contributes to engagement.**
- **How to measure engagement.**
- **How to improve engagement within an organization.**

What is employee engagement?

Employee engagement reflects employee commitment. It is the extent to which employees believe in what they do, feel valued for doing, and how much intellectual effort they are willing to spend to make a company successful.

Engagement is not about morale or how happy people are at work:

- You can enjoy coming to work yet still be uncommitted.
- You can have an optimistic personality yet not really be passionate about the job.
- You may really like the perks you have yet not to be invested in the success of the business or care about the company.

This is why:

- Climate/morale surveys don't assess the level of engagement.
- Bonuses, benefits, and additional perquisites don't necessarily result in higher levels of engagement.

Why does engagement matter?

Most people understand that it's a good thing to have employees committed to their work. But what does this mean in practice?

A number of sources from Gallup to Towers Watson have found that employees with higher engagement levels tend to believe that what they do makes a difference.

Highly engaged employees are less likely to become regretted turnover candidates. A highly engaged employee is more likely to work longer hours (though keep in mind, the inverse is not true—someone who works longer hours isn't automatically highly engaged) and is more likely to take initiative. Employees with lower engagement scores are more likely to leave the company and to produce less or perform at lower levels while they remain an employee of the company.

What contributes to engagement?

Engagement is more than just being happy at work or liking your team members. Daniel Pink argues that engagement is a factor comprised of three elements:

Autonomy	The more control and micro-management, the more you potentially contribute to lower engagement levels.

Mastery	● Recruiting talent interested in not just getting better but driven to advance their technical skillset (e.g., continuously learning, surpassing job requirements, willing to test themselves). ● Work environments that encourage getting better and reward continual learning.
Purpose	● Feeling like what you do has a real impact on whether the company succeeds or fails. ● The difference between perceiving your work as "a job" versus your work as "a career" or "a mission" or "a calling."

From these three factors, it should be obvious that someone's manager has a big impact on their engagement level: someone who micromanages or focuses on just getting work done (versus getting better) will generally produce team members with lower engagement levels. It is recommended that expectations, feedback, and development be shared (and consistently discussed) between employees and management from the very beginning.

To ensure this communicative cadence, check out these discussion guides:

Expectations	● How to discuss expectations to employees (as a people manager) ● How to discuss expectations to people managers (as an

	employee)
Feedback	- How to give feedback to employees (as a people manager) - How to give feedback to people managers (as an employee)

Development	- How to discuss an employee's development (as a people manager) - How to discuss your development with a people manager (as an employee)

How to measure or track engagement

“Are you engaged?” This question usually doesn’t provide useful data since it’s too broad. The engagement levels of team members will be shaped by a range of factors. Based on research by Gallup, SHRM (Society for Human Resource Management), HCI (Human Capital Institute), and Korn Ferry, there are certain metrics that can help you determine how you’re doing with engagement.

Clarity of expectations.	To what degree do employees feel they have a handle on the work, the performance standards, and perceive a chance of success?

Opportunity for development.	This is more than just whether or not there's any available training: do performers believe they're going to grow on the job?
Utilizing their strengths.	To what extent do employees enjoy using their skills or deploying their technical strengths in the work they do?
Relationships.	Gallup in particular likes to ask about how strong are the key relationships. This is not about whether or not the team is cohesive or gets along. Rather, it asks whether or not there is a professional relationship with high trust (e.g., the employee couldn't see leaving the company because they'd sever that relationship).
Necessary support.	Do employees feel work in a work environment that has the systems and facilities they need to succeed?
Managerial relationship.	How strong is the respect and interaction with their manager?
Importance of the job.	Do they feel what they do matters and is there "line of sight" between their role and a larger organizational outcome?

Tools to assess engagement

There are plenty of firms that specialize in engagement surveys, implementing them, and taking the requisite action. Depending on the size of your org, either a corporate engagement survey (for larger orgs) or an employee engagement survey (for startups and growth level companies) is done once a year or every 15 to 18 months.

Since that 12 to 18 months is such a long time, you'll need to look for other ways to double-check what is happening with engagement. There are a range of tools you can use (some more quantitative than others):

Pulse Surveys and 360 Degree Surveys	Typically these are shorter than engagement surveys and are a way of determining if you need to dig deeper.
An informal department (or team-specific) survey	Each month you can do a focus-group or "Pizza with HR" session that allows you to dig deeper with a specific work team or unit that may have given some hints they have engagement issues. You can avoid "survey fatigue" by rotating departments or units.
Exit Interviews and Employee Resignations	• Look for themes, particularly if you have a spike in regretted turnover for a specific work unit or team. • Tip: If your HR team is too busy to take this on, sign-up an intern to do this task. This will look terrific on the resume of most social science majors graduates: they'll likely have quantitative and qualitative research background they bring to the task and you won't tie up a

	critical internal resource wading through a year's worth of exit interview notes.
Stay Interviews	Check with people while they're still on the team to look for hints of trouble. This is a particularly good tactic to try with new hires—people who are new to the organization often see things that veterans have become oblivious towards (so don't accept the "I'm still new here, I'm not sure I'd have anything of value to add" excuse).
Regretted Turnover	Look for trends within your RTO data to see if some things appear to be going up or down.

