Turnover also creates stress because the remaining employees must get the job done while sometimes under-staffed because an end-user support technician or programmer quit, was laid off, or was fired. When a key project team member walks out the door, the knowledge of systems and technical experience that he or she brought to the project are also gone. This often means project delays, quality degradation, and a drop in service levels. Even if you have a vacancy for only a short period of time, you have the potential costs of lost business due to unhappy customers — both internal as well as external. And it is no secret that turnover impacts the morale of your remaining employees, which can be financially as well as emotionally devastating.

The 2001 IT Market Compensation Study of 198 organizations (approximately 35,000 employees) listed the most common reasons why IT professionals quit. The top three reasons are: (1) was offered a promotion at another company, (2) received significant increase in base salary, and (3) lack of career advancement/development opportunities. These same reasons are why most people leave a job. Technical professionals are no different in the expectations they have of an employer.

Do you know why your last IT staff member quit? Was it for a new job opportunity, more money, or dissatisfaction with the status quo? Or did he or she fail to see a career path and what was needed for advancement? If your organization is behind the curve — not using the latest technology — you run the risk of losing good people to the competition. It is no secret that IT professionals want to learn

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**PAYOFF IDEA**

Turnover is a silent, but significant profit killer. Some managers mistakenly believe that it is inevitable and that nothing can be done to stop it — not true! Turnover can contribute substantially to the costs of operating an IT department and can be a sign that something is seriously wrong. However, the days of the .net craze promotions and large salary increases are no longer the norm. Turnover is not what it used to be, but most any turnover can hurt the profitability of an organization if even in the short run.
and position themselves for their next job or career move. Knowing why someone quit can help you keep the remaining employees. It might be as simple as providing enough challenges and out-of-the-box thinking to keep the brightest and the best.

Turnover, whether voluntary or involuntary, also means there will be costs associated with filling a vacancy. Advertising and interviewing take time — and time is money. The new VB/SQL programmer, network analyst, or data specialist is usually less productive during training than an experienced employee; he or she is also more likely to make mistakes.

Whether affiliated with a small business or are part of a larger, multi-location operation, you face the same challenge: how to keep turnover to a minimum for the sake of profitability. IT employees seem to be quicker to change jobs than other employees when they are dissatisfied with their current employer. But then, technological advances may have something to do with that mindset. IT employees often feel that it is easy to find a better job and that people should change jobs, especially in the technical fields where learning opportunities are critical to advancement in one's profession. Because much of IT work is project oriented, the technical employee's loyalty may be more to the project, and not necessarily to the employer. In addition, outsourcing is also prevalent in IT and supports the mobility of IT professionals and thus turnover. Some people say that loyalty went out with the hula-hoop; that may or may not be true. However, the days when employees worked all of their lives for the same company are all but gone for the majority of workers in the 21st century.

This article discusses not only some of the things that affect an IT employee's desire to stay, but also what IT managers can do to carefully manage turnover. It also discusses the important topics of how to handle a layoff and how to fire someone without making matters worse, because both layoff and termination can impact turnover of the remaining employees if not handled correctly.

The best time to start reducing turnover is the day the job candidate walks in your door. It is done with the initial job interview. If you hire the right person from the beginning, you are less likely to see that person leave because of dissatisfaction or a poor fit for the job. Hiring is a two-way street because candidates are and should be looking as critically at you as you are at them. However, the final responsibility is yours as the hiring manager to make the right decision as to whom will be the best fit for the job.

So consider the position you want to fill and what it requires, in terms of both technical skills and personality. For example, requirements for someone to design a Web site, develop a new software program, or lead a team of people who can do both are obviously different from those of someone who installs client desktop equipment. In another example, a quiet introvert might be an outstanding Webmaster and a key member of your team, but not have the personality you want for a software development project manager. Clearly define the requirements of the position and then interview to identify them in your pool of applicants.

Second, define your expectations for the job before you start interviewing. Then, prior to making a job offer, share those expectations with the prospective
new employee. Do not assume that he or she somehow knows and accepts your
unstated requirements. People are not mind readers. In addition, you may be sur-
prised to learn that not everyone wants to work for you or your organization.
Potential new employees have choices and they may not consider you their “em-
ployer of choice.” That is life and it is okay. However, his or her rejection of
you can work in your favor because you do not want someone on the payroll who
is not a good fit for the job and the rest of the team. Would you not rather have a
candidate reject your job offer than have someone accept your offer and be mis-
erable and potentially cause problems in the future?

