Jim's Profit Accelerator 87:
The Secret of Retention as a Measure

Surprisingly, the sport of golf does a better job of attracting new players than it does in retaining them. More new players are trying golf than at any time since 2000, according to the National Golf Foundation*. Conversely, the number of players who played at least once in the last year has declined. While 2.2 million Americans played for the first time in 2015, the overall number of players dropped from 24.7 million in 2014 to 24.1 million in 2015. These results are well down from the 30 million playing in 2005. One might observe that golf has a retention problem.

Retention, defined as the share of all employees who leave in a year, is a power metric for successful organizations. Power metric? A power metric is a single measure that can indicate performance in multiple areas. Think of your power metrics as a signal to look deeper; do so and you have the chance to uncover numerous issues and opportunities as a result of paying attention to just one measurement. Here are some opportunities that the retention power metric uncovers:

1. **Morale**: Linked to performance both in everyday work and in focused problem-solving.
2. **Accountability**: How well managers work with employees whose performance falls outside the norms, for better or worse.
3. **Goal driven:** How closely individuals try to work toward established company and group goals.

A power metric suggests the need to dig. By itself, it doesn't necessarily show a good or bad result. The question for leaders, of course, is this: *Does the digging happen?*

SPEED BUMP: Consider reporting retention quarterly and as a rolling 12-month average.

Any good measure will prompt attention by leaders. Sliding retention will cause good managers to look more closely at morale and key performance metrics of their people, prompting either praise, help, or correction. Instead of waiting a year to view retention results, the quarterly lens may enable actions that will boost results and morale all at once.

SPEED BUMP: Good metrics stimulate action, providing clarity above daily noise.

When my manufacturing manager set up a system to track and publicly report individual skill development for each of his production workers, he hit this leadership trifecta:

1. Better morale
2. Faster and better problem-solving
3. Better production metrics for throughput and quality

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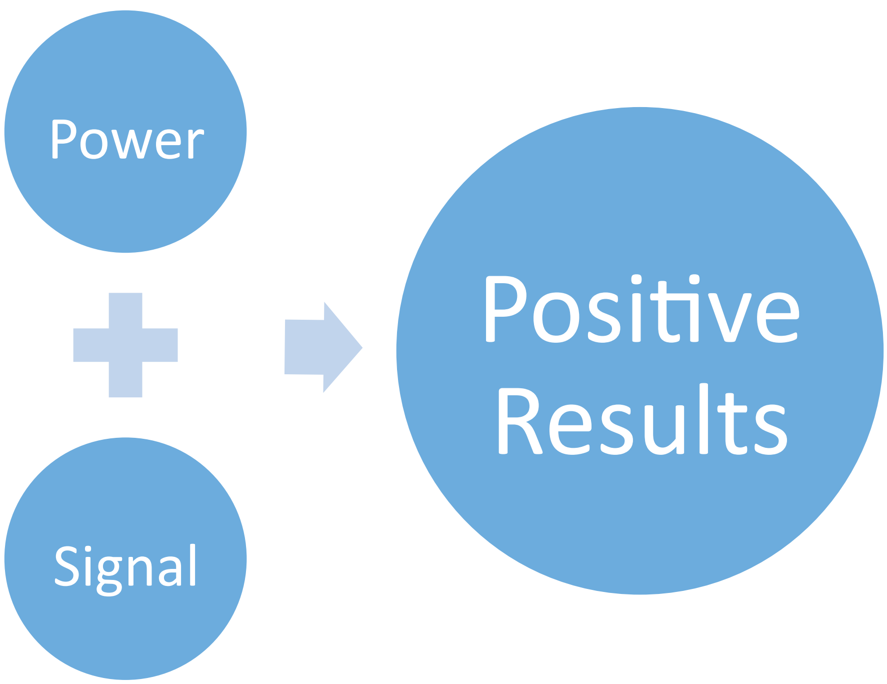
His teams were people doing semi-routine work all day long, but they found ways to make things better, with little guidance from him—probably the result of recognition and autonomy, which are established elements of high-performance teams.

What else could you do with retention? Instead of measuring overall retention, track retention in subgroups, such as sales & marketing, administration, production, product development & engineering, and so forth. For useful information, the group likely should include at least 50 people. In this case, you may want to resist the urge to compare department results, since the measure may have different meanings from group to group.

In fact, here's your template to evaluate metrics. A proposed metric should stimulate desirable action by having these three elements:

1. **Power** to track multiple actions
2. **Signal** to stimulate digging
3. **Positive results**

Here's how it looks:



Why use metrics at all? The over-used KPI (Key Performance Indicators) have swollen to include whatever the boss thinks is vital, and mostly add to noise. Instead, winning leaders work with their key leaders to find just a few metrics that combine these three elements. To their relief, it turns the light on high-impact actions, and away from busyness that adds little.

ACCELERANT: What action did you take this week after seeing your metrics?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

* WSJ 3/8/16, p. D6

For more information, visit www.grewco.com.
Jim Grew is an expert in CEO-level strategy and executive leadership whose clients refer to him as the Business Defogger and Accelerator. Jim helps leaders swiftly discover the hidden opportunities within their businesses and exploit them for dramatic results. Nearly three decades of success as a COO and CEO coupled with his experience running nine thriving businesses provide the foundation for his consulting work as president of the Grew Company. He presents regularly to industry groups, mentors business leaders, and shares insights on his blog, BizBursts.com: http://bizbursts.com/. He holds BA and MBA degrees from Stanford University.