00:09 - 04:47
Cara Silletto
Welcome to the bridge. The gap. I'm your host, Cara Silletto. If we haven't met yet. I'm the president and chief retention officer at Magnet Culture. Louisville, Kentucky based firm dedicated to reducing unnecessary employee turnover at organizations like yours. I'm also the creator of the Employee Retention Ecosystem model that helps organizations understand who owns which pieces of that retention puzzle.

Now, if you've been following my Contributor Wednesday episodes this year, you know we've been working our way through the employee retention ecosystem model. We've talked about how today's workforce is no longer made up of those long tenured oak trees who are deep rooted in their organization. Instead, today's new workforce is more like houseplants, a variety of folks who need different levels of attention and individualized care in order to thrive.

They also value mobility, which is much different than the previous generations that valued more stability. Now, we've also covered how executives have to build the attractive and protective environment in which these houseplants can thrive, and how the leaders act as gardeners to take great care of their people. In my earlier episodes this year, we talked about onboarding and the need to give new hires a longer runway to get up to speed, instead of just shoving them out to the floor too quickly when they don't feel they yet have the competence and confidence to do well on their own.

We also talked about how to get staff to meet our expectations and definition of professionalism, which is subjective. We also talked last month about Gen Z and how they see the world differently. Now, I've been doing this work for 14 years. I'm a millennial myself, and I have even seen the workforce shift dramatically in the last five years.

So we have to understand our people if we want to create that great place to work. Well, today we're going to dive into a topic that I've mentioned briefly on previous episodes, in particular the July episode, if you want to go back and listen to that. It's a big one because we're going to talk about why people stay, why should they stay? What can we do to get them to stay?

We're going to cover the true cost of turnover and how we have to completely rethink our compensation and incentives, which I like to call those incentives are carrots, you know, clear it on a stick type of thing. All right. So let's jump in here. First of all, let's talk about the cost of turnover. Because when I speak to so many senior care executives, I often hear turnover talked about just as kind of the line item or where it hits the budget.

And yes, replacing a CNA can easily cost well over $5,000 if it's a person who's out on the floor, knows how to do their job, and we lose that person and have to replace that. Our INS and directors other roles, of course, can cost tens of thousands of dollars, but there are a lot of things that go into that cost.

I'm actually surprised to find when I go talk to organizations and train their leaders, that a lot of the leaders, especially department heads, they don't know the cost of turnover. Even some HR and senior executives have not all calculated those numbers out to figure it out. So if you haven't already downloaded it, we have a Cost of turnover worksheet where you can see all of the obvious costs.

You know, the recruiting costs, the training costs, the equipment or name badges and things like that. But you can also see a lot of the hidden costs that we incur when talent walks out our door. So for example, when we have a new hire, we have to put them into all of the different systems, you know, the risks and the benefits and the payroll and timekeeping and this and that and the clinical systems and all of those.

And then, of course, when that person is terminated, what does somebody on your staff have to do? Take that person out of all the systems? And we don't often take those hours and dollars into account when we say that turnover disrupts our budget and disrupts our operations, even as people have to stop what they're doing and deal with that as well.

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So I highly encourage you to go to Magnet Vault and download our Cost of Turnover worksheet, along with, there's a bunch of other stuff you're going to want to take a look at in there, including our Employee Retention Ecosystem audit tool that is going to help you gauge if you send that audit tool out to your leadership team or even your whole staff, if you want to.

That will help you gauge where your organization stands on the 18 topics that are included in that retention ecosystem. Okay, now, one of those areas, one of the 18 is about meaningful compensation. So we're going to talk more about that today as well. But beyond the costs that are listed in the worksheet, which I just mentioned, several of them.

And there's a lot more in the document. The real danger is getting caught in what I call the death spiral of turnover, okay? Because that can become not just costly for you, but detrimental over time. You know, it's when somebody walks out the door, who else picks up the slack? You've got your tenured staff, your seasoned staff, even other new staff who have stayed with you.

And suddenly those folks are overworked, often undervalued, and they get burned out. They are constantly fighting fires, constantly being called to come in for more shifts, for example. And the managers, then who are the gardeners? Remember, these managers are running around with a watering can, trying to take care of their people and check on folks, but their watering can has a hole in the side of it, so they're not able to do their job as well as they can.

Keep everybody well hydrated and cared for, because even the manager doesn't have the capacity and isn't given the time and the resources and the training behind taking care of their people. So we did talk in April on Bridge the Gap about this capacity issue. How do we deal with the ballooning responsibilities, especially on managers plates, to make sure that managers have time to manage that they have time to be great gardeners for their people, because a lot of staff are telling me, “My manager doesn't have time for me.”

They don't even have the time. And also they're not the best communicator or their leadership style is not really working for today's new workforce. Maybe it worked ten years ago, but it's not working today. So we've got to take a look at making sure that we're equipping those managers, aka gardeners, with all the tools that they need.

All right. But this burnout of both the managers and the staff that are out on the floor, that burnout directly impacts our resident care, and it can bring down client satisfaction, even occupancy, if we don't get the turnover under control. So turnover isn't just a financial metric, y'all. It's actually an ecosystem killer. It can it can erode everybody's success over time.

