



5

Employee Retention Strategies That Work

for Small to Mid-sized Businesses (SMBs)

INTRODUCTION

You've invested a lot of time and money recruiting and hiring the right talent for your small to mid-sized businesses (SMB). The last thing you want to do is let all that hard work go down the drain when an employee leaves for another opportunity.

Turnover costs:

Some studies (such as SHMR) predict that every time a business replaces a salaried employee, it costs 6 to 9 months' salary on average. For a manager making **\$40,000 a year**, that's **\$20,000** to **\$30,000** in recruiting and training expenses.

Finding good people is getting harder and especially for SMBs.

According to [LinkedIn's 2016 Global Recruiting Trends Report](#),

41% of respondents say they will remain at their company for less than 2 years while 37% say they will stay for 3+ years and 22% don't know how much longer they'll stay at the company.

Employee retention is ranked as the second most important business priority, right after recruiting highly skilled talent.

In LinkedIn's [Why & How People Change Jobs](#) study, we learned that the top three reasons people leave a position are to 1) advance their careers, 2) tackle meaningful work, and 3) cash a bigger paycheck. We also learned that once employees consider leaving, 42% said they might have stayed if their employer had done something.

Instead of letting talent walk out the door, do "something" by implementing a retention program that becomes part of your company culture. This guide will help inspire an effective retention program at your SMB.



Clickable table of contents:



1/3 of new hires



quit their job
after 6 months

Replacing talent
can cost up to



the employee's
annual salary

It can take



for the productivity of a new
employee to reach that of an
existing staff member

Engaged employees are



less likely to look for a new job

75%
OF MILLENNIALS

leave the company to change
roles instead of waiting for a
promotion

DESIGN A STRONG ONBOARDING PROCESS

You only have one chance to make a good first impression. The interview process gave your new hire a taste of the company, and the first few days will let them know whether or not they made the right decision by taking the position.

Companies with formal onboarding programs retain 91% of first-year employees, while those that don't retain just 50%. Your onboarding process should include a detailed plan for an employee's first day, week and month.

- Acclimate them to your company and environment
- Provide them with the tools they need to do their job (there's nothing worse than an employee who doesn't have a place to sit on the first day)
- Establish expectations and educate them on procedures

Tip:

Never let a new employee eat lunch alone on the first day. This is an ideal opportunity to learn about them as a person and build a relationship.

Resource:

[Onboarding in a Box](#)

Everything you need for a powerful onboarding experience.

2

PROVIDE EMPLOYEES WITH A ROADMAP FOR SUCCESS

The number-one motive people have for changing jobs is career opportunity. That means it's critical for SMBs to outline and communicate short-term milestones and long-term goals.

Find out what they think: Ask questions, such as, "Are you happy with your current responsibilities?" "Are there tasks or areas outside your current job description you're interested in exploring?" "Are you encouraged by the career path at our company?"

Tip: As part of your onboarding process, provide employees with 30-, 60- and 90-day plans, as well as insights on their growth potential, including information about how and when they might receive new responsibilities and promotions. Set clear expectations and provide regular touch points.

Stat:

23% of people who leave a job within the first 6 months said "receiving clear guidelines" would have prompted them to stay.

3

OFFER THE PERKS THEY REALLY WANT

Ping pong tables and personal chefs are cool benefits that employees will brag about to their friends, but they might not be enough to keep them in their job long term.

According to Glassdoor's Employment Confidence Survey, 79% of employees would prefer new or additional benefits to a pay increase. Here's what they want:

1. Healthcare insurance
2. More paid time off
3. Performance bonuses
4. Retirement plans
5. Flexible schedules, including the ability to work from home

Tip:

During company budgeting season, budget more dollars for perks and other incentives for the new year. If budgets are tight (especially in a SMB), try giving more time off.

Stat:

Remote workers are 50% less likely to quit

4

HAVE A SCHEDULE FOR GIVING RAISES

While money isn't the main reason people change jobs, 74% who do receive larger compensation packages. Regular raises aren't just appreciated; they're expected. Half of employees expect to receive a pay raise or cost-of-living increase in the next 12 months.

