

EXCERPT

Stop Turnover in the First Three Years

Best practices for retaining millennial staff

Look inside for

- The factors behind early turnover
- Two-part framework to retain millennial staff
- Best practice profile: Resignation recovery protocol

Executive Summary

Health Systems Are Losing Far Too Many Early-Tenure Staff

The national turnover rate in health care has trended steadily upward since the recession, with the median rate reaching 13.4% in 2015. The rate of early turnover is even more alarming: more than one out of every four staff members who left their facility in 2015 had less than one year of tenure. Many of the staff who are leaving early are under the age of 35—an age group that makes up nearly one-third of the health care workforce

Unlike Other Age Cohorts, Millennial Staff Are More Engaged Than Loyal

Staff under the age of 35—millennials—are far more similar to other generations in the health care workforce than they are different. The workplace factors that engage millennials are nearly identical to the factors that engage staff of all ages. And engagement usually mirrors loyalty: engaged employees of all ages are more likely to stay at their organization, while disengaged employees are more likely to leave.

However, our analysis of the Advisory Board National Employee Engagement Database found a key difference for staff under the age of 35: unlike other age cohorts, millennials are more engaged than they are loyal during their first three years of tenure at an organization. If you can retain them past the three-year mark, their level of loyalty more closely matches their level of engagement.

Supplement Your Engagement Efforts with a Retention Strategy for Millennials

The bulk of this publication contains a two-part framework and best practices to retain millennials through their first three years at your organization.

Our framework is informed by our analysis of millennials' engagement survey responses (including open-ended feedback), dozens of interviews with HR leaders across the country, and consultations with engagement experts. Our goal is to help you build a millennial-specific retention strategy to supplement your engagement efforts.

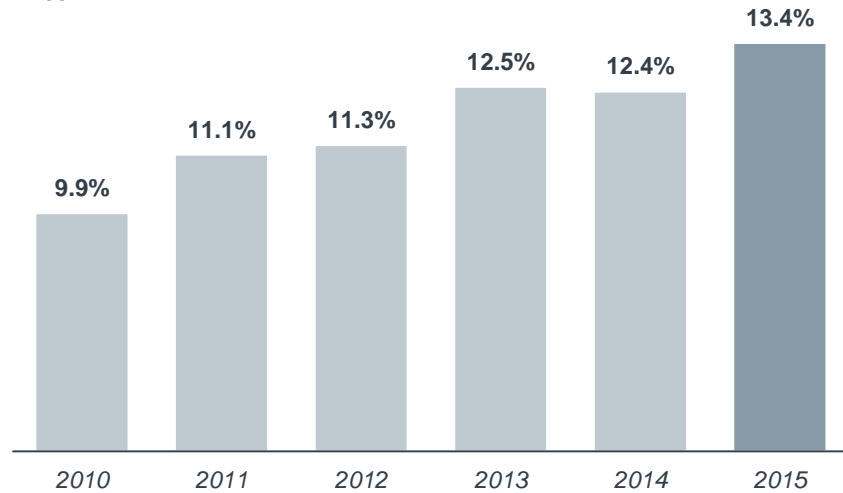
▶ **The Millennial Mandate**

The national health care turnover rate is trending steadily upward. Our benchmarks pegged median hospital turnover at 13.4% in 2015—indicating half of organizations have turnover above that rate. Staff retention is increasingly a top priority for HR executives, clinical leaders, and CEOs.

A Clear and Troubling Trend

Median Health Care Turnover Rate¹

n=381²



Leaders are concerned for good reason: staff turnover is disruptive and costly, as shown here. Experts debate how to capture the cost of turnover in hard dollars, but everyone can agree that losing team members creates more work for HR, managers, and remaining staff.

Remembering the Cost of Turnover

Creates More Work for HR...



Recruit and screen new candidates



Onboard replacement staff

And for Managers...



Interview additional candidates



Train new staff

And for Staff...



Absorb extra work

1) Turnover rate is determined by dividing total number of separations among all full-time and part-time employees between January 1 and December 31 by the average of the total number of full-time and part-time employees over that time frame. Excludes PRN, per diem and casual employees.

