



## ADAMS ON PVF Supply

■ by Joan Adams

# The Many Costs Of Employee Churn

*Happy employees make happy customers.*

**A** company with a revolving door, where employees seem to be leaving as fast as they come in, is in trouble. Churning is expensive, time consuming, morale sapping and a huge turn-off for the customer.

Business articles (and consultants) spend a lot of time telling you that keeping your customers happy is the key to increased profitability. They tell you that it is all about customer service and “delighting” your customers. They give you a host of techniques on how to improve your customer service – but often they skip the most fundamental part of the equation. You can’t possibly offer consistently high customer service when you are churning through employees.

The excuse I hear is, “You just can’t find good help these days.” Wrong! However dubious you may think the local talent pool is, churning is a symptom of deeper problems.

Churning sucks up time, energy, goodwill and money to boot. A company that churns is not very good at hiring or keeping employees. The existing team is demoralized each time an employee revolves out the door. The ever-changing employee landscape reflects badly on the company with customers, too.

### When an employee leaves

Every time you fire an employee or one up and quits, it is more than a disruption. Things that were put into motion when he was hired now must be undone. There is a raft of legal, tax and other paperwork to attend to. The employee must be dropped from payroll, the 401K and health insurance. Keys, passwords and badges must be retrieved. His taxes, W-2, etc., must be taken care of. His emails must be forwarded, his desk cleaned out, and of course, someone needs to take care of his customers, his area in the warehouse and his delivery route. (Take a wild guess at how happy those folks picking up the slack are every time this happens.)

You just can’t just give someone the sack these days. You risk getting sued. So prior to letting the employee go, you need to track the employee’s performance and document all infractions. Warnings need to be issued and finally, when a “case” can be made to fire the guy,

then and only then do you let the fellow go. This is not productive work. But it takes a lot of time.

At least when you give someone the boot, you know when it’s going to happen and can be prepared. Employees have been known to up and quit, without giving you the courtesy of two weeks notice. Being short a receptionist, a driver, a warehouse guy or a salesman can really hurt, which nicely takes us to the next step.

### The search for the new replacement

There’s a hole in your organization – work is not getting done and the remaining employees are cranky and resentful for getting stuck once again with extra work.

So, what happens? A replacement is sought, with urgency. Ads get placed, resumes and applications get collected, read and sorted through, appointments are made, interviews conducted and the selection process begins in earnest. Sometimes, you find the right person and hire them. In other cases, you fall into the “anyone will do” mode and the next “anyone” gets hired.

### The new hire

Shortly after the last disgruntled employee shuffled out the door (voluntarily or otherwise) the company hires someone new. They go through the whole “When an employee leaves” process in reverse. They set into motion all those things they just shut down with the last guy. The new guy needs to be set up in payroll. He needs a timecard, health insurance, an email address, an employee badge, keys, a computer password, a desk. And of course, he needs some work to do. As the work has been distributed to other employees, that job doesn’t really exist anymore. He winds up doing whatever the other employees dump on him. “Hey, new driver, why don’t you take all the trucks over and fill ‘em up with gas?” or “Hey, new receptionist, in between answering calls, how about you pop all these sales numbers into a spreadsheet for me?” (Do you see someone quitting in a huff in the near future? I do.)

### The impact on your existing team

Consider repeating the last three paragraphs again

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and again – and you can see that churning creates a lot of work and ill will with your team. Some employees may be sympathetic to guys who left, thinking the firing was unfair. The rumor mill always cranks up following a hasty departure. Rumors—like the guy who quit got a much better offer at a competitor. You don't really want that vibe resonating around your warehouse.

### The status quo

Too many companies think this is "business as usual." They are certain that they can't find good folks. They repeat the same hiring errors over and over. They hire the "next guy who walks in the door" – because "anyone will do." They don't invest in the new guy, because they figure he'll be gone soon enough. Sure enough, three months into the job the guy still doesn't have a defined position. He just does all the scut work dumped on him. Not having any responsibilities, he never really performs. Thus, he never merits a promotion or raise. Pretty soon, he quits in disgust. His work gets redistributed again and the cycle is repeated. The only thing different is the level of complaints among those workers who remain.

This is NOT acceptable. It is totally unfair to your new employees. You are setting them up to fail. It is unfair to your

current employees. It is bad for your bottom line. Companies can break this cycle. And it is imperative that they do.

### Break the cycle

Customers like to talk to the same salesperson, see the same driver, buy from the same counter guy. Continuity is a fundamental part of building the business relationship. Think about it: Do you really want to see a different doctor every time you visit? What if your insurance company changed agents every time you called? You would not be happy. Your customers don't like it either.

- 1 Stop the "You just can't find good people" thinking.
- 2 Spend a little more time in hiring – cast the net a little wider. Look outside the PVF world. There are lots of other folks out there.
- 3 Clearly define the job. Don't assume the new employee will magically figure out what he is supposed to do.
- 4 Create a three-month plan. In it, set out your expectations, show the employee a clear path to succeed. Give him something to shoot for.
- 5 Attach rewards to performance. When the employee follows the plan (learns tasks, performs well) he should be recognized, with increased responsibilities and/or a monetary reward.

6 Now create a six-month plan – again with your expectations and the upside for good performance.

It is incumbent on management to take new hires and turn them into happy, productive employees. You will reap all sorts of benefits. All the wasteful activities associated with the cycle of firing, searching, hiring and then firing again will be reduced. Your team will be happier (no one wants to work for a company that has a revolving door) and most importantly, your customers will be happier.

Happy employees make happy customers. Churning doesn't make anyone happy. <<

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With new boards in place, and a new CEO for ICC, it is time for the two groups to resume discussions on combining plumbing and mechanical codes. They have found out what doesn't work; now they have to determine what works.

IAPMO entered the discussions with certain non-negotiable points. Those non-negotiable points should not hinder further discussions.

I would recommend to both ICC and IAPMO that they begin developing a base document for the plumbing and mechanical code. Begin the real work of combining the codes and see where you come out.

What would be even better would be to

let ASPE develop a combined plumbing code. I am sure other groups would jump forward to assist in doing the same for the mechanical code.

Once there is a base document, ICC and IAPMO should go back to the original agreement and see what needs to be tweaked. If they select the ANSI process for developing the plumbing code, give it a shot. Neither the ANSI process nor the ICC governmental process is perfect. But until the ICC plumbing community tries it, they won't know how the ANSI process works.

Contrary to popular belief, the membership still has a strong say in the final code changes. ANSI committees,

including the IAPMO plumbing technical committee, are not prone to ignore the technical comments from the masses.

If they select the governmental consensus process, that is also fine. Both groups have their roots in this process.

The important thing is to start moving forward. It is time to resume discussions. <<

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