



HC Newsletter

November, 2010

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Welcome to the 2010 Christmas edition of the Henricks Consulting newsletter.

The end of the year is a frantic time for most businesses and ours is no exception. Often October, November and December are amongst our busiest months as our customers and partners work hard to execute their business plans and maximize their output prior to the Christmas break. This month's newsletter will hopefully be a good opportunity for each of our readers to take a short break, consider what they have achieved during the year and begin the job of planning how to get the most of the first few months of 2011.

We have some great articles in store for you this month, so please take the time to flick through the issue!

Firstly, with Christmas time fast approaching, we

provide some useful tips for managers to ensure the festive season is both an enjoyable and safe time of year for everyone.

We also explore the TV show 'Undercover Boss' and discuss how most managers can learn something from this show, without having to appear on television.

It is with pleasure that we are releasing the results of our recent study into exit interview results. The study provides a number of insights which will assist our clients in developing targeted retention strategies for their most experienced employees.

We also coin the term "Willy Wonka Manager" and to find out what we mean you'll have to read page 3. Finally, we've included special Christmas offers for both 360 degree assessments and exit interviews.

EDITORIAL: Finding Balance

One of the personality traits that makes each of us unique is whether we tend to take an intuitive or analytical approach to decision making. Some of us prefer a logical and methodical approach that emphasises observable fact, whereas others prefer a more intuitive approach that emphasises feelings. Both approaches have their merits but which approach is best?

The answer is that either extreme is not entirely effective and the best decision makers in both business and personal life make it a habit of considering both analytical and intuitive aspects of a problem before making a decision. They are also aware of their own preferred thinking style and consciously force themselves to consider problems from the other perspective.

People-related decisions at work are no different to others. Best practice decision-making processes should take into consideration both the feelings of staff and objective data. This might seem like an obvious statement but in my experience it is rare for organisations to design their HR processes with this decision-making balance in mind. It takes a conscious effort by experienced professionals to embed measurement systems within processes in a way that provides clear data without undermining managerial discretion and a balanced decision making approach.

Whilst reading our Christmas newsletter we would especially encourage you to consider balance from two different perspectives. Firstly, does your organisation use processes that enable managers to find the right balance in their decision making. Secondly, do you personally make well-balanced decisions in your work or personal life?



Happy reading and all the best for a balanced and fulfilling Christmas and New Year!

Matt Henricks is the Director of HC. He is an Organisational Psychologist with over 10 years experience working in HR or related fields. Matt has consulted with many of Australia's largest and most successful businesses across a broad range of industries.

Check out our new News Page!

We are really excited about our new News section on the HC website! We believe that it offers a more interactive and lively experience for our clients and readers.

New features mean you can:

- ◆ Post blog-style comments about specific articles or papers
- ◆ Use key words to search for articles that are of particular interest to you
- ◆ View full pdf versions of current and past newsletters
- ◆ Vote on interesting issues in HC polls
- ◆ Win exciting monthly prizes for the best "Post of the Month"



Get involved today by posting your thoughts and comments about articles in this newsletter!

Christmas Opening Hours

Our office will be closed from **Saturday 25th December** through till **Sunday 9th January**.

We will reopen on **Monday 10th January**.

If any of our clients anticipate any urgent testing requirements during this period, please advise us as soon as possible.



Christmas Traps for Managers

Christmas time can be an exciting time to be at work. There are often lots of parties, presents are exchanged between colleagues and decorations give the workplace an entirely different feel. However, there are a number of simple mistakes that line managers make during this time; often with significant consequences. This article will hopefully assist all of our readers to navigate safely through the festive season at work.