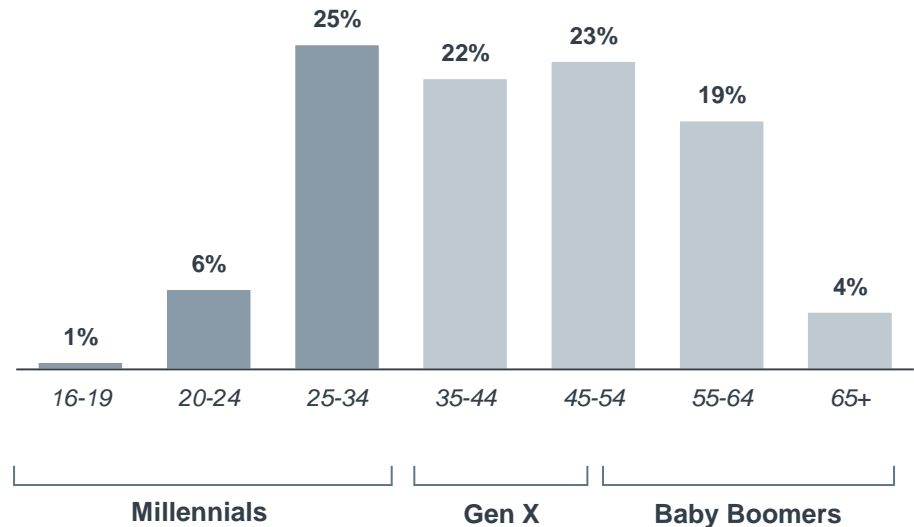
2) N-value for 2015 benchmark cohort.

Source: Annual Turnover, Vacancy, and Premium Labor Benchmarks, HR Advancement Center.

To reduce turnover, we need to understand what's driving it. Age is a good place to start, since retirements certainly contribute to turnover. More than one-fifth of the health care workforce is over the age of 55, suggesting retirements won't slow down anytime soon. But the single largest category of staff fall in the 25-to-34 age group. In fact, nearly one-third of all staff are millennials (under the age of 35). To see a meaningful reduction in turnover, organizations must focus on this age group.

A Look at the Health Care Workforce by Generation

Proportion of the Hospital Workforce by Age Group in 2015

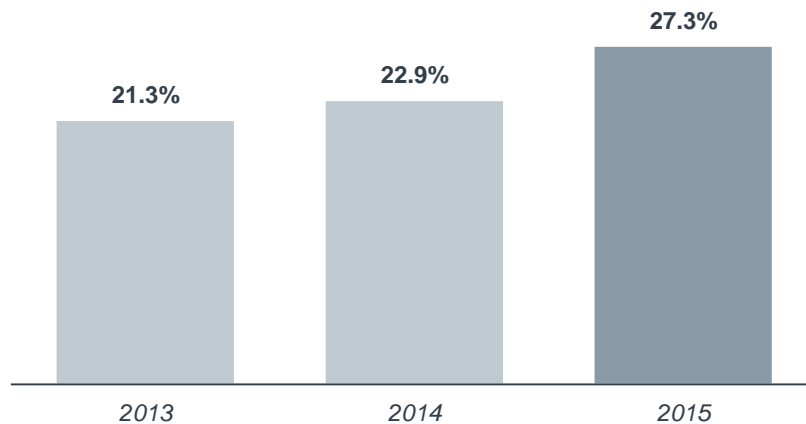


In particular, organizations need to take a hard look at their early turnover rate. The proportion of turnover due to first-year departures has always been higher than anyone would like—but the industry has reached a point now where more than a quarter of all turnover is due to employees leaving in their first year. Many of these staff are millennials, which begs the question: Are millennials a different type of employee, requiring different engagement and retention strategies than those used for other generations?

Losing First-Year Staff at an Unsustainable Rate

Percentage of Turnover Attributed to Employees with Less Than One Year of Tenure

n=370¹



Source: "Labor Force Statistics from the Current Population Survey, Table 18B, Employed persons by detailed industry and age," Bureau of Labor Statistics, 2015, <http://www.bls.gov/cps/cpsaat18.htm>; Annual Turnover, Vacancy, and Premium Labor Benchmarks, HR Advancement Center; HR Advancement Center analysis.

