



The Advisory Alliance 60-Second Email™

Why You Shouldn't Wear My Velour Shirt ***April 24, 2008***

In this month's 60-Second Email™, we look at why attracting employees and velour shirts are both limited in their usefulness.

Truth be told, when I was about 14, I had this long sleeve V-neck navy velour shirt. When I think about it, I'm almost desperate to convince myself that velour had to be the fashion back then. But my cold analytical side scoffs at the possibility that velour was ever meant to be worn. The fact that Elvis is still printed on it is probably proof enough.

Regardless, at the time I thought it a handsome addition to the wardrobe (ha!), and appropriate attire at school dances. However, it didn't take more than one school dance to realize that velour's attraction potential was notably limited. It wasn't that it was ghastly (really); it was more that once you found the courage to talk with someone, the shirt was irrelevant. Also, not many conversations are fueled by the quality of the velour you're wearing.

The same can be said about companies and employees. What may first attract employees to a company is often quite limited in its ability to retain them. Like kids at a dance, people are attracted to a company from a distance. But once they approach the company, they decide to stay based on the in-person experience. Once employees are onboard, what attracted them to the firm is very much in the past, and what matters is what's going on in the moment, i.e. what it's like to work at the company, now.

So what does attract and retain employees? In a global study of over 86,000 employees, Towers Perrin found that, indeed, the two are different: what attracts employees differs from what keeps them. In the US, the top 5 "drivers" of attraction to a company are:

- 1) Competitive base pay
- 2) Competitive health care benefits
- 3) Work-life balance
- 4) Career advancement opportunities
- 5) Salary increases linked to individual performance

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However, when you consider the top 5 drivers of employee retention, the drivers are different. Money and benefits are gone. Instead, the top 5 retention drivers are about creating a workplace noted for its great talent. Here are the top 5 drivers of employee retention in the US:

- 1) The organization retains people with needed skills.
- 2) There are opportunities to learn and develop new skills.
- 3) The organization has a reputation as a good employer.
- 4) I am compensated fairly compared to others doing similar work here.
- 5) My manager understands what motivates me.

So what does all this mean?

Like the velour shirt, at some point the drivers of attraction become less relevant once employees are hired. They do matter, but they won't keep your people from leaving. Great people want to work with other great people, and that means peers, bosses, and direct reports. If you want to retain your people:

- Build their capability;
- Pay according to their accomplishments; and
- Make employee development synonymous with being a manager and a leader.

You can access this and previous issues of our 60-Second Email™ newsletter via the following link to our website: <http://www.advisoryalliance.com/newsletter.php>

Until next month,

David Harper
Managing Principal
dharper@advisoryalliance.com

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