So we've got to stop the bleeding, stop that death spiral of turnover. And honestly, we have to give staff a reason to stay. We have to rethink how we recognize and appreciate and reward our people over time. Now, I know I mentioned this earlier this year, but I want to repeat an example that I gave because I recently taught a two day retention retreat earlier this year, and at the beginning of every one of my two day retreats, I go around the room and ask the question, why do you think people quit?

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And it's always the same answers. They don't feel appreciated. They didn't find their people. They don't click with their boss. They don't feel compensated enough. The schedule doesn't work. It wasn't what they thought it would be. You know, all of those answers come up every single time. But at this particular group, I'll never forget, it was a group of department heads from senior care.

And about halfway through the group, I got to a gentleman who's a director. And he was thinking and thinking and thinking. And his answer to why do you think people leave was Cara, I don't think we give them enough reason to stay. And yo, the whole room went silent. Okay? Everybody just stopped and, like, had to process that for a minute because we were thinking about the parts of our culture and our leadership and our team that actively repel people.

You know, like the schedule didn't work for them or the team didn't click or those types of things. But then he flipped it on its head and said, well, what? Why should they stay? What are we doing? If they stay, what are we telling them? They get, they earn, they will achieve if they stay. So listen, we all know that folks can go anywhere for a paycheck now, especially the lower-wage front-line workforce today still has a ton of options within healthcare and even outside of healthcare.

So we have to do better if we want to attract and keep that talent. All right. And all of our talent, not just frontline, but all levels of our talent that we need to provide great quality care. So what I would recommend is we take a few minutes to put ourselves in their shoes, think about our organization from the employee's perspective, and ask yourself how attractive are we really, both from that compensation standpoint as an organization and then also as an individual leader?

How attractive are we really? Now, another way that I put this in some of my keynotes and training programs is: would you work for you? Would you want to work for a boss that is, you know, giving as much time and attention and effort to their people as you do? An even better way? I think to analyze this from a self-awareness standpoint is, would you want your kids to work for this organization?

Would you want your children? Would you tell your nieces and nephews and kids and grandkids, yes, come work at my company because it is a great place to work from the leadership, the culture, the compensation; it is a great place to work. Would you say that to your own family and friends? Okay. Or would you tell them, you know, I think there are probably better opportunities elsewhere, because if that's the case, then we want to put ourselves in their shoes for a moment and say, how can we make the better opportunity here?

How can we truly become more attractive to the workforce? All right, so one of the areas I see most senior care groups continue to discuss over and over is: how do we provide more meaningful compensation to our workforce? Because historically, we've done it a certain way. And the way that we've always paid people isn't necessarily the way that the new workforce finds their compensation meaningful.

Okay. For example, even benefits, you know, health insurance. I know a lot of people in their 20s and 30s today who are opting out of insurance and saying, I would rather have a higher hourly rate. Now, we're not here to debate whether that's a good decision or how risky that is for folks. It's just the reality that our workforce has shifted from wanting stability from the past to now, wanting that mobility and, you know, higher wages that I get in my pockets right now.

Okay. And sometimes health care is kind of out of reach for some folks who can't spend that money from their paycheck on it as well. So we really have to step away from what we prioritize and what we think is meaningful compensation to look at. How does the workforce define meaningful compensation? So speaking of definitions here within our ecosystem model, we have a definition of meaningful compensation.

13:18 - 17:29
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And that is to offer competitive, employee-minded salaries, wages, benefits, and incentives to promote desired behaviors. So if people are not showing up at the time and in the way that we want them to show up, it could be compensation isn't where it needs to be to get them to change their behavior, whether that's punctuality and attendance, or it is picking up different shifts or holidays or coming to work for us at all.

Right. Do we have competitive, employee-minded salaries, wages, benefits, and incentives that are going to promote that desired behavior that we're looking for from folks? Okay. So yes, I understand we are continuously trying to find dollars to give more competitive wages. At least I hope you are. Most groups I talk to are constantly trying to increase those baseline pay numbers, particularly to keep up with inflation, which has been harder these past several years than in past decades.

But remember that meaningful compensation is about the whole package, not just the base pay. Now, some people, the base pay is absolutely the reason they take or don't take a job. But we also want to look at more of the whole package to make sure that we're attractive for different people, because not everybody makes it about the base pay.

They might make it more about that total comp instead. So speaking of total comp, I've also found that a lot of our staff doesn't even know what total comp means, and they are unaware of how much you are spending to employ them. Okay, now maybe you've done this. I know some organizations already have kind of this idea of a total comp statement that they give with their offer letter, or they give to a new hire.

Some organizations give a total comp statement every single year, right? When their pay changes or benefits change, they rework it, and they share a very transparent total comp statement that shows how much this organization is investing in that person. I got to tell you, it is a powerful tool for communicating the full value to that person, not only their base pay, but even lower than that is what shows up on their actual check, right?