1) N-value for 2015 benchmark cohort.

To see if millennials are actually different, we analyzed the hundreds of thousands of responses in the Advisory Board's National Employee Engagement Database by age. We found the workplace attributes that engage millennials are nearly identical to the attributes that engage all staff. The data shown here is good news: organizations do not need to pursue a separate engagement strategy for their millennial staff. By targeting their top engagement opportunities across all staff, organizations should naturally engage millennials as well.

However, further analysis—explained on the following pages—revealed engagement alone is not enough to retain millennials.

Millennial Engagement Drivers Similar to All Staff's

Top 10 Drivers by Impact on Engagement

Determined by Multivariate Regression Analysis of 42 Engagement Drivers

Driver	Millennial Rank ¹	Overall Rank ²
I believe in the organization's mission	1	1
Organization provides excellent care	2	2
I am interested in promotion opportunities	3	3
Executive actions reflect our mission and values	4	5
My current job is a good match for my skills	5	4
My ideas and suggestions are valued	6	6
I understand how my work contributes to the organization's mission	7	7
My recent performance review helped me to improve	8	8
Organization recognizes employees for excellent work	9	11 ³
Training and development opportunities helped me to improve	10	10

1) The 2015 model for millennial respondents includes 27 of 42 drivers with an r^2 value of 0.603.

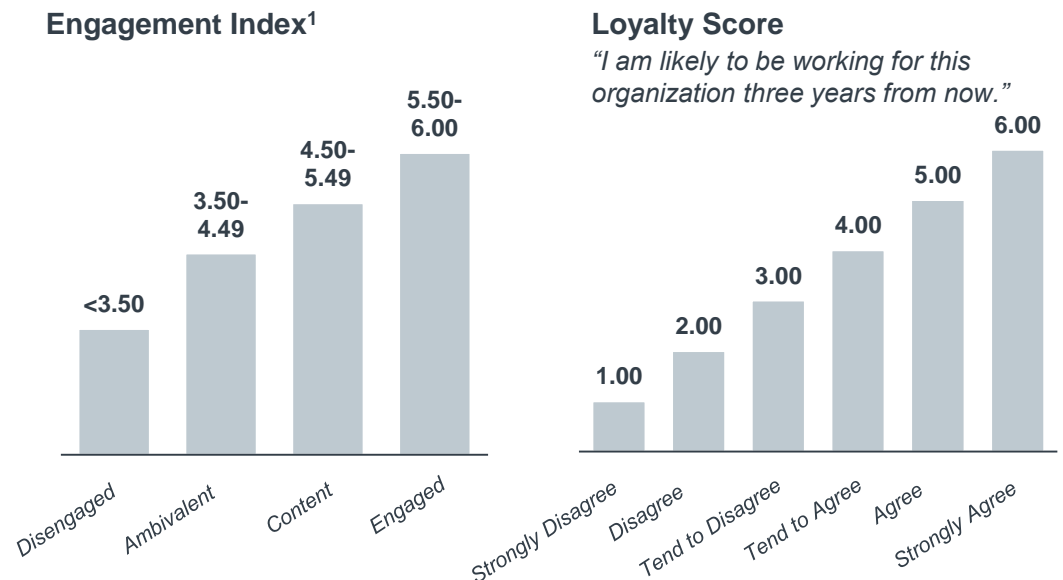
2) The 2015 model for all respondents includes 27 of 42 drivers with an r^2 value of 0.602.

3) For the overall cohort, the 9th driver was "My organization helps me deal with stress and burnout" (which was the 12th driver in the millennial cohort).

Source: Advisory Board Survey Solutions' National Employee Engagement Database, 2015; HR Advancement Center analysis.

Here is a quick primer on the Advisory Board's Employee Engagement Survey, which served as the basis for our analysis. The left chart shows how we measure an employee's overall level of engagement. The chart on the right shows how we measure an employee's loyalty—how likely they are to stay at the organization for the next three years. Typically, scores for the engagement index and loyalty question are similar. Engaged employees typically intend to stay at the organization, while disengaged employees typically intend to leave.

