

C-SUITE ANALYTICS WHITE PAPER

**“ The Can't-Miss
Connection Between
Stay Interviews,
Turnover,
and Engagement ”**

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By Richard P. Finnegan

“Dick Finnegan, the Stay Interview expert, writes, ‘*The greatest reasons why employees quit is what they talk about over dinner.*’ Even those of us who love hard data must acknowledge this, which reinforces the old adage that people don’t quit jobs, they quit bosses. And it is those bosses they talk about over dinner.” ... Forbes ⁱ

As I write, the Brookings Institution predicts the U.S. unemployment rate will plunge to 3.2% by year-end 2021ⁱⁱ, unheard of during this century. And the proposed infrastructure bill will further deplete our already short supply of engineers, electricians, and all other jobs related to construction. Never should the fear of high employee turnover be greater...and never have Stay Interviews mattered more.

The historic focus on employee retention and engagement as the two key metrics for people management has been right on, representing the best gauges we know. Missing though is a way, we could call it a coaching piece, for managers to connect with their employees one-on-one to identify and address their unique needs. It is these individual relationships that drive all of the good things, as opposed to the commonly administered one-size-fits-all programs. Stay Interviews have proven to be THE answer.

Besides, we need to find ways to learn what employees really do talk about over dinner...and Stay Interviews provide the best way to do that, too.

In 2009, at the peak of the great recession, I gave a speech in San Francisco on the importance of retaining top performers regardless of the current economy. A woman from the audience approached me after, asking if I wanted to write a book. A few weeks later I had a contract...but felt more fear than joy, knowing I now had to produce something worthwhile.

Days later I recalled that the best graduate school in the country for industrial psychology was at Penn State...and I went to Penn State, staying in happy valley for a couple of degrees but not that one. As I checked that department’s site, one professor jumped out who had interest in employee retention. His name was Murphy, my name is Finnegan, and I like to say it was probably St. Patrick’s Day, so I emailed Murphy to ask if he would help. And he did.

During the next few months I studied online libraries, doctoral dissertations, and professional journals with a goal to earn a “PhD in turnover” absent the sheepskin and tuition, to know more about this one subject than anyone else on earth. During this search I came across the concept of Stay Interviews in an opinion piece.

The resulting book, named *Rethinking Retention In Good Times and Bad*, contained a few pages about this stay interview idea. Soon after another publisher, this time from the Society for

Human Resource Management or SHRM, approached me about writing a book solely focused on Stay Interviews. His argument was:

“If you write this book you can convince the world that individual, first-line supervisors drive employee retention and engagement instead of employee programs.”

That resulting book, *The Power of Stay Interviews*, quickly became the top-selling SHRM-published book in history and remains there today. The American Management Association’s publishing arm asked me soon after to write a manager’s handbook on Stay Interviews which I also did.

So I know this topic quite well, and know even more since writing those books based on our company’s having helped hundreds of client companies implement Stay Interviews to improve retention, engagement, and communication.

Stay Interviews’ Relationship-Building Power

Stay Interviews succeed where employee surveys and exit surveys fail because they are one-on-one interviews, not anonymous, and employees tell their managers what is most important to them to stay and engage, rather than respond within the boundaries of structured questions. Their simplicity makes them effective. Stay Interviews are defined as:

A Stay Interview is a structured discussion a supervisor conducts with each individual employee to learn the specific actions he must take to strengthen that employee’s engagement and retention within the organization.

The two jump-out differences between Stay Interviews and surveys are (1) supervisors conduct Stay Interviews because the primary goal is for them to build one-on-one trust, and (2) Stay Interviews are eyeball-to-eyeball and not anonymous...even if done via zoom. This way solutions are tailored to each individual employee, important among other reasons because your top-performers are flat-out more important than the rest...while your top performers’ engagement survey opinions get buried among the others due to each employee’s individual inputs being confidential.

The Essential SI 5

Imitators have suggested lists of Stay Interview questions, recommending that each manager choose the ones most relevant. Below are what we have labeled as the SI 5, the only questions your organization will ever need:

1. When you travel to work each day, what things do you look forward to?
2. What are you learning here?
3. Why do you stay here?
4. When was the last time you thought about leaving our team? What prompted it?
5. What can I do to make your experience at work better for you?

