

# **Use Stay Conversations to Improve Engagement and Retention**

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Learn how HR professionals can use stay conversation to both improve employee engagement and overall retention for the organization.

Turnover is one of the most crucial talent metrics and while it can be either good or bad depending on organizational context, it has significant costs. On average, turnover costs an organization \$18,591 per departing employee.[1] When combined with the median annual turnover rate of 17.8% globally, employee turnover can cost anywhere from \$33,000 to \$1.7 billion per organization based on their size as shown in Figure 1.[2] However, this cost is likely even higher due to intangible losses such as the organizational knowledge, skills and experiences that employees take with them.

**Figure 1. Cost of Turnover by Org Size**

## Cost of Turnover by Organization Size

| Organization Head Count | Cost of Turnover |
|-------------------------|------------------|
| 10                      | \$33,092         |
| 100                     | \$330,920        |
| 1,000                   | \$3,309,198      |
| 10,000                  | \$33,091,980     |
| 50,000                  | \$165,459,900    |
| 100,000                 | \$330,919,800    |
| 500,000                 | \$1,654,599,000  |

Source: 2018 Gartner Annual Turnover Survey; 2016 Gartner Departure View Survey; 2017 Gartner L&D Leadership Council Membership Survey; Gartner (2017)

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Due to the high costs associated with turnover, organizations need to be constantly looking for ways to improve retention. A solution to reducing turnover is to increase employee engagement, or the amount of

effort and intent to stay that an employee exhibits given their past, current and expected future experiences at their organization.

In order to drive retention through engagement, HRBPs should work to increase employees' rational commitment, or the extent to which employees believe that their managers, teams, or organizations are in their self-interest, be it financially, developmentally, or professionally. This can be accomplished by identifying what employees do and do not enjoy about their current and past experiences as well as the future experiences that would cause them to either leave or remain at the organization. Three common methods to assess employee experience include: exit interviews, focus groups and stay conversations.

Exit interviews are valuable because you may receive candid feedback from those leaving the organization and can use their data to inform employee experience initiatives. However, they fall short because they do not identify disengaged employees before they leave.

Focus groups allow you to receive feedback from current employees and influence subsequent engagement initiatives; however, they can be hard to control, difficult to analyze and require ample time and resources both from HR and line employees.

To begin to engage employees earlier in the process, before they have already decided to leave, implement a plan to execute stay conversations with employees the organization would like to retain. But what is a stay conversation? And what is their value to your organization?

## Benefits of Stay Conversations

A stay conversation is a semi-structured, one-on-one conversation between an employee and their manager, manager once removed or a member of HR. These conversations aim to assess the employee's intent to stay with the organization and improve their engagement and therefore differ from various other conversations including normal one-on-ones that serve as a general check-in, performance conversations which review employee performance and career conversations which serve to understand the employee's desires or discuss their current career path. Stay conversations are a useful, personalized form of communication that can be used to identify what ultimately influences engagement, rational commitment and overall desire to either stay at or leave the organization and are able to benefit individual groups at the organization in the following ways:

**Managers** — Managers benefit from stay conversations in many ways, including:

- More time to address retention issues as they are identified before an employee decides to leave;
- Shorter time commitments because these conversations can be limited to key employees who are at risk of leaving rather than entire teams;
- Lessened employee emotions because these conversations ideally occur before an employee has decided to leave the organization; and

- Increased time for managers to plan for turnover when they identify an employee who is at risk of leaving during these conversations.

**Employees** – The main benefits that stay conversations have for employees are feelings of value and an improved employee experience. Most employees will be excited by the fact that their organization is concerned enough to take time to discuss their future and consult with them on how to optimize it.

Because they are also personalized, these conversations give employees the opportunity to share what positive experiences they have had and appreciated as well as any grievances or poor experiences that may be affecting them and offer a place to resolve them.

**HR Professionals** – While conversations such as exit interviews solely identify the problems that triggered an employee to leave, stay conversations give employees the opportunity to express what actions the organization can take to improve the likelihood that they stay, or increase the amount of time the employee stays at the organization. This allows HR professionals to receive actionable takeaways from managers and plan subsequent employee experience initiatives.