Tip:

Whether it's at the first of the year or on an employee's anniversary, schedule an annual salary review. Be sure your compensation package fits the market value for the job.

Resource:

[Take Chron's 4 steps to calculating a salary increase.](#)

Stat:

35% of employees will look for a new job if they don't receive a raise within 12 months

CREATE AN ENVIRONMENT THAT FOSTERS GOOD RELATIONSHIPS

Relationships at work matter. Sixty percent of people say coworkers improve their work environment the most, even more than their interest in work. In fact, having a good friend in the office has the potential to increase your happiness as much as the psychological equivalent of earning \$100,000 more per year, according to research from UCLA.

Tip:

Set the stage for strong relationships by making it part of your culture:

- Plan out-of-office activities, such as happy hour at a nearby restaurant or an employee softball team
- Design your workplace to include gathering areas, such as sofas or a large break room table
- Have an open door policy that makes leadership accessible

Resource:

[Learn how LinkedIn invests in their employees on InDay.](#)

Stat:

54% of people who are unhappy at work plan to leave in the next 12 months, while just 23% of those who are happy at their current jobs plan to leave.

A blue-tinted photograph of a modern office lounge. Several people are sitting on armchairs, some using laptops. The scene is bright and contemporary, with a clean, minimalist aesthetic. The text "BE INSPIRED BY THESE CREATIVE RETENTION IDEAS" is overlaid in white, bold, uppercase letters in the center of the image.

BE INSPIRED BY THESE
CREATIVE RETENTION IDEAS



START ON FRIDAYS

New employees at the Austin, Texas-based tech company [Spredfast](#) start their jobs on Friday.

Why? Mondays can be chaotic as people get caught up from the weekend. People are in better moods on Fridays, and new hires have a better impression and experience. Plus, they'll leave feeling more motivated than when they signed the offer.

PLAY NEW EMPLOYEE TRIVIA

When a new leader is hired at Boston-based construction management firm [Shawmut Design and Construction](#), the company conducts a “New Leader Assimilation” meeting that includes 21 fun and compelling questions.

Why? It’s a great way to get to know each other, focusing on a culture of connection. Your company can expand the idea beyond leadership, sharing fun facts about new employees that get everyone talking.

CONDUCT STAY INTERVIEWS

While a lot of companies conduct exit surveys, [Webroot Software](#) has another idea. The Broomfield, Colorado-based cybersecurity provider uses one-on-one *stay* interviews instead.

Why? While information collected after an employee has decided to leave is valuable, it's also too late. Stay interviews provide actionable information that leaders can use to retain employees.

GIVE UNLIMITED PTO

The Santa Clara, Calif.-based college textbook company Chegg lets employees choose when and how many days they want to take off during the year.

Why? While this may sound like an invitation for slacking, the policy gives employees autonomy and flexibility, and that goes a long way in boosting job satisfaction. Employees are responsible for getting their work done, and the average team member takes three weeks a year.



ASSIGN A MENTOR

When new hires join [TINYpulse](#), a Seattle-based employee engagement tool provider, they are assigned a coworker mentor who acts like a go-to friend and work buddy, answering questions and providing guidance.

Why? Veteran employees know the ins and outs of the company, and can lessen the learning curve. And the benefits go both ways: Acting as a mentor brings greater job satisfaction and commitment to the employer, according to studies.

FIND, ATTRACT, HIRE, AND RETAIN YOUR TEAM WITH LINKEDIN TALENT SOLUTIONS

Find and engage the best talent using the world's largest professional network. LinkedIn Talent Solutions provides innovative recruiting and employer branding tools to help you become more successful at talent acquisition.

Check out some ways you could start using LinkedIn Talent Solutions to hire and engage your team or speak with a specialist to find out how other SMBs use LinkedIn Talent Solutions.

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Sources

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