How you view and treat your regular employees as well as contractors is also
part of the turnover equation. Some managers expect their staff to do more with
less and do not “want to hear any excuses.” Or, maybe, as in one case, the CIO
does not believe in praising employees because he feels that to do so might make
them stop trying to improve. He incorrectly believes that only through criticism
will employees strive to do better. Employees also need to understand that con-
structive criticism offered by their supervisors is something they can anticipate
from time to time (hopefully, the person delivering the criticism knows how to do
so without alienating his or her staff). Managers who make a habit of verbally
beating up their employees are sure to lose good people.

Sometimes, managers forget that employees are people, not machines. Do you
want your employees to enjoy their work? Of course you do. Do you make it fun
to work for you? That depends on your approach to managing people. Do you
treat employees and contractors like individuals who are valued members of your
project team? What management practices have you found to be the most effec-
tive? Do you encourage cross-functional communication among development
teams? How much peer-to-peer, or peer-to-manager, input do you promote and
find useful?

When your employees agreed to work for you, they also agreed to be account-
able for certain job tasks. You have every right to expect that their attitude and
work performance will meet your requirements. Do not wimp out. Hold them
accountable; just make sure they know what it is that you expect. However, in the
real world we know that does not always happen. In the ideal work relationship,
the supervisor and his or her employees share a 50-50 responsibility for success
as well as failure. This is one of the best strategies for keeping turnover to a min-
imum.

Here is another suggestion if you want to reduce turnover: be as flexible as
possible with schedule requests. Successful IT managers do their best to accom-
modate individual needs. For example, when a database administrator who
worked for a large telecom company needed time off from work to care for a sick
relative, his manager worked with him in rearranging his work schedule. It was a
win-win situation because the employee, as well as his manager, was happy with
the arrangement and the work got done. In this particular case, the employee was
expected to pick up the slack when his personal situation improved. The
employee was appreciative of the one-time special consideration and turned out
to be a loyal and long-term team member.
This is the ideal: to be flexible and accommodating in managing your team of employees — but that may not always be possible. Certainly we expect employees to be accommodating as well. There are times when they may be on call and tied to a pager, put in long hours, or work on a project that they are not excited about. They may be asked to go the extra mile numerous times throughout year. It goes back to supervisors and employees meeting each other halfway for the good of the team and the organization.

If you want to reduce turnover, listen to what current employees say about their project assignments and the business as a whole; be aware of their attitudes concerning both. Then take action to address the most pressing issues. In addition to personal observations, there are companies available that specialize in research and strategic planning for the IT industry. Some conduct employee satisfaction research. In one survey, employees anonymously answer a series of questions that have been developed based on the client’s specific needs and circumstances. The consulting service then provides the client with a report that includes qualitative responses as well as quantitative numbers, plus suggested actions. Engaging an outside consultant might prove to be very cost-effective if one of your goals is to reduce turnover and thus impact your bottom line.

Here is another thought. Does the sense of cooperation and satisfaction among your staff seem diminished? Are you vaguely aware of whispering and conversations that stop when you enter the room? If so, do not ignore these “yellow-flag” warnings; find out what is going on. You might have an unhappy employee who is influencing other members of your team. Maybe the workload has increased significantly and you have not added additional staff, but still expect current employees to do the same amount of work.

Some managers believe that the secret to reducing turnover is to pay more than job candidates expect. One IT employer pays roughly 35 percent more than the average competitor pays its full-time employees and also pays half the cost of health insurance premiums for part-time employees. Twenty percent of their employees are part-time; they work a variety of scheduled hours and may be required to change shifts periodically. But it is understood up-front that if they want the job, the expectations must be met.

You might want to find out if your competition is offering higher wages. Although a small difference in hourly pay may not be as important to today’s employees as in the past, it can still be a factor in employee retention. Your pay scale must be competitive if you expect to retain your best and brightest. You do not have to pay the most, but you cannot pay the least and expect to survive. You may not have any control over salary, but you may have some influence over what your employees are paid. Speak up. Go to bat for your people if you want to keep them.

Now let us talk about another form of turnover: layoffs that can generate additional unwanted turnover. According to a recent Techie.com survey, 37 percent of the over 1500 employees in high-tech-related companies it surveyed have been laid off in the past three years. In the Techie.com survey, 20 percent of the respondents felt that all jobs are temporary. (In fact, Techie.com is now out of business).
Layoffs are stressful for everyone involved — not only the person left without a job, but also the person who makes the decision, the individual who must deliver the bad news, and the colleagues who are left to carry on because they were lucky enough to make the “cut.” A well-executed staff reduction minimizes the negative impact on those left behind. Your goal is to keep your employees together as an effective team, not cause more turnover because of the layoffs. A layoff of any size constitutes a major business decision and should not be taken lightly. You will want to be honest and empathetic with those you are laying off. As the layoffs are occurring, your other employees are watching to see how their co-workers are being treated. Good communication and sensitivity can make the difference between a successful layoff and one that seriously damages the company and its reputation.