Questions #1 and #3 disclose what the employee likes to do and the circumstances in which she likes to do it. Question #2 opens discussion doors for career growth and the employee's future. Question #4 addresses retention head-on, and the final question builds trust most by positioning the manager to ask for feedback and accept it. Managers must learn to listen, probe, take notes, and take responsibility for company decisions rather than join in on the blame game.

Most employees will bring up work processes like shoddy equipment, reports they prepare that no one reads, or peers who drop the ball. What do employees talk about over dinner? Bosses, colleagues and duties. Few ask for a raise despite that being most managers' worst fear.

Research how employees view their jobs such as job/career/calling, the concept of converting work into flow, and job-crafting by altering one's job to better fit each individual's skills and interests. Managers who ask the SI 5 and then listen and probe for additional information ultimately find ways to make recommendations to help employees enjoy work more...even if those suggestions take a couple of days to percolate.

One high-turnover-churn meat production company's application of Stay Interviews indicates their incredible effectiveness as 72% of new hires who had a stay interview reached 90 days, whereas just 13% of new hires who did not have a stay interview remained with the company that long.

How Do Supervisors Provide Stay Interview Solutions?

Harkening back to what employees talk about over dinner, our client companies tell us 90% of employee concerns can be addressed immediately, that the key is to learn what those concerns actually are. So imagine employee Jean talking about broken equipment, a poor-performing colleague, or wanting her manager to recognize her more. Leaders who have been trained to ask/listen/probe along with avoiding acting defensively can easily address these issues.

Let's suppose, though, that an employee says we need more staff, or my work/life balance is out of whack. Leaders who again listen and probe can then turn their antennae to finding micro-solutions to make those employees' work lives better. Their goal is not to make work perfect, but instead to make it better.

Stay Interviews Bring Self-Discovery

True story. "Brian" was a stay interview skeptic at a client company. As a senior leader, Brian has his first stay interview experience as an employee, responding to a stay interview meeting request from his manager who was the plant executive. Later in a group meeting I asked Brian about his stay interview experience and the exchange went like this:

Me: Brian, what can you tell the group about your stay interview experience?

Brian: It was great...it really was.

Me: Did your manager, the plant executive, learn more about you? Learn things he didn't know despite the number of years you two had worked together?

Brian: Yes, absolutely.

Me: Did you, Brian, also learn things you didn't know about you as well?

Brian after pausing: Yea, I really did say some things and learn some things about me that I didn't know.

Stay Interviews have one ultimate goal, to build trust between two people who happen to represent leader and employee. This exchange galvanized that trust between Brian and his leader by surfacing issues and opinions that had long laid dormant despite Brian and his manager having worked together for 15 years.

Stay Interviews Cut Through Generalizations

Perhaps the leading stereotype HR and managers face is regarding millennials or younger generations in general. There are confounding research-based findings such as “Only 17% of millennials report receiving meaningful feedback”ⁱⁱⁱ, along with “millennials don't want to hear feedback”...and more.

Despite this contradiction, the important lesson is every stereotype is wrong when applied to any one person. My undergrad sociology degree left me with one big life lesson, that *there is demographic information for every group of people, but that data does not necessarily apply to any single member of that group*. If people from Irish descent are the most likely among other nationality groups to have red hair, that doesn't mean I have red hair.

Stay Interviews, then, *become the ultimate breaker of stereotypes*. And this is especially important in the age of Me Too and Black Lives Matter. Training managers to ask five very targeted questions, listen to their employee's answers, probe to learn more, and all while taking good notes will open up each individual employee's needs regardless of their skin color, ethnicity, sexual orientation...or color of their hair. Managers must learn what is most important to each individual employee, all along the roadway to building the critically important outcome of one-on-one trust.

Another Secret Why Stay Interviews Work

Most organizations operate with the assumption that each manager can connect equally well with his newly-acquired direct reports. The implied instruction on promotion day is “make these metrics and work closely with your team”. Then these organizations provide supervisory training which is usually built upon future hypotheticals with common topics like situational leadership or constructive confrontations, telling supervisors that “When this happens, do this”.

