

Finding new ways to build employee loyalty



Employee loyalty tip

Your employees spend at least half their week at work, communicating with work or on their way to and from work. So it's easy to see why so many want to work in a job they like. Workplaces that welcome, stimulate and provide a safe environment for employees have the competitive edge in any market.

It can be a challenge to find — and keep — the right talent for your company. To stay competitive, you want the smartest, fastest and strongest. But you're not the only company vying for the top performers. So what's going to make them choose you over your competition?

It's a new generation of workers. Are you keeping up?

Today's emerging generation of workers — called the “Millennials” or “Y” generation — has been “told, through both the media and home, that they can have it all. This generation has a strong sense of entitlement. Striving for a quality of life only known by the rich and famous; wanting the best and thinking they deserve it makes Generation Y driven and ambitious, with high expectations.”¹

Increasingly, employees new and old are asking for more than just a well-paying job that personally challenges them. They also want to know that you value them and will support,

motivate and reward them. To keep up with this growing “me” workforce, you need to become evermore creative with the incentives in your employment package.

Employers of choice offer attractive saving opportunities

A poor or missing employee benefits package makes it easy for others to lure your key people away. Those with the best, most comprehensive packages almost certainly have an edge over their competitors.

While other companies still provide only mandatory benefits (e.g. vacation pay, maternity leave, workers' compensation, Employment Insurance and Canada Pension Plan), you can show you care and are willing to enhance job resources with a broader compensation package. For example, a registered savings plan (RSP) or tuition-payment plan. Other good incentives to look into are banking packages that offer better interest rates and lower fees.





Find out what your employees would value most and create a plan that meets their needs.

Before deciding on a plan, it's a good idea to survey your employees to find out what they value most; then create a plan that best meets their needs. Consider these plans:

Group savings. Long-term savings plans such as RSPs help employees put more away for retirement, while short-term savings programs help them save for bigger items like a down payment on a home or a dream vacation. It's easy. Your employees contribute a percentage through an automatic payroll deduction. You then have the option to contribute to each employee's group RSP account at a rate of your choice. If the employee leaves, their money in the group RSP can simply be rolled into their next employer's plan or into their own private plan, usually without triggering tax consequences. Plus, contributions are tax-deductible, which eases the employee's annual tax burden and even enables payroll to reduce the amount of source-deducted tax.

Group banking. A group banking program gives employees a preferred package of financial services and rates. This includes lower banking fees and better interest rates on a broad range of savings plans, loans, investment vehicles and credit cards. As well, they have access to financial planning services with experienced financial planners. Best of all, group banking is free for the sponsoring company.

The well-being of your biggest asset is important to your success

Group insurance is a coveted employee benefit that can provide you with a competitive advantage in attracting and retaining staff. Group insurance provides reimbursement for an employee's common health related expenses and financial protection in the event of illness, disability and death. Often, group insurance programs are enhanced with employee assistance and lifestyle programs that can help maximize an employee's health and productivity, which in turn can contribute to the success of your business.

Flexibility should be in every modern workplace

In addition to monetary incentives, an attractive workplace incorporates three ideals into its practices: fairness, compassion and trust. Using fairness, compassion and trust when you manage your people will help you build the loyalty you strive for. You can put these into practice by listening to your employees' needs and being more flexible in how you accommodate them.

Flexibility is every bit as meaningful to employees as pensions and insurance. Having flexible programs shows you recognize your employees as people, not just workers. It demonstrates to them that you're fair and you trust them. While some may appreciate

a summer-hours plan, others may need flexible work hours to look after a family member. A little creativity and sensitivity can go a long way.

Flextime is one program that's gaining acceptance among employers. With flextime, the company designates "core hours" when workers must be on site, but employees can fulfil the rest of their hours when it is more suitable to them. They can choose to work some short days and some long ones or vary their start and quit times. Flextime can be extremely valuable for employees with young children or other dependants.

Telecommuting reduces travel time and generally helps employees strike a better work/life balance. It's ideal for positions that benefit from uninterrupted thinking, but possibly not for others that rely on meetings and teamwork. Bear in mind that fairness is always vital when granting various types of flexibility. An employee's productivity and work quality eventually tell the tale. Often these actually improve when an employee works part of the time at home, free from distractions and interruptions.

On-site daycare, job sharing, leaves of absence and continuing education are other good examples of flexibility in the modern workplace. Instead of meeting financial and health needs, they satisfy human and lifestyle needs, which are equally important.

Rewarding loyalty and accomplishments

Base pay should cover day-to-day job performance, while performance incentives and bonuses should award achievements of specific targets. And the difference between the two should be clear to your employees. A well-structured performance program can literally put this principle to work for your company — giving your employees the opportunity to gain more will give them the drive to produce more. In the end, everybody wins.

First, establish an approach to base-pay compensation, including benefits², such as extended health and life insurance, so your employees know from the start you are paying fair industry rates or better. Then develop an approach to raises and promotions that reward loyalty and accomplishments. Your pay scales need to attract and retain employees. At the same time, new employees should be paid at levels that give you room to reward them as they grow in their jobs. Many employers also believe that as much as one-third of total compensation for some positions should be based on performance.

Regular pay raises reward important contributions such as:

Loyalty and length of service. Annual increases tell your employees they are becoming more valuable to the company. This goes hand in hand with annual performance reviews, which

reinforce that you appreciate them and let them know the additional responsibilities you expect from them to earn the next raise. Reviews also create a forum for constructive feedback.

Individual performance. Rewarding employees for achieving individual goals encourages them to take personal responsibility for their results. Rewards can take the form of bonuses, regular periodic commissions or a larger pay raise. It is important to establish clear goals to trigger the reward.

Team performance. Team rewards can work well for temporary project teams and company-wide programs. They can be non-monetary such as extra time off, an employee-appreciation event or gift cards for their personal use. It is surprising how groups will pull together to meet, share information and collaborate when a tangible group reward could be the end result.

Flextime can be extremely valuable for employees with young children.



Entrusting these tasks to HR outsourcers

Creating an integrated loyalty plan that attracts, retains and motivates employees can be time-consuming. Administering that plan day by day can divert resources from your mainstream business. Every HR task today requires increasing levels of expertise: calculating payroll, gathering employee hours, tracking employee benefit programs, administering pensions, ensuring a safe work environment and more.

Companies of all sizes are entrusting these tasks to HR outsourcers. These organizations have experts that understand and keep abreast of changes to government regulations, ensure compliance with all regulatory bodies, offer personalized service unmatched by in-house systems and use the latest technology to fully host your data.

When engaging an outside provider, find one that's stable, employs qualified professionals and has the resources and know-how to handle both immediate and gradual shifts in your business. This is especially important if you wish to outsource a range of HR functions.

Retaining good employees not only helps your company grow and prosper, it also saves you the recurring costs of recruiting and training new employees — substantial savings that go right to your bottom line.



By paying your employees accurately and on time, having access to HR data to facilitate succession planning and giving your employees self-service options for benefits administration, you will help create a more satisfied and loyal employee base.

Remember, a company with talented and motivated employees runs on all cylinders, increasing satisfaction for all.

¹ "Generation Y: The Millennials: Ready or Not Here They Come." NAS Recruitment Communications, 2006. (www.nasrecruitment.com/TalentTips/NASinsights/GenerationY.pdf)

² Talk to a licensed insurance advisor for more information on group benefit plans.



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