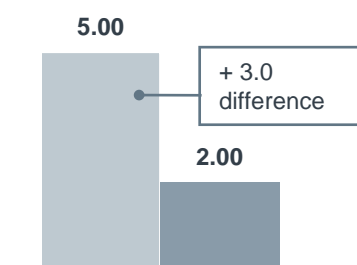
Quantifying Engagement and Loyalty



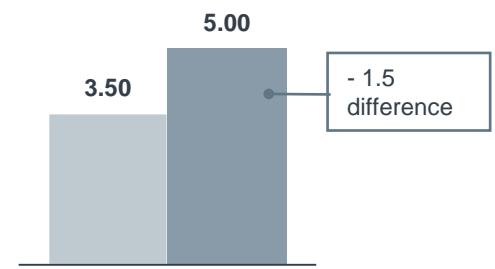
However, there are instances when employees' engagement and loyalty scores are different. For example, an employee planning to retire may be more engaged than loyal, since he or she is not planning to stay beyond another year. This scenario appears in our data as a positive gap between engagement and loyalty, as shown in the left chart. The right chart illustrates the opposite: a negative gap for an employee who is more loyal than engaged (for example, an employee sticking around until they reach retirement age).

Engagement Level Not a Perfect Proxy for Retention

Scenario: More Engaged Than Likely to Stay



Scenario: More Likely to Stay Than Engaged



- Examples:**
- Employee planning to retire
 - Employee planning to go back to school
 - Employee just putting in their remaining time until retirement
 - Employee working primarily for access to health benefit plan

1) Average of 6-point responses to four statements: This organization inspires me to perform my best, I am willing to put in a great deal of effort in order to help this organization succeed, I would recommend this organization to my friends as a great place to work, I am likely to be working for this organization three years from now.

Source: Advisory Board Survey Solutions' National Employee Engagement Database; HR Advancement Center analysis.

We analyzed the gap between engagement and loyalty for all the age groups and tenure bands in our database. The results are shown here. As we expected, staff older than 55 with more than 15 years' tenure have a positive gap: they are more engaged than loyal (and are likely planning to retire soon). Most other employee groups do not have large gaps between their engagement and loyalty—with one notable exception: staff under the age of 35 with less than three years of tenure. This group of staff is more engaged than loyal.

This data suggests organizations need to supplement their engagement strategy with a specific retention strategy for early-tenure millennials. Engagement alone is not enough to retain this group of staff.

Early-Tenure Millennials: Engaged, but Not Yet Loyal

Gap Between Engagement Index and Likelihood to Stay Score

Age	Tenure				
	Less than 1 year (n=32,223)	1-3 years (n=72,917)	4-6 years (n=38,573)	7-15 years (n=73,021)	Greater than 15 years (n=50,346)
Younger than 25 (n=12,317)	0.44	0.41	--	--	--
25-35 (n=68,856)	0.20	0.23	0.09	-0.03	--
36-45 (n=61,277)	0.09	0.10	0.01	-0.06	-0.17
46-55 (n=64,621)	0.06	0.05	-0.01	-0.09	-0.17
Older than 55 (n=60,027)	0.19	0.18	0.17	0.16	0.29

Source: Advisory Board Survey Solutions' National Employee Engagement Database; HR Advancement Center analysis.

To develop a millennial-specific retention strategy, we analyzed millennials' engagement survey responses (including open-ended feedback), interviewed dozens of HR leaders around the country, and consulted with engagement experts. The quantitative and qualitative data helped us identify three key characteristics of millennials that influence their loyalty to your organization. First, millennials are—by definition—young, which means they have fewer work experiences to compare with their current experience. Second, millennials are likely thinking about the next year or two in their career—not necessarily the next five to 10 years. Finally, millennials have more opportunities than ever in a candidate-centric labor market with a growing number of “nontraditional” health care employers (such as retail clinics).

The rest of this publication is dedicated to a framework and best practices that will enable organizations to stop—or at least, significantly reduce—turnover of early-tenure millennials.

