



Best Practices to
**Tackle the
Talent Challenge**

AN EMPLOYER RESOURCE GUIDE

Are You Being Challenged by the “Talent Challenge?”

With many companies struggling to hire new employees and others having a hard time retaining their current workforce, tight labor markets are pushing employers to figure out ways to reduce employee turnover and offer competitive pay and benefits. Based on 2019 data, 43% of companies in the manufacturing industry report at least 20% annual employee turnover. While pay is important, money may get people in the door, but it won't necessarily keep them.

And things start adding up. For example, for a business with 100 employees and 20% turnover rate, the price tag of employee turnover could be costing your company \$1,000,000 per year.

CALCULATING EMPLOYEE TURNOVER COSTS

The cost of bringing in new employees to replace those leaving can be calculated as the $A \times (B \times C)$, where *A* is the Cost of a New Employee, *B* is the Number of Employees, and *C* is the Turnover Rate. See the sample calculations below for a company with 100 employees and a 20% turnover rate.



Cost of New Employee	\$50,000
x	x
(Number of Employees	(100)
x	x
Turnover Rate)	.20)
=	=
Annual Cost of Turnover	\$1,000,000

Loss of Productivity	\$30,000
Training	\$5,000
Hiring	\$10,000
Employee Development	\$5,000
Total Turnover Cost Per Employee	\$50,000

So, what can you do as an employer to compete for top talent? The team at Southwest Michigan First put together this resource guide to help you in your journey to get and keep the people you need. We developed our tips by facilitating talent related events, working directly with businesses, and engaging with partners in talent development and workforce.

Sources:

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HOW TO COMPETE FOR TOP TALENT



FOCUS ON EMPLOYER BRAND

Communicating a culture of happy and engaged employees will help you attract even more happy and engaged employees.

- 75% of Americans would not take a job with a company that had a bad reputation, even if they were unemployed. Check Glassdoor for your company's ratings and comments.
- 92% of people would consider changing jobs if offered a role with a company with an excellent corporate reputation.
- A strong employer brand reduces turnover by 28% and cost per hire by 50%.



EMBRACE SOCIAL MEDIA

Take advantage of your social media outlets to talk directly to potential employees. It's one of your fastest, least expensive and most effective ways to reach the talent you are targeting.

- 79% of job applicants use social media in their job search.
- Social media ranks as the second-best recruitment source for longevity and ROI.
- 73% of millennials found their last position from social media.



UNDERSTAND WHY CANDIDATES GHOST YOU

Ghosting isn't just for dating. Wondering why a candidate is unresponsive or uncontactable without explanation? Try a little self-reflection to avoid the frustration that accompanies being ghosted.

- If "they" can't find you, "they" don't know you. Is your brand easily found? Companies with a strong employer brand receive 50% more qualified applicants.
- You are too difficult to work with, or at least your process is. About 60% of candidates quit in the middle of filling out online applications because the process is too lengthy.
- You are too slow. The average time entry level candidates are on the market is four days. You need to be ready to commit.
- You have unrealistic expectations: Your opportunity isn't that attractive. Be more open to reviewing work history and authentic about your company's "why" (meaning why you exist).



CREATE A RECRUITMENT, HIRING AND ONBOARDING STRATEGY

You can't fly by the seat of your pants on this. Develop a formal plan to identify, attract, hire and retain the best talent.

- Create a database of people who are interested in working for you. Some of these people may be past candidates who were a good fit, but ultimately did not get the job. Consider continuing to send them job listings they may be a good fit for, as well as company and project updates in case a new opportunity opens up. These emails should be done on an opt-in basis.
 - Consider loosening restrictive hiring and employment policies such as eliminating THC (tetrahydrocannabinol) pre-employment screenings, no longer requiring a High School Diploma or GED (General Education Diploma) and adjusting your criminal conviction policies.
 - Implement a formal training program for workers who are new to manufacturing to help in recruiting and retention of these employees.
 - Create a job-sharing system where two part-time people fill one full-time position.
 - Look to current employees to recruit people in their networks by providing referral bonuses when someone is hired. Can your employees answer why they like working there or what sets you apart? Let your employees be your advocate.
 - Update your policy handbook and job descriptions. Do your job descriptions attract the kind of people you want at your organization?
 - Be transparent in your job posts about pay, benefits and overtime to attract the most interested candidates. Make your company stand out. Consider this question from all angles: Why does someone want to work for you?
 - If you are struggling to fill roles that are worked traditionally from 8:00 am to 5:00 pm, contemplate offering weekend-only or school-hour shifts to attract different demographics.
 - Review your recruiting and interviewing processes. Do they match the core values of your company?
 - Ensure that your interview questions match your company values. You and your recruit need to make the decision if the job is the right fit.
 - Establish an onboarding process that teaches newcomers the company's value system, norms and desired organizational behaviors. Help new hires understand how their role connects to the overall business.
 - Create a mentor or buddy system for new employees. This allows them a safe person to go to for questions they may not feel comfortable asking their boss. It gives them an instant friend at work and helps create inhouse networking opportunities.
 - Have employees meet with their primary mentor/manager/boss after 90 days of starting to gather feedback about how they felt the onboarding process worked and any suggestions they have for improvement. Allow them to express what resources they need to develop their employment journey.
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COMPENSATION CONSIDERATIONS

Compensation isn't just about salary anymore. Put your best package forward.