In addition, do not be surprised if productivity and morale drop after the layoffs. Your remaining employees are the survivors but they often feel like “victims.” Early response to the needs and concerns of surviving employees is essential. That is, communicate. A “do nothing and see what happens” policy is a recipe for trouble. The key is to give the survivors as much accurate and up-to-date information as possible. And once you have completed the layoffs, all of your employees should be given the opportunity to openly share their feelings about what has happened. Make it safe for them to express anger, resentment, and grief over losing their co-workers. Some people may even feel guilty because they still have jobs while others do not.

If you legitimately have to layoff, do it. But do not get into the vicious circle of downsizing to cut costs and then quickly having to hire to replace survivors who leave because they are afraid they are next. This type of turnover often means a loss of productivity and a lower quality of work — all because of layoff. Communicate by first asking for volunteers if you absolutely must layoff. And be aware that layoff may also create problems in attracting new employees. According to the Techie.com survey, 19 percent of the high-tech employees they queried said that they would think twice before joining a company that has a history of layoffs. Try these additional tips when reducing your workforce:

- Plan your layoff strategy. Document the business reason(s) for reducing staff. Arbitrary staff reductions can cause more turnover.
- Communicate clearly and consistently with both those who are being laid off as well as the survivors. Tell them as much as you can about what to expect.
- Define how the layoff of specific people will directly impact various areas, positions, and work within the department and company.
- Determine how positions and work will change for the survivors following a layoff. Consider the skills, abilities, and knowledge needed to move forward.
- Evaluate your survivors against what needs to be done. Needs often change as departments and companies reorganize after layoff.
- Keep in mind that business after layoff is not business as usual. Layoffs tend to disrupt everyone and everything.
In addition to layoffs, there are times when a manager must make the difficult decision to fire someone. Firing, which creates a vacancy, is also turnover. Handled incorrectly, it can compound an already bad situation. Handled correctly, this difficult task may prove to be a stepping stone to a better future for the released employee and result in improved morale for your other employees.

Keep in mind that when you fire someone, you fire his or her entire family. People have committed suicide or murder when they found out they no longer had a job. Newspapers are filled with horrific accounts of violence following termination. Termination is a serious matter for both the employee and the IT manager who makes the decision to let someone go. In cases that do not call for immediate dismissal, consider these points when deciding whether or not to fire someone:

- Have you been consistent? For example, if you allow an employee to consistently arrive at work 20 minutes late without reprimand and then suddenly one day fire that employee for tardiness, you may earn a reputation for being an unfair manager as well as find yourself in legal hot water.
- Did you discuss your expectations with the employee? Some employees, particularly inexperienced ones, may need detailed guidance regarding their job responsibilities.
- Did you enforce the guidelines? If you informed the employee of rules and regulations but have not enforced them, the employee may have heard an unspoken message that the guidelines were not important.
- Do you have the facts to back up your decision to terminate? Be sure you are not firing from an emotional level influenced by a personal dislike of the employee.
- Have you followed company policy and procedures?

Be aware that when you discharge someone, even someone who deserves to be fired, you may find that other employees join together in support of their terminated co-worker. Despite the fact that they felt your action was justified, they may react in a manner that will surprise you. Resist the temptation to “justify” your decision. Once you have decided to let someone go the decision should be final and nonnegotiable... unless you have made an honest mistake. Do your best to get it right the first time to avoid problems later.

When it is over, forget it. Avoid bad-mouthing former employees. To do so sends the message that you will do the same to others someday. Finally, one of your most important jobs as an IT manager is to make sure that all your employees feel important, accepted, and secure. When people work under the threat of losing their jobs, they cannot possibly do their best.

In summary, hold your employees accountable; define expectations. Keep in mind that good employees, and sometimes even not-so-good employees, do not have to stay in unsatisfactory or uncomfortable situations and they know it. However, when you lose a member of your team, your profits can quickly be impacted. A manager who is unwilling to treat employees fairly, communicate, or hear employee issues and address them through counseling can usually expect regular
turnover. Layoff, a form of turnover, may be unavoidable, but take extra care to support your survivors or you may be facing additional turnover. Although some turnover among employees is not unusual, do not allow excessive turnover to consume your profits and rob your department or business of the opportunity to be successful on all levels. On the other hand, know when to hold them and know when to fold them. Your job as a manager is to help make your IT organization profitable. If you have employees or contractors working for you who are not capable or motivated to handle the work that is required, it may be time to cut the ties. How you go about it is critical to your success as a manager.

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