Getting in the Millennial Mindset



Millennials have fewer past work experiences for perspective



Millennials think more in short-term increments



Millennials have more opportunities than ever

Executive Framework

Best Practices to Stop Turnover in the First Three Years

We recommend HR leaders use the two-part framework shown here to reduce millennial turnover. The first step is giving millennials a sense of early accomplishment in their role. The strategies to do this include giving new hires emotional and social support (in addition to clinical support) to manage their workload, and putting more structure around early growth opportunities (so development isn't left solely to managers juggling many other priorities).

The second step reflects the reality of a competitive labor market: staff will naturally wonder if the grass is greener elsewhere, so you need processes in place to identify and redirect millennials who are thinking about leaving. The strategies to do this include proactively adjusting compensation to reward top performers, equipping managers with easy-to-use tools to identify staff at high risk of leaving, and finally, attempting to reverse resignations—or at least learn from them.

The rest of this publication provides details about how to implement this framework and the 11 best practices shown here.

Give Millennials a Sense of Early Accomplishment in Their Role		Identify and Redirect Millennials Heading for an Exit Ramp		
1	2	3	4	5
Bolster New Hires' Ability to Cope with Workload	Embed Short-Term Growth in Entry-Level Roles	Optimize Total Rewards for At-Risk Staff	Equip Managers to Detect Retention Risk	Win Back Early-Tenure Staff Mid-Flight
1. Professional Mentor Corps 2. Cross-Calibrated New Hire Feedback	3. Early-Tenure Career Ladder 4. Targeted Role Transitions 5. Future-Oriented Tuition Assistance	6. Differentiated Frontline Merit Pay	7. 30-, 60-, 90-Day Check-In Prompts 8. Manager-Led Flight Risk Assessment	9. Resignation Recovery Protocol 10. Status Change "Exit" Interview 11. Alumni Return Campaign

Resignation Recovery Protocol

Practice in Brief

HR calls resigning staff while they are still employees to discuss their reasons for resigning and offer alternative options; the goal is ideally to reverse the employee's decision, and at a minimum gain a better understanding of why staff are leaving.

Rationale

When an employee shares their decision to resign, managers often miss an opportunity to discuss the true cause of the resignation (which may be something the organization can fix). For their part, resigning employees are often hesitant to share their real reasons for leaving with their manager. They don't want to "burn bridges" or have an awkward conversation. By quickly introducing HR as an impartial third party during an employee's resignation, the organization can get more accurate information about why an employee is leaving—and perhaps retain him or her.

Implementation Components

Component 1: Encourage Managers to Immediately Submit Notice of Employee Resignations

When an employee tenders his or her resignation, their manager submits it to HR as quickly as possible. This notice allows HR to step in while the employee is still working at the organization.

Component 2: Engage Staff in Conversations Before They Leave

HR staff call each resigning employee to discuss the reasons for their resignation. The purpose of this conversation is to understand the employee's specific reasons for leaving, as well as find out if the situation can be reversed.

Practice Assessment

While this practice may have limited impact on individual employees' decisions to resign, the conversations help reveal broader trends about why staff are leaving. Organizations do not need to commit to doing this practice indefinitely. Instead, they can implement the practice for a brief period (e.g., 30 days) or focus on a specific area (e.g., department with high turnover).

HR Advancement Center Grades

Practice Impact: C+

Ease of Implementation: B

When staff share their plans to resign with their manager, managers often assume the staff member's decision is final, and they quickly move onto practical considerations (such as filling the new vacancy). For their part, resigning employees are unlikely to volunteer information about why they are leaving, particularly if they are leaving due to challenges with their manager or team. However, the resigning staff member may be willing to share more information about their decision with a neutral third party—such as an HR business partner.

Resignation Conversations Often Very Short

Typical Resignation Conversation



	Employee	Manager
Says...	"I think this job is just not working out for me."	"Sorry to hear that, but best of luck on your future endeavors."
Thinks...	"I need a new challenge." "How am I going to pay for grad school now?"	"Not another vacancy!" "I'll have to completely redo the schedule."