Is this training effective? Here's a quote from Harvard Business Review:^{iv}

Corporations are victims of the great training robbery. American companies spend enormous amounts of money on employee training and education—\$160 billion in the United States and close to \$356 billion globally in 2015 alone—but they are not getting a good return on their investment. For the most part, the learning doesn't lead to better organizational performance, because people soon revert to their old ways of doing things.

Say Maria attends Situational Leadership training and learns there are four leadership behavioral styles which are *telling, selling, participating, and delegating*. Maria also learns she should apply one of these four leadership styles based on the maturity level of the group she is leading, and again there are four categories to choose from which are *very capable, capable but unwilling, unable but confident, and unable and insecure*.

If I were Maria, I would be intrigued by this excellent theory and I would give the training course high marks on my out-the-door evaluation. Six weeks later though, the course's value must be measured by how much I remembered and applied those skills when a situation occurred which could be weeks or months after I attended the training. Or to use another example, newly-learned Constructive Confrontation skills are only helpful if you recall to use them when your blood pressure is shooting up in the midst of a high-pressure disagreement with a boss, colleague, or subordinate.

Stay interview training, on the other hand, provides basic skills involving asking, probing, and taking notes, which supervisors put into practice immediately starting the day after training...so there is no drop-off time between learning and application. Supervisors don't have to recall what they learned because they are immediately applying what they learned.

Going one step further, let's put the idea of building relationships with direct reports into perspective. There are about 7.8 billion people on our earth^v, and because of DNA each of us is unique. Someone might have your nose but they don't have your mind. So each of us are unique blobs of protoplasm, and in organizations we are asking one blob to connect equally well with five other direct-report blobs...or 10 or 20 or 30...or in hospitals where the average number of nurse direct reports across multiple shifts is 74.^{vi} Our newly-appointed supervisors have no structure for building relationships, are just told implicitly to act naturally. This is why some managers have lunch with the same two or three employees every day, because they connect better with them, are more comfortable, and do not connect well with others. We need to do better.

Let's pause here. Years ago I read a study that said the sure-fire predictor for nurse turnover was the number of direct reports for nurse managers. Putting turnover aside, how much has our pandemic-related care been impacted by the traditional stretching of nurse manager jobs across their inflated numbers of direct reports? This is just another variable added to the stack of obstacles our hospitals are facing. The study referenced above indicating nurse managers oversee an average of 74 nurses aligns with my extensive experience working in hospitals where there have been some nurses who manage 100+ direct reports...whereas Gallup tells us engagement drops when nurse managers oversee greater than 15 direct reports.^{vii}

A Short Story for Overcoming Stay Interview Objections

Some managers will object of course, citing "too many meetings/we already do surveys" and more. Earlier in this paper, I mentioned having implemented Stay Interviews in African gold mines...in fact in what is now the deepest non-natural hole on earth. I traveled into that "hole", 2.5 miles deep as part of a 40-minute elevator ride, and trained managers there to conduct Stay Interviews. No one complained about meeting times or the absence of private meeting rooms. They instead focused on applying their skills to cut turnover. And turnover fell.

The Comprehensive Two-Step Retention & Engagement Solution

It is fair to say that no one has invented a legitimate, works-for-all solution to employee retention and engagement. Companies have tried a miscellany of tactics where a few cause ripples of success but most do not. The vendor marketplace is obviously out of step, where solutions repeatedly focus on programs for pay, development, and communication. Given the overwhelming financial impact of turnover and disengagement, one would think the combination of academicians, professional associations, and profit-driven consulting companies would have built a research-based answer by now. But instead, those vendors continue to sell what they've always sold because companies continue to buy.

Let's change that today... and do so by implementing Stay Interviews in ways that work. During the past ten years my company has helped scores of organizations learn and apply Stay Interviews to improve retention and engagement, and our own maturity has led us to maximize the method, consistently helping organizations cut turnover by 30% and more. We've learned implementation tips with clients from Manhattan to Bangkok, and in large and small towns in-between. The resulting strategic implementation is called Finnegan's Arrow®, backed by Forbes^{viii} and BusinessWeek^{ix}.



Note that Stay Interviews are in the middle, the celebrity position, but they must be surrounded by business-driven processes to succeed.