These conversations also require less effort because HR does not need to conduct extensive training with managers. Managers should be able to hold these conversations after being provided with simple instructions and questionnaires.

**Organization** – Finally, the organization benefits from using stay conversations due to their cost savings. The only major cost factors required for a stay conversation are the time the manager and employee took to have one. Organizations can then combine these savings with the reduced budgets spent on employee turnover.

## Factors That Inhibit Effective Stay Conversations

While stay conversations are a great way to improve employee engagement and reduce turnover, there are several factors that inhibit their effectiveness, including:

1. Stay conversations are held irregularly or not at all because things “seem fine”.
2. They are poorly timed and do not enable managers or HR to improve the employee experience or solve outstanding issues before an employee decides to leave.
3. Managers do not know what topics to cover during the conversations and therefore conduct them ineffectively.
4. The conversations are approached in a way that prevents employees from feeling psychologically safe enough to share authentic feedback.

5. No actions are taken after these stay conversations, even when they provide valuable information around potential turnover or on how to influence the employee experience.

## What HRBPs Can Do

HRBPs play a critical role in helping their organization resolve the aforementioned challenges. They can use the following strategies to ensure that stay conversations are not only conducted effectively, but achieve their ultimate purpose of improving engagement and reducing retention:

- 1. Build stay conversations into the culture of your organization.** Work with senior HR and business leaders to build these conversations into your organizational culture. This will ensure that employees feel their opinions are valued and are more likely to create an experience that accurately reflects employee desires. This will not only improve employee engagement, but allow both HRBPs and managers to better plan for employees that are flagged as turnover risks.

To help facilitate this culture change and steer managers to regularly hold stay conversations, HRBPs can utilize behavioral nudges. Behavioral nudges are based on the belief that people should be free to behave at their discretion (within reason), but HRBPs, in partnership with their organizations, can encourage and facilitate organizational values and build a specific culture by nudging the intended audience to choose certain behaviors. This is also a cost-efficient and -effective method to encourage the desired behavioral change.

An example of how HRBPs can use behavioral nudges to influence manager behavior is as follows:

A manager approaches you and expresses that they are upset about a high-profile departure. You then ask, “Who else on your team would you not want to lose?” The manager lists a few names to which you respond, “Maybe you should conduct stay conversations to identify what will keep those employees here rather than risking their departure as well.”

By doing this, you encourage managers to conduct stay conversations by identifying risks they would like to avoid and providing a solution without demanding that they do so.

- 2. Help managers identify the right times to conduct stay conversations and set aside the time.** When stay conversations are not timed correctly, or not held at all, they are ineffective at improving the employee experience and at preventing turnover. By working with managers to determine the best time to have these conversations, you increase the likelihood that they will keep the employee around or help determine if they want to leave.

Our research has shown that in general, voluntary turnover rates are higher in the second and third quarters of a calendar year<sup>[3]</sup> and that new hires have the highest turnover rate of any level of tenure.<sup>[4]</sup> Voluntary turnover is also often timed around career risk triggers.

Career risk triggers are work or life events that prompt an employee to reflect on and reconsider their career as shown in Figure 2, so it advantageous for you to work with a manager to proactively engage employees at the right moments.

**Figure 2. Career Risk Triggers**

**Career Risk Triggers**

| Career Risk Trigger                             | Δ Career Satisfaction | Δ Job Search Activity | When to Schedule Discussion                   |
|---|-----------------------|-----------------------|---|
| <b>Birthday</b>                                 | -4%                   | +12%                  | Just before birthday                          |
| <b>Tenure in role</b>                           | -3%                   | +9%                   | In role one or two years                      |
| <b>Tenure in organization</b>                   | -4%                   | +6%                   | In organization one or two years              |
| <b>Lack of recent development opportunity</b>   | -3%                   | +7%                   | Two months since last development opportunity |
| <b>Change in manager or responsibilities</b>    | -3%                   | +17%                  | Immediately after change                      |
| <b>Major gathering of friends or classmates</b> | -2%                   | +16%                  | Immediately after gathering                   |

| Not a Risk Trigger        | Δ Career Satisfaction | Δ Job Search Activity |
|---------------------------|-----------------------|-----------------------|
| <b>Performance review</b> | -2%                   | -13%                  |
| <b>Bonus</b>              | -3%                   | -6%                   |

Source: Gartner (October 2018)

Note: This figure is based on data from a 2015 Gartner study.