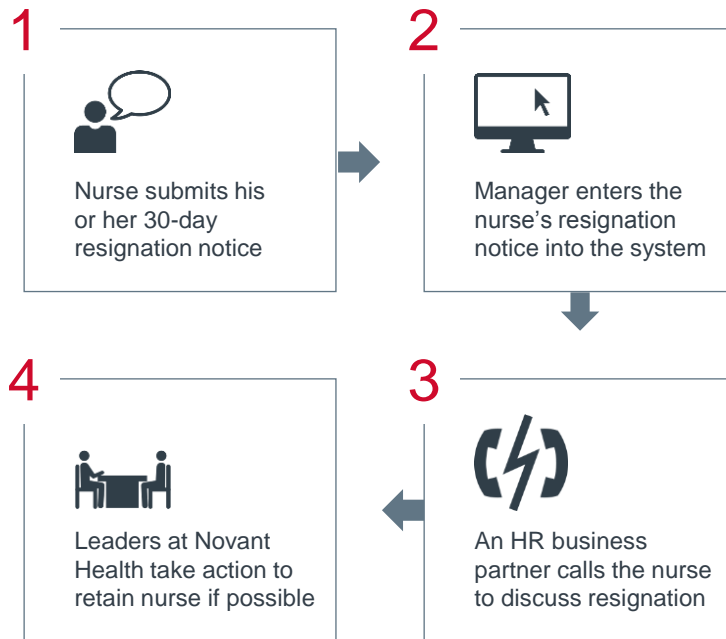
Component 1: Encourage managers to immediately submit notice of employee resignations

The first component of this practice is to encourage managers to submit notice of employee resignations to HR as quickly as possible. This allows HR to reach out to the employee while he or she is still working at the organization.

Nursing and HR leaders at Novant Health developed a process to call resigning RNs and LPNs as soon as possible to better understand resigning staff’s decisions—and see if the decision could be reversed. Novant Health asks staff to give 30 days’ notice instead of the traditional two weeks. This gives managers more time to alert HR, and HR team members more time to get in touch with resigning employees.

Resignations Not Necessarily Final

Process for Novant Health’s “Project Re-engage”



Case in Brief: Novant Health

- Four-state integrated network of physician clinics, outpatient centers and hospitals, including 13 medical centers
- Novant Health HR business partners called acute care RNs and LPNs who put in their 30-day notice; goal was to collect real-time data on the drivers of turnover and potentially retain employees if issues could be addressed
- During 30-day campaign, 60 eligible employees were called and 36 participated; three employees decided to stay

Source: Novant Health, Winston-Salem, NC; HR Advancement Center interviews and analysis.

Component 2: Engage staff in conversations before they leave

The second component of this practice is to engage staff in conversations before they leave the organization. HR staff call each resigning employee to discuss their decision and see if anything can be done to reverse it. Novant Health's HR business partners use the script shown here to guide the discussion. This can reveal broader trends that may be driving staff turnover.

Talk With Staff to Understand Why They're Leaving

Novant Health's Script for Resignation Recovery Phone Call

1. What is the main reason you left the organization?
2. Before making your decision to leave, did you investigate transferring within Novant Health?
3. Have you accepted another position?
 - a) Is your new position with another health care organization?
 - b) Is your new position the same type of role?
4. Has your leader asked you to stay?
5. What could we do to encourage you to stay?

We recommend piloting resignation recovery conversations factoring in the three considerations shown here. For example, Novant piloted the protocol with all resigning nurses during a one-month period, and HR business partners made the phone calls. Putting boundaries around the initial pilot will help staff (such as HR business partners) incorporate the phone calls into their workload, and it will give you a chance to evaluate how effective the process is (measured both by the quality of information you receive and number of decisions you are able to reverse).

How to Pilot Resignation Recovery Conversations

Factors to Consider When Piloting Resignation Recovery Protocol



Potential resignations to include

- Staff resigning in their first year
- Staff resigning from hard-to-fill roles
- Staff resigning from units or departments with unusually high turnover



Potential time frames

- One month
- The first five resignations every month



Potential conversation leaders

- HR staff
- Senior leaders in affected department (e.g., nursing director or CNO)

Source: Novant Health, Winston-Salem, NC; HR Advancement Center interviews and analysis.