Finnegan's Arrow begins with DOLLARS, indicating executive teams and each manager must be alerted to turnover's and disengagement's enormous costs. These costs must not just be calculated and then communicated once, but instead become an essential piece of turnover and engagement reporting, tying each leader's performance to their hard-dollar values. Only then do retention and engagement take their rightful place next to sales and service.



Then connecting the dots between these enormous costs and the leader power research reported previously, establishing GOALS for each leader becomes a no-brainer. Goals for engagement must be specified, both company-wide and for each leader, beyond the usual "do better than last time", or worse, "beat the benchmark".

Two retention goals must be established, one for all turnover and the other for new-hire turnover. In-depth data analysis will bring the right goals into focus. All leaders must own the total turnover goal and also the new-hire goal, while recruiters and new-hire trainers should also have skin in the game regarding the new-hire goal.



Only then are managers primed for STAY INTERVIEW training, given they now know they have engagement and retention goals due their own maximum positions of influence, along with the associated overwhelming costs. Training must include learning the five essential stay interview questions, learning and practicing stay interview skills, and proceeding along each company's implementation schedule.

Companies sometimes call us to say they just want to implement Stay Interviews and skip the first two components of dollars and goals. We know from experience that converting turnover to dollars and establishing retention goals brings *power*, such that Stay Interviews sustain rather than become fads, rather than become one-hit wonders. Going straight to Stay Interviews is like dieting without cutting back on sugar. It just won't work.



FORCASTING follows the initial stay interview, where managers put further skin in the game by reporting both how long each employee will stay and how they will perform on the next engagement survey. The methodology is deliberately simplistic. The traffic light indicator for turnover indicates green if the employee will be there one year or longer, yellow six to twelve months, and red zero to six months...voluntarily or involuntarily. For engagement we ask each leader to predict how that employee will score across the categories their vendor uses such as engaged/not engaged/actively disengaged as used by Gallup.

Forecasts are in no way scientific. Their two objectives are to force managers to think more deeply about each employee's circumstance, so those managers dig deeper to find solutions, and secondly to tip off executives regarding which employees...and especially top performers...are likely to leave. The outcomes for engagement forecasting will never be known due to those surveys' anonymity, but each manager's score will provide insights into their forecasts' accuracy.



ACCOUNTABILITY, then, becomes the linchpin for action. Data is available for both managers' performance against goals and the accuracy of their forecasts. Coaching happens in individual meetings, performance reviews, and all ways hold leaders on all levels accountable for achieving operations goals.

One executive we know won't sign off on replacement requisitions until he meets individually with the leaving employee's manager to discuss why that employee left and what that manager could have done to keep him. Now that is an exit interview with teeth.

Finnegan's Arrow represents an operations approach to improving engagement and retention. Salespeople follow a similar path each day as they know the dollar value of a sale, have sales goals and tools and forecasts, and are accountable for achieving sales goals and presenting accurate forecasts.

Finnegan's Arrow Anchors All HR Processes

Finnegan's Arrow at first appears to be a "bolt-on" meaning another new, free-standing idea that is disconnected from the traditional pillars of HR. It is, instead, the new and more effective anchor for these HR pillars. It is bedrock, home base, the slab upon which all other HR processes should be based. Let's begin with the most massive, impactful change.

Leaders now become accountable for the primary people management metrics of retention and engagement.

As much as individual leader accountability for retention and engagement has been discussed, I have found that about five percent of companies currently hold their leaders accountable in significant ways for retention and engagement by developing reports with individual leader's names on them that show their retention and engagement performance against specific goals. Think about the cumulative dollars that are being left on the table by the great majority of corporations, large and small, that are chasing their tails to cut turnover and improve engagement who are missing this enormous solution. We're talking about *cure-world-hunger-plus-homelessness* amounts of untapped money and more.

Here are additional ways Finnegan's Arrow strengthens the traditional HR pillars:

- Leadership development now begins with stay interview training, giving leaders an effective solution for achieving these most important metrics by way of building one-on-one trust.
- Dollar values for turnover and disengagement alert executives to these metrics' importance.
- Now knowing these dollar values, CFOs understand how individual leaders' retention and engagement outcomes impact productivity and the bottom-line so they can correlate these results to operations metrics.
- Retention has an actual solution versus "development" or "pay" as I was told.
- Engagement survey results combined with conducting Stay Interviews as part of the survey action planning becomes THE pathway to solutions to improve engagement.
- Forecasting how long each employee will stay provides insight into the risk analysis for workforce planning.
- And recruiting and hiring tactics correctly debunk the idea that the only hiring requirement is a candidate's ability to perform the job; getting work out the door requires hiring candidates who will self-engage and who will stay.