When planning the office party

- ◇ Clearly distinguish between company-sponsored and informal functions
- ◇ If holding your party at an external venue, Occupational Health and Safety regulations still apply. A separate risk assessment should be conducted for each venue
- ◇ Consider accessibility for people with disabilities
- ◇ Place limitations on the availability of alcohol and ensure non-alcoholic beverages are available
- ◇ Provide plenty of food (especially if alcohol is being provided)
- ◇ Consider allergies and dietary requirements when planning menus
- ◇ Remind attendees that they are attending a company-sponsored event and as such the company's code of conduct still applies
- ◇ Arrange for safe transportation home if providing alcohol at the event
- ◇ Consider employee part-funded models
- ◇ Be sensitive to staff members, colleagues and customers that come from different cultural backgrounds and do not celebrate Christmas

When decorating the office

Be aware of fire hazards and the proximity of decorations to electrical appliances

- ◆ Use step ladders to hang decorations, not desks or chairs
- ◆ Be aware of trip hazards
- ◆ Do not hang things on door knobs, sprinklers or emergency exit signs

Duty of care to staff working over the holidays

Often in the rush to get off to our own holidays we can forget to brief the staff that are holding the fort over the Christmas period! Always make it a priority to ensure that staff are given clear reporting lines and processes to follow if they need assistance or encounter an emergency.

A sad time of year for some people

Although most of us would like to think that Christmas time is a happy, light hearted time for everyone, sadly this is not the case for many people. At Christmas time, often those people that already feel a little socially isolated, anxious or depressed can be left feeling helpless as they see others around them enjoying the fruits of the festive season. Most years, this results in heightened rates of depression and suicide. Most medium and large employers have access to an Employee Assistance Program. Often a short reminder about such services via email or a post on the company intranet can be a worthwhile initiative at this time of year.

If your company does not have access to an EAP service then there are also free counselling services that could be publicised. Crisis support services can be accessed by calling Lifeline on **13 11 14**. Lifeline also provide a range of free resources at their website: www.lifeline.org.au/. Alternatively, Beyond Blue is a government initiative targeting depression. Beyond Blue provide a specialised referral service and a range of resources that can be accessed by calling **1300 22 4636** or by visiting their website: www.beyondblue.org.au

The Willy Wonka approach to selection: the downside of selecting the “least rotten” applicant

In Tim Burton’s 2005 adaption of *Charlie and the Chocolate Factory*, Johnny Depp’s character Willy Wonka is faced with the difficult prospect of deciding who to select as the heir to his factory. Given the choice of five “nasty little children”, Willy Wonka decides on Charlie, not because he is the best kid for the job, but because he is the “least rotten” candidate.

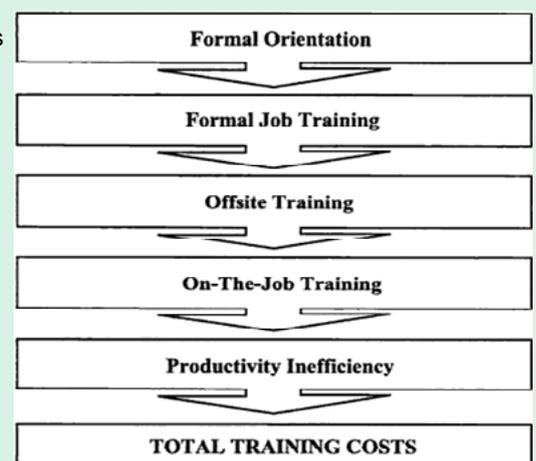
Recent research shows that a number of skills shortages are beginning to re-emerge across the country. According to the Federal Government, skilled vacancies have increased by 16% since September last year (Gettler, 2010). Compounding this problem, a large number of businesses were forced to downsize their workforces dramatically during the Global Financial Crisis (GFC) and are subsequently finding it more difficult to attract a strong pool of candidates for some of their more specialised vacancies this time around. With almost all forecasts pointing towards an increasingly tight labour market during 2011, it is not surprising that some HR professionals and hiring managers are beginning to feel the pressure to lower their selection standards in order to fill vacancies quickly.

