



# Management Strategies

Career Development, Project Management, Business Justification

## Pay attention to retention

**Now's not the time to relax. The fact is, keeping your top IT talent is even more challenging when the economy goes south.**

BY LISA KOSAN

**W**hen AT&T outsourced some application development and data center management to IBM late last year, the telecommunications giant cut nearly 500 people from its IT staff. Attention then quickly focused on the survivors.

Employees who escape a layoff don't sit around very long wondering if their jobs are safe, especially at a company that, like AT&T, has just embarked on a massive corporate-wide restructuring. They start looking.

So AT&T started listening. "We asked our people what concerns them, what bothers them, what can we do to make them more comfortable and secure about their work," says Pete D'Amato, vice president of network and local services for AT&T in Middletown, N.J.

What they heard was that the 1,500 remaining IT employees wanted assurances about the future of their organization at AT&T. They wanted specifics about training, overtime policies and promotion guidelines. And they wanted more face time with executives.

D'Amato and other IT executives agreed to visit more sites. AT&T expanded its recognition program, upgraded its Web site and increased the amount of training employees are encouraged to take. "None of this was terribly innovative," D'Amato admits, but the moves helped convince employees of their value. "If we can get people happier now, they'll be less likely to leave when the market picks up," he says.

AT&T hasn't run a formal analysis of return on investment, but D'Amato is confident that focusing on retention has a big payoff. There's a low attrition rate,

cost savings from not having to hire and train employees, improved productivity and better morale.

That's how it's supposed to work, says Beverly Kaye, president of Career Systems International, a retention consulting firm in Scranton, Pa. Kaye, who is helping AT&T develop its retention program, preaches "Help them grow, or watch them go."

While IT workers who perform critical tasks are less likely to become casualties of a sputtering economy, Kaye says they fret about job security when they see co-workers ushered to the door. And if the saggy market shifts the company's IT projects into strictly maintenance mode, just watch the resignations pour in.

How do you find money for training or raises when budgets are already squeezed? Be creative, says Kaye, co-author of *Love 'Em or Lose 'Em: Getting Good People to Stay*. You might offer flexible work schedules or a chance to work on different projects.

If your concern for employees is as cyclical as the economy, you will damage your organization's ability to recruit, retain and create a positive image in the market, says Diane Tunick Morello, a vice president with Gartner Group. "You become as fickle as the economy," she says.

John Madigan, director of human resources for IT at The Hartford Financial Services Group of Hartford, Conn., says retention "is not just something you do when you're scared and the economy is good and they might go. You build it over time."

It helps that the best retention strategies are pretty cheap. "Some of it means we buy bagels and doughnuts once a month," Madigan says. "We're not spending lots of money on whiz-bang systems."



For example, new hires in the insurer's Enterprise Technology Services organization participate in an assimilation program. They meet with senior executives, have follow-up sessions after one, two and three months at work, and learn what everyone else does on the job.

Turnover within that organization is the lowest for all IT divisions at The Hartford: roughly 4%, compared with between 8% and 11% elsewhere at the company.

Gartner's Morello agrees that paying attention to retention doesn't always mean paying bigger salaries. Rather, the focus has shifted from costly trappings and benefits packages to improving the quality of managers and company leadership. The real costs come from ignoring retention and having to cope with high turnover rates, she says.

And sometimes, all a retention program really needs is an honest-to-goodness statement that you value your employees. "If you're a company that feels like it has to write a check for retention, you've probably already missed the boat," Morello says.

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