

Use Your **Best Assets** *to Reduce* **Turnover**

Manufacturers can reduce turnover through better hiring practices.

You're losing line efficiencies. Lost-time accidents are at an all time high. Product is rejected daily for questionable quality. When everything is running perfectly, your operation can only maintain current production levels. Achieving significant production improvements seems unrealistic.

It's difficult to show continuous performance improvement if more than half of your work group has been on the job less than a year.

In traditional manufacturing companies, many supervisors have simply learned to live with this handicap. Although they understand that turnover is costly, they don't know what to do about it. Some believe that the labor market lacks an adequate supply of good workers. Others think turnover is a necessary, albeit substantial, cost of doing business.

High-performance hiring takes advantage of your best workers to identify and hire the best candidates.

These same supervisors face constant pressure to keep production running, and this requires manpower. Often, that's the only criteria: man + power. If a person can breathe, walk, lift, mix, assemble or drive, he or she is acceptable.

This approach doesn't identify or hire the best workers. Its strength is expediency, and it's a self-reinforcing process. The interview is short and shallow. It overvalues technical experience and fails to meaningfully verify the can-



Industry norms for annual turnover range between 14 percent and 35 percent. However, among organizations that use employee hiring teams, turnover is as low as 4 percent. *Photo courtesy MK Electric Ltd.*

■ **By Sue Bingham**
Founder and Principal
HPWP Consulting LLC
San Diego

In a high-touch labor organization, the primary blame for these poor results naturally rests with your workforce. It's not that you don't have some good people. It's simply that continuous turnover results in too many untrained workers who don't understand your process, quality standards, safety concerns or even how to run the equipment cor-

didate's claims. Even more troubling, the process doesn't look for the most important attributes of a high-quality candidate.

High-Performance Hiring Teams

Managers should not accept high turnover rates. This costly problem can be successfully addressed through employee hiring teams.

If you ask most supervisors for the qualities they are looking for in a worker, you will probably hear things like: related technical and manufacturing experience, good attendance, good attitude or "fit," and a decent work record. These supervisors want the best people, but often believe they must accept the "best available."

If you put together a small team of current employees and challenge them to define what they want in a co-worker, you will get a long list of personal qualities, such as team-oriented, honesty, self-initiative, intelligence and hard-working, in addition to related work experience. Because the current work group must train and rely on this person for 8, 10 or even 12 hours a day, their motivation for finding someone with the essential personal attributes is high, often much higher than an overburdened supervisor's.

Given that the current work group has high criteria and expectations for performance, it follows logically that they should be involved in the selection process. Not only will they maintain those high criteria when making hiring decisions, but by owning the process and decision, they also take ownership of the new hire's success. What's more, the work group will willingly work shorthanded to avoid bringing in someone who doesn't meet their criteria. To them, a poor hire means lost time in training when that person walks out the door, and lost time in terms of personal productivity, all of which results in having to work shorthanded anyway.

High-performance hiring takes advantage of your best workers to identify and hire the best candidates. Here's what to do.

Hiring Criteria: Traditional vs. High-Performance

When hiring assemblers, most production supervisors look for candidates with a good attendance record and relevant work experience. However, the assembler's personal qualities are equally important.

The following lists detail the differences between traditional hiring criteria and high-performance standards. Ideally, your own list of hiring criteria will be the product of your hiring team. Given the opportunity, first-line supervisors could compile an equally comprehensive list. However, there are benefits to having the hiring team compile the list, including a stronger sense of ownership in the process, pride in having high expectations, and an almost unconscious increase in performance expectations for current team members.

Traditional Hiring Criteria

- Related technical or manufacturing experience
- Good attendance record at prior jobs
- Good attitude
- Good "fit"

High-Performance Criteria

- Sets high-performance standards for self and others
- Loyal and dedicated
- Wants to work here

- Makes things happen
- Shows initiative
- Accepts responsibility
- Fixes things
- Knows or finds out what is needed
- Conscientious—does things right and does the right things
- Professional
- Understanding and caring
- Honest and trustworthy
- Dependable
- Respectful and respected
- Trainable—can learn quickly and is eager to learn
- Wants to learn other jobs
- Open to change—flexible and adaptable
- Positive—enjoys working with others
- Good sense of humor
- Responsive—never too busy to help others
- No job too small
- Creative and innovative
- Volunteers ideas for improvement
- Good problem-solver
- Goal-oriented
- Team player—proactive and cooperative
- Good communicator

About References

Past history is the best predictor of future performance. Although most companies have policies that limit their management and HR departments from providing specific information about a former employee's performance, references are essential to good hiring decisions.

There are many things your management and HR department can do to obtain this important information. Many companies are stopped cold by the common response of only receiving job title and employment dates for fear of employee lawsuits. However, our experience has been that proactive, aggressive pursuit of references is successful. This includes establishing trusting relationships within the industry, obtaining "personal"

references rather than "employment" references from previous supervisors, and directly involving the candidate in securing references. In fact, employment references are easily obtained for excellent employees—no one fears getting sued for good references. However, if a good reference cannot be obtained, there is usually a reason that's related to the candidate's performance.

At Southeastern Mills Inc. (Rome, GA), complete references are a requirement for employment. If HR is unable to obtain a reference, candidates themselves are requested to personally assist by contacting their former supervisors. Their motivation is high, since they won't get the job without a reference.