It takes a particularly strong hiring manager to decide against filling a vacancy due to insufficient standards amongst available candidates. There are three main reasons for this. Firstly, this will often mean disagreeing with the majority of other stakeholders. Often line managers will be keen to make an appointment sooner rather than later due to operational purposes. If your company utilises recruitment consultants, the hiring manager often has a second group of stakeholders arguing the case for appointment and then there are the candidates who would obviously love you to appoint them and may be very likeable and personally impressive (without having the requisite competencies for the role). Secondly, all of our decision making tends to be more biased than we think. It is easy for self-fulfilling thinking to creep into important selection decisions. In situations where a hiring manager only has one or two candidates for a role, they will almost always want those candidates to be suited to the role. It’s only natural then that a hiring manager might unconsciously focus more on a candidate’s positive attributes throughout the selection process. Finally, operational constraints are real and if a business is unable to achieve its goals due to being short staffed, then the pressure to fill vacancies can be immense. Organisations can even have statutory or contractual obligations in place that require specific roles to be filled so there can sometimes even be very real legal and commercial risks associated with job vacancies.

Research shows that making poor recruitment decisions can be a costly mistake:

- ♦ Research shows that employees with a strong job fit, miss 43% fewer days of work (Watson Wyatt, 2006 - 2009) and deliver between 20% (Mori, 2006) - 43% (Hay, 2009) higher performance.
- ♦ It has been estimated that the cost of dismissing a poor performer and having to recruit their replacement, can be as much as 3 times the annual salary (The Corporate Leadership Council, 2010).
- ♦ Monitoring the poor performance of just one individual often takes a minimum of 10% of a manager’s time.
- ♦ Having poor performers in the workplace often means poor morale amongst other employees
- ♦ Client satisfaction is also often impacted

Figure 1: The costs of re-training



Source: Griffeth and Hom, 2001

Adopting a Willy Wonka approach is often hard to avoid. However, by supplementing your recruitment process with methods that are proven to be reliable and valid, will help you make better decisions.

Despite popular belief, research shows that interviews are not the most valid selection measure. As many as 1/3 of candidates misrepresent themselves at an interview and 17% stretch the truth about their previous experience. This does not mean that managers should abandon interviews. However, they should be aware of their limitations and be careful to use a structured and standardised interview process.



The Willy Wonka approach to selection: the downside of selecting the “least rotten” applicant (continued from over the page)

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So what else should managers be doing when making selection decisions? The overwhelming scientific evidence suggests that employers should in fact be measuring an individual's intellectual abilities via psychometric testing at the same time as conducting a structured interview (Schmidt and Hunter, 1998). In fact, when combined with a robust structured interview, up to 60% of the variability in performance on the job can be predicted via a pre-placement psychometric assessment.

Selecting the right applicant for a role is always going to be a difficult task, but it's important to get it right. As the labour market does get tighter, it is just as important to be selective when hiring new staff. Hiring people who genuinely do meet the job requirements improves morale, increases productivity and ultimately drives the success of your organisation.

The next time you are faced with a pool of applicants, don't be a Willy Wonka manager! Take the time to think through your decision - Are you hiring the person because they genuinely meet the selection criteria? Or are they simply just the “least rotten” of the bunch?

For Further Reading:

Gettler, L. (2010). Falling Short: Australia faces a massive skills shortage. *HR Monthly*, Nov, 38-43

Schmidt & Hunter. (1998). The Validity and Utility of Selection Methods in Personnel Psychology: Practical and Theoretical implications of 85 years of research findings. *Psychological Bulletin*, 124(2), 262-274

Special Offer - Free 360 Degree Assessment!

During Christmas and the new year period, many of us find ourselves reflecting on the year just gone and preparing resolutions for the year ahead. Conducting a 360 degree assessment can be the perfect tool to help guide that reflection and can be useful for staff at all levels in an organisation.

360 degree assessments are a well known process for identifying an individual's strengths and weaknesses and increasing their awareness of their own behaviour in the workplace. In a 360 degree review, feedback is obtained not only from the individual themselves, but also from their manager, colleagues, staff and other stakeholders (both internally and externally).

There are a range of standardised 360 degree assessment tools available in the marketplace and if you are thinking about introducing such a tool it can sometimes be a daunting process. So why not just call us and let our Psychologists help select and administer the most appropriate tool based on your business needs.