Strategies to assess engagement effectively

Just because you have some kind of engagement survey doesn't mean you're doing it effectively. Consider these issues when pursuing any kind of engagement effort at your business.

Don't rely solely on engagement surveys for your data.	• You'll either create survey fatigue or you'll have huge gaps between the snapshots of data you do collect. • Look to utilize a variety of ways to collect engagement input. • Note: A "suggestion box" is generally an ineffective idea (in fact you may get more insight by the lack of suggestions than you

	do from what is actually submitted).
Look to segment the response data.	● Viewing engagement across the entire business (especially if you're big or geographically dispersed) isn't as useful since it won't allow you to see if you're making progress with the Operations team or the IT unit.
Once you've done an engagement survey, put out some kind of follow-up report quickly.	● Even if the report is just "Thanks to everyone for participating, there's a lot of data, we've put a team together to analyze it, we'll have a report on initial findings in one month."Note: Do not do a survey and then wait until you've analyzed it completely, management has reviewed it, and you've decided how to communicate it before you then share it with the business.
Take action quickly.	● To do this, you may have to have a series of rolling or sequenced reports.At a minimum, report initially on the creation of a team to analyze and recommend actions shortly after the survey is completed. This can be as simple as announcing you've put a team together to review themes and identify priorities from the survey, and there will be periodic updates to keep everyone informed.
Keep people updated on actions and	● When you implement programs

progress.	or new policies, tie them to the engagement data.For example: “As you recall from our engagement survey we saw an issue with inclusion. So part of the rationale for this new policy is based on what you told us six months ago and also...etc. etc."
Higher engagement numbers are <u>not</u> the objective.	● You care about engagement because it benefits the business. You want higher engagement because it pays off in some fashion (better quality, less regretted turnover, higher productivity, better talent attraction, etc.). Identify how engagement benefits your specific business (it will vary from company to company) and look for how those results change when engagement numbers change.
Look for ways to make engagement information as transparent as possible.	● Within limits.
Build in accountability.	● If your engagement data indicates that employees want more line-of-sight, then hold them responsible for taking initiative or identifying areas where this can happen. ● Engagement data collection is not a justification to vent:you’re asking people to share insight and then commitment to acting on those issues they identify.

How to improve engagement in an organization

Once you identify you've got an engagement issue, you want to find out at least two things.

1. How are the engagement levels affecting the organization?

Are you seeing higher regretted turnover? You need to identify how low engagement levels manifest themselves in your business. For example, if your developers have low engagement levels, how is that showing up? Does it mean you have to pay them 15% above the market to keep them? Or they're sloppy (so more rework and quality control is necessary)? Or they don't put out during crunch time?

2. What is driving the low engagement?

If it's about bad managers then you have a target to go after. If the root cause is that people don't care about their work, you need to find some way to get them passionate about it again. For example, take on volunteer efforts as a company that energizes your people and makes them proud about where they work. Are their independent projects you can give them comp time to take on? Can you try something like Atlassian where they give employees paid time to focus on their own initiatives (as long as they share results with the company)? Or is it that people don't see how their work matters (e.g., you need more line-of-sight)?

Remember

- **If you're trying to get engagement with bonuses and benefits, those can usually be matched by competitors.** These are essentially bribes: they don’t build engagement: they only entice someone to stay a little longer before they eventually jump ship.

- **Understand what matters to your people.** Gallup found that a critical factor that discourages most key employees from leaving is an unwillingness to say goodbye to a good work-friend or esteemed colleague: fostering environments where coworkers have opportunities to bond before, during, and after work is a best practice.

Retention bonus agreement

Generic Retention Bonus Agreement

<<Date>>

<<Employee Name>>

<<Address>>

As you may know, we consider your continued service and dedication to <<Company Name>> essential to our business. To induce you to remain employed with <<Company Name>>, we are pleased to offer you a retention bonus, as described in this letter agreement.

In recognition of your continued service with <<Company Name>> through and until <<2nd Date>> (the "**Retention Period**"), we are offering you a retention bonus in the amount of <<Dollar Amount>>, less all applicable withholdings and deductions required by law (the "**Retention Bonus**").