Finnegan's Arrow Client Results

Finnegan's Arrow has been implemented to cut turnover between 30% and 70% across manufacturing, healthcare, call centers, transportation, and all major industries...all when unemployment was below four percent. Turnover has been reduced by this much and more for nurses, truck drivers, vehicle technicians, hands-on manufacturers, call center reps, fast food workers...as well as for managers and other professional jobs. Here are four specific examples covering four different types of jobs, all approved for publication here by their executive teams:

Retaining Technical Workers

Advanced Technology Services, ATS for short, is the industry leader for outsourcing maintenance work for technology-driven manufacturing companies, providing reliability-centered maintenance for many of the Fortune 100. A critical ATS job is test technicians who manage R&D testing for engines and other components. One reason test technicians quit is because testing just one engine can run continuously for days and up to a full week at a time which is very important for research and development. As a result, the test technician must focus complete energy on monitoring results for that one engine across three computer screens and with limited breaks.

Turnover was reduced from 23% to 10%, and that improvement was sustained for greater than five years. This 57% improvement meant ATS went from replacing nearly a quarter of their workforce to replacing just 10% of their workforce each year, while at the same time improving productivity and helping ATS retain that client's confidence.

How did ATS implement Finnegan's Arrow to reduce test technician turnover? HR executive Chris Bakos explains:

"Our supervisors focused on achieving a new-hire turnover goal and conducted Stay Interviews at 30, 60, and 90 days. Then those supervisors' managers followed up to ensure each test technician's individual concerns were addressed as well as holding supervisors' accountable for achieving their new-hire retention goals."

Important, too, was design and implementation of a realistic job preview. One RJP feature was the development of an old-style photo album with pictures of the same test technician sitting at her high-rise stool while monitoring three computer screens that were constantly presenting new data, with each image stamped with date and time to illustrate how long test technicians worked without a break...along with the redundancy of their jobs.

Retaining Nurses

Baptist Hospital in Floyd, Indiana proved that Finnegan's Arrow cuts turnover for nurses and retaining nurses is critical for treating our aging population at a time when the average age of nurses unfortunately continues to climb.

Patient safety reigns supreme in hospitals, both for obvious reasons as well because patient surveys are publicly reported and impact each hospital's amount of government reimbursements.

So nurse turnover impacts patient safety and care in ways that go way beyond the typical worry in other businesses about losing an occasional customer.

Baptist Health Floyd measured the cost of each nurse exit to be \$18,934, lower than for most other hospital clients but significant for sure. On that basis they calculated cutting turnover 20% would save \$1.9 million each year...and knowing this number became a driving force for implementing retention goals, Stay Interviews, retention forecasting, and retention accountability.

The outcome was Baptist Health Floyd cut nurse turnover by 35%, reduced first-year nurse turnover by 56%, and had 55 fewer nurse openings. The single biggest influence was that each nurse manager met with each nurse on his or her team, asked the five stay interview questions, probed to learn details, listened, and ultimately addressed each concern in ways that made those concerns better. Those nurse managers learned that just asking and listening proved to be powerful combination for showing you really care.

Most telling is this quote from HR executive Sue Christopher:

“Our chief nursing officer is thrilled with her now-experienced team, and patient safety and team engagement are optimized.”

Retaining Skilled Workers

An example for retaining skilled workers comes via United Facilities, or UF for short, headquartered in Peoria, Illinois. UF offers total supply chain solutions by managing big-box distribution centers for Fortune 100 clients. Their critical job is forklift drivers who have been historically in short supply across the country. Modern drivers must be technology-savvy while also meet and exceed consistently-tracked production goals. At UF the churn-and-burn of forklift drivers coming and going led to increased mistakes, slow production, and missed deadlines, such that one client said reducing turnover was critical for UF to retain their long-time contract.