- Consider increasing hourly pay to be more competitive in your market.
- Offer sign-on or retention bonuses. Typically, these are paid out during the first 30 days and can be between \$500 and \$1,500 per employee.
- Allow for a more relaxed attendance policy or create an attendance bonus system. Most rates range from \$80 to \$200 per week for each employee with perfect attendance.
- Create a weekend-only shift with a \$2 to \$3 an hour shift premium. Overall, this is typically less expensive than paying overtime.
- Consider offering immediate enrollment in benefits without a waiting period before eligibility.
- Offer more vacation for new employees with an earlier eligibility timeframe as opposed to an example of earning one week of PTO (paid time off) after working one year.
- Create opportunity for incentives, bonuses and pay increases, if possible.
- Establish annual salary increases based on performance.
- Provide benefits, 401K match, retirement plans, work-life balance and wellness initiatives.
- Consider offering a Health Savings Account (HSA) or Flexible Savings Account (FSA)—either employer paid and/or employee paid.

DEVELOP A CULTURE THAT YOU CAN LIVE

Everyone by now has heard that organizations with stronger cultures outperform their competitors. Grow a company culture that keeps your employees engaged and retained.

- Make time for short, daily meetings within each department or cell. Provide updates and allow for suggestions or concerns to be shared. This not only creates constant touchpoints with employees but increases communication and engagement.
- Establish a softball league, book club, monthly team lunches (potlucks, pizza party, grilling out, etc.), team building activities within departments or opportunities for one-on-one meetings with upper-level management. These activities not only create a sense of community but help build relationships with company leaders and increase communication and engagement. In turn, this results in employees feeling included and creates a sense of belonging.
- Recognize achievements through a company email, birthday cards and/or note from a supervisor/boss/mentor. Celebrate milestone anniversaries with a five-year or 10-year incentive by offering a gift, trip, bonus or additional PTO.
- Make your company stand out by offering unique perks like providing transportation, childcare, dry cleaning onsite service or gym reimbursements.
- Provide educational opportunities outside of the scope of work, such as financial, retirement coaching, health opportunities (vaccine clinics) or training in harassment, emotional intelligence, cyber security and/or diversity, equity and inclusion.
- Meet with each employee once or twice a year for performance reviews. This allows time to have dialogue about future expectations, creates space to set goals and discuss career trajectories. Match workers to the right managers to train them accordingly.
- Do a pulse check of your organization by asking staff to participate in an annual employee engagement survey. This will give you yearly data to see what changes could be made to improve communication, culture, engagement, accountability and performance—just to name a few.
- Establish more cross-training so that employees will be able to incorporate diverse experiences into their work and the company can cover absences more easily.
- Create a Culture Officer position and/or committee that is responsible for incentivizing your team by promoting communication, alignment, goals and recognition.
- Offer training to help supervisors embrace the idea of flexibility and an understanding of younger generation motivations. Some companies are eligible for training funds. The Southwest Michigan First team can help to see if you are eligible for these funds.



EXPLORE ADDITIONAL PROGRAMS AND RESOURCES

The best way to expand your candidate pool is to expand the types of places where you are looking for it.

- MiCareerQuest Southwest is an innovative career discovery event for middle and high school students in our region. By participating, you can showcase your business to students who may be interested in working for your company after high school or college.
- Participate in work-based learning, formerly known as co-operative learning, with area students.
- Consider joining an Employer Resources Network to help support your employees.
- Establish an apprenticeship program.
- Participate in student or teacher job shadowing even if it is only for part of the day. This helps future talent and educators with the ability to influence to get firsthand experience. Your local career coordinator can help arrange this.

GET IN TOUCH WITH OUR TEAM

You don't need to go it alone. The Southwest Michigan First team has connections and access to resources that can get you where you need to go. Here are just a few ways our team can help you and your business. Ask us to:

- Provide tailored wage, demographic and workforce information specific to your company's needs.
- Assist with accessing workforce-related programs including internships, apprenticeships and work-based learning programs to help your company's continued growth.
- Educate your company on local, state and federal resources and programs.
- Help your company network with other employers.

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