You will be eligible to receive this Retention Bonus if all of the following eligibility criteria are satisfied:

1. Your performance has been satisfactory, as determined in <<Company Name>>’ sole discretion, from the date of this letter agreement through the end of the Retention Period.
2. You are actively employed by <<Company Name>> on the last day of the Retention Period.

3. You have not given notice of your intent to resign from employment on or before the last day of the Retention Period.
4. <<Company Name>> has not given you notice of its intent to terminate your employment on or before the last day of the Retention Period; provided, however, that you will be eligible to receive a pro-rata portion of the Retention Bonus if <<Company Name>> and/or gives you notice of its intent to terminate your employment other than for your violation of a <<Company Name>> policy, as determined in <<Company Name>> sole discretion, on or before the last day of the Retention Period **and** you satisfy all of the other eligibility criteria.
5. If you are eligible to receive the Retention Bonus and sign and return this letter agreement to <<Appropriate Manager>>, within five (5) days of receiving this letter agreement, it will be paid to you in two payments, <<First Payment>> on the next regularly scheduled pay date following <<Date>> and the remaining <<Second Payment>> next regularly scheduled pay date following <<2nd Date>>; provided, however, that you acknowledge that you will not earn the Retention Bonus until the end of the Retention Period and if your employment with <<Company Name>> ends before the close of the Retention Period, you agree to re-pay to <<Company Name>> a pro-rata portion of the Retention Bonus within fifteen (15) days after the termination of your employment

Your employment remains at-will, meaning that you and PLH Group may terminate the employment relationship at any time, with or without cause[, and with or without notice.]

This letter agreement is intended to comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**") and shall be construed and administered in accordance with Section 409A.

This letter agreement contains all of the understandings and representations between <<Company Name>> and you relating to the retention bonus and supersedes all prior and contemporaneous understandings, discussions, agreements, representations and warranties, both written and oral, with respect to any retention bonus; provided, however, that this letter agreement shall not supersede any other agreements between <<Company Name>> and you, shall remain in full force and effect. This letter agreement may not be amended or modified unless in writing signed by both the <<Appropriate Manager>> and you.

This letter agreement, for all purposes, shall be construed in accordance with the laws of <<State>> without regard to conflicts-of-law principles.

We look forward to your continued employment with us.

Very truly yours,

<<Company Name>>

Agreed to and accepted:

____

<<Appropriate Manager>>

<<Title>>

Date: _____________

____

<<Employee Name>>

<<Title>>

Date: __________

- Assessing the risk of employee churn and its causes.

How to understand your risk of employee churn and its causes

Process Overview

Feedback in general is a great way to learn what's working and what needs to be tweaked. When it comes to understanding the risk of voluntary attrition and undesirable turnover, focus on the 3 C's:

- **Culture**
- **Compensation**
- **Career**

Results for activities in all three of these categories will ladder up to areas of improvement, focus or research in hiring, onboarding, learning and development, employer branding, benefits, training and other departments. In other words, the 3 C's can affect every aspect of the business.

Culture

Culture matters, and that includes overall company culture, team and project culture, and leadership culture: it's how you communicate and set expectations and how you articulate your mission and vision. We all want purpose and to know that our work is meaningful: making sure our values and align with an organization's is a huge factor in job satisfaction.

Questions to ask:

- How do you articulate your organization's sense of purpose?
- Do employees understand and share company values, mission, and sense of purpose?
- Do you cultivate a culture of learning?
- Are employees encouraged to ask questions and speak up?
- Is there a culture of trust at your organization?
- Do you promote health and wellness?

- How do you promote work-life integration?

Activities to consider:

- Engagement survey
- Culture/morale-focused survey
- Focus Groups (e.g., by level, team, or department; cross-section of all levels, specific to region, etc.)
- Feedback loops (e.g., surveys after meetings or events)
- Culture taskforce or committee
- Delivery team one-on-ones (e.g., what are some common challenges for teams? Are they seeing burnout at certain times? How are they handling stress or deadlines?)

Focus on culture when:

- You want to get a general idea of how people, in particular a subset of people (POC, women) are feeling.
- You want to set a baseline for future activities.
- You'd like to expand your current employee programs.
- You're going through a process of articulating your purpose or mission.
- You're considering changing benefits, PTO, WFH, or other policies that affect how people work.

Compensation

Money talks, but it doesn't have to monopolize the conversation. Employees look at total rewards when considering overall satisfaction with their compensation. Health benefits, wellness programs, PTO/sick leave, equity, 401k programs and work from home/flextime policies have a voice in the compensation dialogue.