Traditional hiring practices don't identify the best workers. They overvalue technical experience and overlook the most important attributes of a high-quality candidate. Photo courtesy Western Thomson Plastics



Since your current work group has high standards for the performance of co-workers, it makes sense that they should be involved in the hiring process. Photo courtesy Prism Electronics Ltd.

First, assemble a hiring team that consists of five to six of your best performers from different departments or manufacturing areas. The team can include a supervisor, but he or she must be a member of the team, not its leader. All opinions, thoughts and conclusions are given equal weight and consideration with no deference to rank. Often, organizations select two teams initially to lower the training cost and to provide flexibility and backup for absent or unavailable members.

The human resources (HR) department prescreens candidates and refers those with acceptable work records and experience to the hiring team. Prescreening should include reference checks with previous employers. Often, candidates are asked to furnish copies of previous performance evaluations, if they have them. The hiring team receives copies of all application, interview and reference materials.

HR also coordinates the scheduling of interviews with the hiring team. Interviews are often scheduled for a half day or a full day on a single day of the week, depending on the number of job openings. In this way, production management can plan in advance to accommodate the absence of hiring team members from their usual posts.

Each candidate meets with the hiring team as a group in an interview that usually lasts 30 to 45 minutes. Before the interview, the hiring team should be coached on topics such as the new hiring criteria, asking behaviorally based questions, ways to set the candidate at ease, legal issues and nondiscrimination policy.

The team decides whether a candidate will receive an offer, and decisions are reached through consensus. Consensus means every team member must agree to live with the team's decision, whether that decision is to extend an offer or not. In this way, a new hire isn't forced to work with people who

voted against him. In fact, quite the contrary, the new hire joins an organization in which everyone is committed to the hiring decision. If consensus is not reached on an individual, no offer is extended.

Because the hiring team's standards are so high, it frequently rejects candidates referred to it through the prescreening process. Meeting the team's high standards is essential. Compromises too often turn into object lessons on the high cost of turnover.

Proven Results

High-performance hiring teams can dramatically reduce turnover. Here, briefly, are the stories of two large manufacturers that successfully implemented high-performance hiring teams.

The first company is a textile manufacturer headquartered in the Southeastern United States. With more than 6,500 employees in 36 locations, the company must compete with other regional textile manufacturers for production workers. This company battled a persistent turnover rate in excess of 40 percent annually for years. The executive who heads their HR department observed: "The definition of insanity is doing the same thing over and over and expecting a different result. That's what we've been doing."

With the help of HR, plant managers implemented employee hiring teams. In 10 months, turnover was reduced by half at an estimated savings to the company of nearly \$4.2 million. Today, hiring teams are the norm, and turnover is still falling.

The second company, Southeastern Mills Inc. (Rome, GA), has been operating as a high-performance workplace for more than 10 years. With facilities in several states, this successful company produces baking, breading and batter mixes for restaurants and food manufacturers. It has been using employee hiring teams

for the past 8 years. The result is a waiting list of qualified applicants who want to work there. But it's hard for these applicants to win a position, because this company's turnover rate has been averaging 4 percent annually.

Companies that implement employee hiring teams experience immediate improvements. The caliber of new employees is significantly higher through the teams' diligent and thoughtful hiring process and decisions. This is the first step in advancing a culture that promotes trust and accountability. With a higher sense of value to the organization and an increasing desire to contribute, hiring team members soon identify obstacles to retaining people. These insights are invaluable. When this feedback is encouraged and acted upon, the process becomes the beginning of a true employee-empowered culture.

Industry norms for annual turnover range between 14 percent and 35 percent, depending on the manufacturing segment. However, among organizations that use employee hiring teams, turnover is as low as 4 percent.

According to industry analysts and the U.S. Department of Labor, the cost of turnover ranges from 25 percent to almost 200 percent of annual compensation. The one thing they all agree on is that turnover is costly—not only in hard costs, but also in productivity, experience, morale, burnout and lost-time accidents. Given the significant financial benefits and the opportunity to create an organization of trustworthy, responsible and highly motivated employees, why would a company use any other hiring practice?

For more information, call 877-774-4797 or visit www.hpwpconsulting.com.



A hiring team consists of five to six of your best performers from different departments or manufacturing areas. The team can include a supervisor, but he or she must be a member of the team, not its leader.

A Photo courtesy Siemens AG



HPWPTM
creating high performance work places

HPWP Consulting delivers High Performance Leadership Workshops and consulting services that improve an organization's bottom-line by:

- Reducing employee turnover
- Avoiding union activity
- Merging divergent cultures
- Coaching and counseling for superior performance management
- Increasing the retention of high performing employees

Capitalizing on over 25 years of experience, they help manufacturing and service leaders create high performance work places.

From new plant start-up, turn-around situations, to companies looking for the next step to

growth, HPWP Consulting has a proven system for achieving results.

Their business consulting services and leadership workshops are facilitated by organizational experts who blend real life situations and experience with practical examples and exercises.

Sue Bingham, Founder and Principal of HPWP is a former Human Resources Executive with 25 years of experience in providing organizational direction to companies in the pharmaceutical, aerospace, food, floral, optical, textile and medical device industries.

**HPWP is located in Rome, GA.
For detailed information, call them at (877) 774-HPWP (4797) or visit their website at www.hpwpconsulting.com.**