We worked with UF executives to implement Finnegan’s Arrow across three large distribution centers to cut forklift driver turnover, and these were the outcomes:

Original annual turnover percentage: 41%

Cost for losing one forklift driver: \$9,000

Turnover reduction after 12 months: 50%

First-year dollars saved for reducing turnover: \$1.13 million

In addition, temporary help turnover was reduced by 70%, and retention improvements led to less training and reduced hiring of temporary help.

UF leveraged each component of Finnegan’s Arrow:

- ✓ Each manager learned the cost of losing one driver

- ✓ Data analysis showed more than 40 percent of all exits happened in the first 90 days, resulting in a goal for that period plus a total turnover goal
- ✓ Managers were trained to conduct Stay Interviews with all employees
- ✓ Managers then presented their individual employee findings and forecasts, and learned to communicate solutions
- ✓ And importantly, executives scheduled monthly calls with local managers to review progress, learn real reasons why employees left, and ensure top performers were being addressed.

Renna Bliss is the savvy, hard-pushing Director of HR who sums up UF's Finnegan's Arrow experience this way:

“Stay Interviews plus leader retention accountability was our wake-up call. Every HR executive...and every other executive...needs to learn this early in their careers in order to build strong, positive company cultures that ultimately drive greater productivity.”

Retaining Blue-Collar Workers

A fourth example comes by way of Jensen Precast with its headquarters located in Reno, Nevada. Jensen manufactures and delivers precast concrete products in nine factories across the western part of our country. Think of those thousand-pound concrete structures for highway construction, retaining walls, electric and gas utilities, telecommunications, water, on-site wastewater, and sewage.

Jensen's entry-level job is called wetcast fabricator, and those who perform this job prepare and clean the massive molds used for constructing these concrete products. As the job title implies, *wetcast fabricators get wet*, working with wet concrete and hosing down the molds hour after hour. They work outdoors in all types of weather including sub-freezing temperatures in northern Nevada to blazing heat in Phoenix.

Jensen learned that about a third of all exits happened in their employees' first 60 days, resulting in a new-hire retention goal that 80% of all new hires must stay at least that same 60-day period. Each plant manager was accountable for that goal, leveraging Stay Interviews and the hiring solutions noted previously in this book to achieve it. Most important was the chief operating officer blocked off 3 hours each month to “talk turnover” with each plant manager via a series of back-to-back 15-minute calls, reviewing each manager's retention performance against their goals.

The outcome was what you would now predict: Turnover down 41%, annual savings of greater than \$1 million, and increased productivity in the production and delivery of Jensen's products.

Stay Interviews have proven themselves to be the real deal, especially when steered by the business-driven processes of Finnegan's Arrow. Today's threats for massive employee turnover

come from two once-in-a-lifetime events which are (1) the devastating impact of the pandemic on our employees' health, wealth, and emotional well-being plus (2) our instant-ascending post-pandemic economy that will create more jobs than ever before. Now is the time to implement a solution that works to both cut employee turnover and drive engagement to where employees produce more and better work than ever before.

To schedule a conversation to discuss how best to implement Stay Interviews in your organization, please email me at DFinnegan@C-SuiteAnalytics.com

Endnotes:

ⁱ <https://www.forbes.com/sites/billconerly/2021/02/19/the-labor-market-is-tight-despite-high-unemployment/?sh=682eb0a37924>

ⁱⁱ

<https://www.wsj.com/articles/biden-fed-economy-covid-employment-inflation-11612451174>

ⁱⁱⁱ <https://www.gallup.com/workplace/284081/meaningful-feedback-means-millennials.aspx>

^{iv} <https://hbr.org/2016/10/why-leadership-training-fails-and-what-to-do-about-it>

^v <https://www.worldometers.info/world-population/>

^{vi} https://uknowledge.uky.edu/cgi/viewcontent.cgi?article=1202&context=dn_p_etds

^{vii} <https://www.gallup.com/workplace/236024/reduce-spans-control-nursing.aspx>

^{viii} <https://www.forbes.com/sites/billconerly/2018/07/21/retain-more-employees-with-stay-interviews/#768bfb78f18c>

^{ix} BusinessWeek Management Editor Patricia O'Connell noted Finnegan's previous book, Rethinking Retention in Good Times and Bad, offered "fresh thinking for solving the turnover problem in any economy".