Questions to ask:

- Are your salaries competitive?
- What does a total rewards package look like for your employees?
- Do you have any non-monetary benefits or a rewards program?
- Do you have a WFH/flex time policy?
- Do you encourage employees to take PTO?
- What's your compensation strategy (e.g. performance-based? Tenure-based?)
- Do you have a bonus program?

Activities to consider:

- Engagement survey
- Focus Groups (e.g. by level, team, or department; cross-section of all levels, specific to region, etc.)
- Compensation analysis
- Benefits analysis
- Attrition/retention data analysis (stay and exit interviews)
- Hiring Manager/Recruiting team one-on-ones (e.g. what roles are difficult to fill? Why? What are your recruiters hearing from candidates? How much are they negotiating? What are they negotiating?)

Focus on compensation when:

- You want to develop or refine your comp strategy.
- You're having a hard time attracting candidates.
- You're having a hard time retaining employees, particularly at a certain level.
- You're considering changing benefits, PTO, WFH, or other policies.
- You want a general sense of employee satisfaction.
- You're refining the promotion process.
- You're creating a hiring plan for the upcoming year(s).

Career

Opportunities for learning, growing, and advancing are critical to employee satisfaction and productivity. Stretch roles, job shadowing, HiPo programs, learning and development activities, and regular one-on-one conversations about goals and expectations allow employees to see different paths in front of them, giving them a chance to use their strengths and develop their potential. Remember: if there is no place to go, there's no reason to stay.

Questions to ask:

- Is there a clear path forward for your employees?
- Are role expectations clear?
- Are employees having regular conversations with their managers?
- What's your performance management process like? Can it be improved?
- Do you have a mentor program?
- Do you have a High Potential (HiPo) program?
- Are employees encouraged to take on stretch roles?

Activities to consider:

- Engagement survey
- Focus Groups (e.g. by level, team, or department; cross-section of all levels, specific to region, etc.)
- Manager Forums
- Attrition/retention data analysis (stay and exit interviews)
- Hiring Manager/Recruiting Team 1x1 (e.g., what roles are difficult to fill? Why? What are your recruiters hearing from candidates? How much are they negotiating? What are they negotiating?)
- Career development analysis (e.g., performance management process, goal-setting)
- Talent gap analysis
- Leadership Development Program
- Manager Training Program

Focus on career when:

- You want to get a general idea of how people are feeling.
- You're having a hard time retaining employees.
- You're creating a hiring plan.
- You're considering changing benefits, PTO, WFH, or other policies that affect how people work.
- You're expanding L&D programs or budgets.

How to design approaches to employee churn

When designing any of these approaches, keep these points in mind:

Don't	**Do**
• Assume you know what's working and what's not. • Focus on just one type of activity.	• Include employees in the process, whether it's helping pinpoint areas of focus, contribute to questions or categories to ask, or having them champion the process. Including them in the process makes them both invested in

	and accountable for improvements ● Take a look at your hiring practices and processes. ● Think about how you can acknowledge and reward employees. ● Use a combination of surveys, focus groups, programs and other activities to get a holistic view of what's going on in your company.

How to execute approaches to employee churn

When executing on any of these approaches, keep these points in mind:

Don't	**Do**
● Assume you know what's working and what's not. ● Focus on just one type of activity.	● Consider what you can do short and long term. ● Collect feedback frequently. ● Create a feedback loop. ● Communicate frequently to employees regarding findings, next steps, and opportunities for improvement. ● Get employees involved in change. ● Use a combination of surveys, focus groups, programs and other activities to get a holistic view of what's going on in your company.

How to write and implement engagement surveys

When it comes to writing and implementing engagement surveys, keep these points in mind:

Don't	Do
• Create surveys that take more than five minutes to complete: You should have between 5-15 questions depending on how often you plan to send them (e.g. biweekly: 5 questions; quarterly: 15 questions). • Forget that survey fatigue is a real thing (e.g., overwhelming employees with questions). • Sit on the survey results or ignore questions about next steps. • Keep employees out of the process. Employees who are influencers, champions, and advocates for improvement and innovation are critical to helping effect change.	• Think about the information you want to gather. This will inform what kind of survey you want to send (e.g. pulse survey, category-focused survey, overall survey, etc.). • Consider sending surveys more than once a year (monthly, quarterly, etc.) This helps create a culture of continuous feedback and improvement and keeps momentum going. • Consider using a survey tool that sends out surveys on a scheduled basis. • Set context for employees: communicate the intent and what you hope to gain from feedback. • Use survey results and feedback findings to inform areas of focus and improvement. • Figure out what you can act on quickly. • Remember why you are sending a survey in the first place.