As a Christmas gift to our readers, HC is offering to administer one complimentary 360 degree assessment for each interested reader during either December or January (limit one per company).

If you have never used this process before then now could be the perfect time for you to explore it. We guarantee that the process will be simpler than you probably think!

You don't need to use this complementary assessment just to trial the technology. Why not provide the assessment to a high potential employee who would really benefit from the process? Self-motivated individuals might even like to have such an assessment conducted on themselves to help gain self-awareness of strengths and opportunities for improvement.



The Undercover Manager

One of my favourite shows is “Undercover Boss”. For those of you who have not watched the show, the general gist is that a Senior Manager, disguises themselves, then works in a variety of front-line roles within the organisation with the goal of learning “what really goes on” in their organisation. In order to avoid suspicion (due to the camera crew) the manager concerned typically pretends that they are filming a documentary of some kind.

I must admit that prior to watching the first episode I was more than a little bit cynical and questioned the motives of the stars of the show. Why did the manager need to be on television to conduct their investigation? Was this more of a publicity game for them or were they genuinely interested in what their staff had to say? However I continued to watch the show with an open mind and was pleasantly surprised. Perhaps even a little bit challenged! Since that time, the show has turned into one of the few programs that I watch regularly each week and one of my clients has even featured on the Australian version of the show.

The first thing that has impressed me is the openness with which staff are willing to share their thoughts, feelings and theories. If you think that staff would be reticent to talk openly in front of film crews and other staff then you could not be further from the truth. Each week, the staff that are featured on the program are almost jumping off their seats to tell people about the things they are most proud of and anything that is frustrating them. It seems almost as if the boss wanted to know how to make the business better, all they had to do was ask.

The second most striking thing within the show is just how motivated and hard working many of the staff tend to be. I expect that this is a surprise to many managers however it is completely consistent with what we know about the psychology of work. Provided someone is a good fit with the requirements of their role, people generally want to work hard. Most of us spend so much of our time at work and a big part of our self-esteem and identity is wrapped up in what we do for a living. It’s therefore no surprise that with so much of our time and emotional energy invested, people want to be proud of the work that they do each day and this comes through loud and clear in the program.

Finally, the expression on the faces of all the employees when the “Undercover Boss” reveals himself is incredible and the process typically results in increased staff engagement. Once again, this is not surprising. The Undercover Boss, although somewhat contrived for television purposes, is a simple example of a staff engagement initiative that works at three different levels: role modeling, process and symbol. In my experience, there is nothing magical about staff engagement, it is something that senior leaders need to work at and there are four ways that they can typically go about this:

- 1) **Role Modeling** - by leading by example and demonstrating the level of engagement that exists at a senior level
- 2) **Behavioural Training** - to raise awareness of certain behaviours and increase skill amongst both leaders and staff
- 3) **Processes** - by reviewing existing processes or introducing new interventions that attempt to shape the behaviour of both leaders and staff
- 4) **Symbols** - by taking highly visible actions, emphasising strategically important decisions or introducing high profile measurement or categorisation systems

Not all managers have the opportunity to star in an international television program in order to get their message across. In that regard, the organisations that take part in the Undercover Boss program are very lucky. The good news is that all companies do not have to rush out and audition tomorrow! All leaders, no matter how senior, have an opportunity to be an Undercover Boss of sorts. Taking on the role of Undercover Boss can be a little bit daunting and may not feel entirely safe for a leader. However, so often the biggest rewards in working and personal life come when we take the greatest risks. The table on the right displays a number of basic tips on how to make the transition to “Undercover Boss” without appearing on TV!

