

## Roundtable Take-Aways (Continued)

### Roundtable Meeting Take-Aways Quantitative Metrics for Retention and Motivation January 31, 2000

The January 31, 2000 SATM Roundtable meeting was held at Pershing Headquarters in Jersey City on the topic "Quantitative Metrics for Retention and Motivation". This meeting was a follow-up to the meeting held in November 1999 on the general topic of employee motivation and retention. At the conclusion of that meeting, it was proposed to explore how organizations quantitatively measure the effectiveness of programs aimed at improving motivation and retention.

There were five speakers, representing three Sponsors. Don Gulliksen (ARDEC) framed the question for the group, John Sanker shared what ARDEC does in data acquisition and assessment in this area, Dick Reilly (Stevens) gave an overview of what was known from the literature about assessing the value of retention and motivation programs, and Karen Smith/Jim Peters (Pershing) presented materials prepared jointly with Parker Prout on Pershing's efforts to quantify such programs. Copies of the handouts used were sent out electronically following the meeting, and highlights are summarized below.

ARDEC has built on their work done in filing for quality-related awards (e.g. Baldrige) to try to

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measure the effectiveness of efforts aimed at motivation and retention.

John Sanker summarized incentives used by ARDEC for attracting and motivating people (see his presentation materials), e.g. challenging work, equipment, location, special pay programs, compressed work week and flexibility in hours and location.

ARDEC finds that they can assess "happiness" of employees via periodic surveys, but cannot know the value in measurable terms.

ARDEC considers itself good at setting and meeting quotas surrounding motivation and retention.

ISO reported that they are finding flexibility to be the principle recommendation coming from employees. They are planning on implementing a work 9/10-day program.

Dick Reilly suggested that employee survey data be benchmarked across organizations. He recommends the Mayflower Group be considered for such benchmarking.

ARDEC does benchmarking with other Army locations.

In reviewing the literature, Reilly found little dealing with measuring a quantitative return on investment for efforts at motivating and retaining employees.

There are four costs generally associated with turnover: separation, vacancy, replacement and training, all of which can be quantified with certain assumptions (many are subjective).

Selected industries that have clearly measurable outputs, e.g. brokerage, insurance sales, etc. can and do use ROI for new hires.

Motivation is very different from retention. Motivation evaluations are usually inferred from performance or personal surveys.

Surveys are useful for identifying problem areas and implementing corrections.

360 degree peer feedback is excellent for measuring motivation (albeit highly subjective)

Appraisals are generally not good motivation tools. One problem is that organizations change their appraisal systems frequently.

Pershing (see attachment) summarized their experiences with both business and individual motivators.

They capture much data including hiring/intake and transfer activities.

Pershing has been using employee satisfaction surveys for a long time and believes they are being used effectively to learn about and remedy criticism. The results are broken down by department, used by focus groups, and acted upon, with both measurements and accountability.

Regarding individual metrics, it is noteworthy that Pershing accrues a portion of profit for support staff

Following the presentations, the group discussed the general topic and concluded the following:

Obtaining absolute measurements on the effectiveness of motivation or retention programs is very difficult to impossible. This result is similar to trying to assess the benefits derived from R&D. It is difficult or impossible to isolate the effects of such programs from the "noise".

Incremental assessments to achieve particular end goals are more doable. For example, evaluating the effectiveness of incremental spending to achieve reduced turnover, or another quantifiable outcome, has been found worthwhile by some organizations.

Measuring trends in key measures from one period to the next also is beneficial.

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