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3. Understand the critical topics to cover during stay conversations and inform managers. HRBPs can help managers conduct effective stay conversations by providing them with information on proper techniques and questions to ask that will contribute to an impactful stay conversation.

Stay conversation questions should be semi-structured to allow them to flow organically. They should also include open-ended and future-focused questions that address the employee experience and individual needs. When structuring the conversation’s flow, start with positive, easy-to-answer questions and build to the more sensitive subjects. Topics to cover include employee relationships, their current role, the overall organization, their future career and their current job satisfaction. After completing the interview, managers should be able to answer the following questions:

- How does this employee feel about the organization today?
- Where does the employee feel they are able to contribute?
- What challenges does the employee currently face (that have made them unable to contribute to specific areas)?

- What does the employee need to be more effective?
- If someone was to call the employee today for a job, how would they feel about that? Would they take the job?

If HRBPs feel that managers need extra coaching, it may be helpful to practice these conversations with managers by asking them to take on the role of their employees and respond to each question.

**4. Identify instances where employees do not feel psychologically safe with their manager.** Assessing an employee's perception of psychological safety<sup>[5]</sup> is a critical component of stay conversations. If the employee does not trust their interviewer, they will not feel psychologically safe and will therefore be less likely to share their authentic feedback. Identifying the right person to hold these conversations will increase the likelihood that employees will share their true feelings.

To address this challenge, HRBPs should work with managers to train them to resolve any existing conflict in their relationships with employees. In cases where an employee-manager relationship is too tense, it may be appropriate for HR or a higher-level leader such as the employee's manager once removed to step in.

In either case, the person having the conversation must know how to build trust with the employee. Key strategies that the interviewer should use to foster feelings of psychological safety throughout the conversation are as follows:

- Ask whether the employee has any preferences around communication style and employ that style during the conversation.
- Use effective conversation tactics. These include **consulting**, asking the employee for their input; **considering**, acknowledging, celebrating, and contemplating their input; and **closure**, providing closure and following up on employee concerns.
- Respond positively to any questions, doubts and confusion coming from the employee throughout your stay conversation.
- Take responsibility for any mistakes you have made that the employee brings up during the conversation.

**5. Work with managers and HR leaders to determine action steps after each stay conversation.** A key component to the success of stay conversations is the action taken once they are completed. HRBPs should schedule meetings to debrief and discuss any findings from conducted stay conversations. HRBPs should act as facilitator of this meeting and prompt managers to create stay plans for individual employees. Extract key themes and patterns from the collective interviews as potential employee experience and engagement initiatives that HR can take the lead on for the entire workforce. HRBPs should also set deadlines to keep managers accountable for their stay plans.

In the cases where managers flag an employee as a turnover risk, HRBPs should take this data to inform turnover forecasts and seek to root cause attrition drivers. Use these insights to also aid in workforce and succession planning and retention strategies.

## Conclusion

Stay conversations provide the organization with the opportunity to understand what engages employees and, by contrast, what motivates them to look for roles externally before it is too late. This not only aids in employee experience initiatives and workforce and succession planning, but can save the organization anywhere from thousands to millions of dollars.

## Endnotes

[1] 2018 Gartner Annual Turnover Benchmarking Survey

[2] 2018 Gartner Annual Turnover Benchmarking Survey

[3] Gartner 1Q15 Through 4Q17 Quarterly Turnover Polls

[4] Gartner 2017 Annual Turnover Benchmarking Survey

[5] Psychological safety is defined as an environment that encourages, recognizes and rewards individuals for their contributions and ideas by making individuals feel safe when taking interpersonal risks.



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