The Habits of an Undercover Boss
Employee’s want to help make the business better and often know more about it than their managers! Everyone can be an “Undercover Boss” by putting in place the right processes that encourage staff to raise concerns and share ideas.
As a general rule it is best to assume that employees want to work hard and do their best. Managers should always consider what is stopping someone being able to do their best in a job before blaming the individual concerned.
Employee engagement is critical to the success of all businesses. Clever managers actively seek opportunities to improve staff morale and organisational commitment by putting in place clear observable strategies to do so.
Above all, Undercover Bosses understand the importance of symbolic action. They recognise that to create real change and momentum within an organisation symbols are an invaluable tool.



What makes more experienced employees leave: a multi-industry study of exit interview results

A number of our clients have begun to experience the early signs of another skills shortage in key areas. On one level, this is great news. We all want to be part of a growing and vibrant economy where there are lots of employment opportunities for our friends and family members. However, there are a number of good reasons why this is making most Human Resources Directors and Chief Executives across the country very nervous indeed.

Research shows that replacing experienced employees can be a very costly exercise. Not only do employers bear the cost in terms of training and recruitment of new staff and reduced business efficiency, there are also genuine business continuity risks for many companies every time key staff leave.

With this in mind, HC recently conducted a study to investigate whether more experienced staff nominate different reasons for leaving their employers, than less experienced staff. Our hope is that this study, in conjunction with a robust exit interview process, can assist our clients in developing targeted retention strategies for their most experienced employees.

Method

Exit interview results from 269 participants were compared and analysed based on their tenure. Data was drawn from four starkly different industry groups to ensure that our findings could be generalised across multiple industry groups. Respondents were asked to select their "top three reasons for leaving" utilising a standardised fixed response question format and were then allocated seven separate tenure-based categories. The percentage of respondents that nominated each reason for leaving within pre-determined tenure categories was then analysed.

Key Findings

Reasons for leaving across tenure fell into three categories:

1. **Stable influences:** Those reasons for leaving that were roughly stable, irrespective of how long someone had been employed with the company.
2. **Increasing influences:** Those reasons for leaving that appeared to increase the longer someone had been employed with the company.
2. **Decreasing influences:** Those reasons for leaving that appear to decrease the longer someone has been employed with the company.



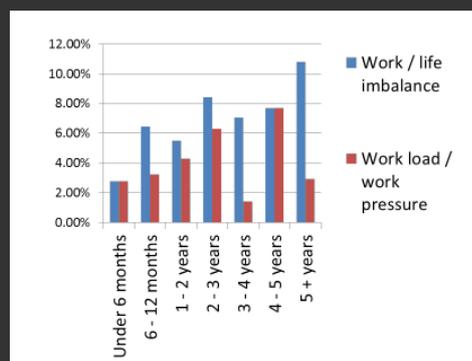
The figure below highlights the key findings for each of these categories:

1. **Stable Influences**
 - ✓ Organisations Culture or Morale
 - ✓ Health
 - ✓ Change in Career Direction

- ✓ Bureaucracy
- ✓ Organisational Structure
- ✓ Lack of challenging work

2. **Decreasing Influences**
 - ✓ Care-giving responsibilities / Family decisions
 - ✓ Job expectations
 - ✓ Type of work

3. **Influencing Influences**
 - ✓ Work/life Imbalance
 - ✓ Work load / pressure
 - ✓ Failure to recognize my skills or knowledge



Percentage of staff in each tenure category that nominated Work / life imbalance or work load / pressure as a reason for leaving

What makes more experienced employees leave: A multi-industry study of exit interview results (continued)

It does appear that more experienced staff, on average, nominate different reasons for leaving than those less experienced exiting staff members. The below factors appeared to be the most common reasons sighted by outgoing experienced employees:

- ◇ **Workload and Work/life Imbalance** — Although employees with relatively short tenures with a company appear to be able to overlook excessive workload and potential work/life imbalance, the longer an individual is employed, the more likely it is likely to become that they will resign due to these factors.
- ◇ **Bureaucracy and Organisational Structure** — Whereas there may be a honeymoon period in which new employees are not aware of unnecessary bureaucracy or layers of management, the more experienced a staff member becomes, the more likely that frustrations with these factors will become terminal.
- ◇ **Failure to recognise skills and knowledge and a lack of challenging work** — Not a single person who had less than 6 months tenure nominated these reasons for leaving whereas a significant proportion of respondents with reater than 5 years tenure did

These findings have some fundamental implications for the type of initiatives that companies should be putting in place to retain their most experienced staff. A sample of these are detailed in the table below:

Implication	Comments
Potential over-emphasis on monetary retention schemes	In our experience, most organisations automatically begin to review their remuneration benchmarking and bonus scheme structures when faced with a retention issue. While our data clearly demonstrates that remuneration is a significant reason for leaving, it is not the most important for every tenure group and clearly decreases in importance once an employee has been with a company for four years or more.
Addressing workload and work/life balance issues is critical	Our most experienced staff may have demonstrated an ability to cope with long working hours and a poor work/life balance early in their career however this appears to be one of those areas where past behaviour is not a good predictor of the future. Organisations that fail to put in place real initiatives to address unrealistically high workloads or poor work/life balance appear to be doomed to lose an increasing proportion of their most experienced staff.
The importance of high quality performance management and development	There is sometimes a temptation to short-cut the performance management process with our most experienced staff since they “know their job and we can rely on them to get on with it”. However, our exit interview results clearly indicate that our most experienced staff are MORE likely to leave due to a lack of recognition than our less experienced staff. Furthermore, they are also more likely to become frustrated when work becomes monotonous or unchallenging. A high quality approach to performance management and development discussions is essential with all staff but it appears that it might be more important than some of us realise with our established top talent.
The importance of organisational effectiveness and continual improvement initiatives	It appears that many more experienced staff leave due to increasing frustration related to the way the organisation is structured or the bureaucracy they are experiencing. Organisations that provide a way for more experienced staff to channel their energy (about those aspects of their role that frustrate them) are likely to be more successful in retaining this valuable segment of staff.
The importance of maintaining a focus on the “stable influences”	Although culture, morale, health / wellbeing, career stability and relational issues were no more important for our most experienced staff than others, this does not mean that they are unimportant overall. Organisations that are experiencing elevated turnover should always consider whether or not one of the stable influences is the root cause of their concerns.
The importance of exit interviews in root cause analysis	Although we have observed some common trends across four industry groups, this is not to say that each of our participating organisations does not have highly unique circumstances. Our exit interview processes enable each of our clients to tailor their retention strategy based on real data about why their staff are leaving (rather than adopting more generic findings from a paper like this).

The results of this study are generic and although they were relatively stable across four different industry sectors, this does not mean that our findings can be automatically relevant to other industries or employers. We would strongly recommend that the first step of any retention strategy should be to put in place a robust exit interview process that will help identify whether similar trends are occurring within you specific business.

By utilising standardised measurement systems such as exit interviews, HR professionals and line managers can provide clear, data-based rationale for their retention initiatives and measure the impact of those initiatives confidently. If you are interested in exploring the introduction of improved approaches to measurement within your business please contact us directly for a confidential discussion.

A full copy of our research paper on this topic can be obtained by emailing: info@henricksconsulting.com



SPECIAL OFFER: Free Online Exit Interview hosting for 12 months!

With the labour market beginning to heat up, and retention likely to be the hot topic of 2011, next year could be the perfect time to introduce an exit interview process within your organisation.

To help new customers take the first step with exit interviews, we're announcing a special offer of **free hosting of our standard online exit interview** (for new orders received prior to the end of January, 2011).

This offer will enable you to begin collecting valuable feedback from your outgoing staff immediately at no cost. It will also give you access to all of the features that are included within our premium service packages without having to commit to ongoing services.

Key features of our online Exit Interview:

- Compare your organisation's results against robust internal and external benchmarks
- Include a balance of quantitative and qualitative questions
- Assess the impact of significant company initiatives on your employees
- Analyses trends in data over time
- Compare results across divisions or demographic groups

If you are interested in this special offer or would like to receive more information about our exit interviews, please email us at info@henricksconsulting.com



If you have any questions or would like to provide feedback about this newsletter:

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