The net take-home is what they focus so much on, whereas we are focused on the total cost to have that person. So when we put it down in black and white on a total comp statement for folks, that's when they see not only the base pay, but those retirement contributions, any benefit premiums that we are covering for medical, dental, vision, life insurance, disability, anything like that that's covered, of course, paid time off, and holiday pay.

Sometimes folks, they know they get PTO, but they don't really calculate that as a cost to you. They just think, well, I get the day off, you know, and it's a value to them, but they don't realize you're paying for that time. Also, other things that could be on your total comp statement are longevity rewards or bonuses. You know, if they do hit any kind of milestones, any overtime opportunities, if you want that, and if there are people who want overtime, sometimes those opportunities can be built in there.

Of course, the taxes that you're covering and also letting folks know any training and professional development or tuition reimbursement, other benefits like that that can be paid, including the tuition repayment. Right. The student loan repayment programs that a lot of groups are offering now in addition to tuition coverage. And then there could be other things, you know, your equipment, your uniforms, anything else that you are having to pay for them to be able to do that job as well.

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So if you're not already doing a total comp statement for folks, I highly recommend that so that they can really start to compare against a different employer. The apples to apples, because I've seen some employers, they're just raising the base pay because that's what's attracting particularly our non-degree workers. The high base pay might be attracting them in, but they're not telling them that the rest of the benefits are pretty terrible or non-existent.

Right? And sometimes that works if those folks don't care about the benefits, that they really just care about the base pay versus others want to know that you're taking care of them on the health care side and other benefit side. So think about that total comp. And then let me ask you how flexible can you be? Because some employers are also saying if you opt out of this, you get more money over there, right?

If not this than that. And that's very attractive to today's workforce, where they get to choose: if I take these benefits or I get this bump in my pay because I've opted out of certain benefits. Now I know there are plans out there that won't allow you to do that, but some plans do, and certain benefits do. So just what I'm asking here.

Let's breathe for a moment, okay? What I'm asking is: get creative. Don't just think that we have to offer x, y, z because that's what employers offer and that's how employers offer it. But instead, really put ourselves in the other side in their shoes and say, what? What do they want from us as an employer? What would be ideal for them?

And is there any way to meet in the middle and to be more flexible, which would then make us more attractive? All right. To get the talent that we're not currently attracting in. So I've also heard a lot of employees. I even have some friends who are coming to me and complaining because their insurance premium keeps going up, and they think no joke, think the employer is doing it.

They think, well, the employer doesn't want to pay my health care, so they're making me pay more for it. And this employer is just greedy or wants to make more profit or whatever it is. And I've had to explain to them. Did you know how much health care premiums have gone up? Because I bet your employer is paying more for your health care.

They just can't pay all of the increase, and they have to pass that on to you. And they're shocked when I have that conversation with them. If they're not a benefits person and they don't understand how those benefits tend to work. So just understand that if certain costs have skyrocketed, if we're not communicating that clearly to our team and some of you are thinking, yeah, yeah, they don't care.

But if we don't tell them the details, they will fill in the details with false information like, oh, you know, this company is just greedy, and that's why they're making me pay more. So we need to be a lot more transparent with some of these costs in order to build the trust and gain that trust and credibility from our folks.

Okay. Plus, you should get credit for what you're actually covering. You know, if you're covering more, even though they also have to pay more, I want you to be the beneficiary of well, at least my employer picked up most of it. You know, at least they've picked up the benefits increase for the last two years and waited as long as they could to pass any of it on to me.

21:03 - 24:27
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So there are two sides to every story, or different perspectives of that. And we have to sometimes kind of deliver the bad news. But if we position that in the best way possible, we don't have to take as big of a hit. Okay. From a trust standpoint. Also, have you reviewed and adjusted your shift differentials in recent years?

Okay. Because, you know, it's very different 20 years ago, ten years ago, even five years ago, what it takes to fill certain shifts. In fact, I know some senior care organizations that I work with, they have made a shift of their differential. They're saying that it's harder to fill second shift than it is to fill third shift. So it depends on where you're located.

You know, rural, suburban metro. There are a lot of factors here. I can't say there's one particular model that works for everyone, but whatever the hardest shift is to fill. You might look at the differential on that, or just the pay of that shift or that role in particular. If you're really struggling to fill certain shifts, it might be because we haven't analyzed the sacrifice that someone is making for that shift.

You know, nowadays, the reason that some places, of course, it's easier to fill third shift than second shift is because a lot of people are prioritizing family time more than they did in the past. They're saying, I'm, you know, my husband or wife works first shift, and I'd rather work third shift so that I can sleep while the kids are at school and I can still have family dinner together, you know?

So we have to think about why is it that that has shifted and what's more important? So, back in the day, the third shift differential was higher because people didn't want to work at night, whereas now second shift might be higher because they don't want to miss that family time. It really does go back to the sacrifice, okay.

And in fact, I've seen some organizations; they've shifted their weekend differential. Some companies have increased it to fill the weekend shifts. And I've even seen some groups; they've been able to decrease their weekend shift differential because of the pay that they've put on the weekends, you know, not just in a different packaging way, in a different way to put together the total comp that goes for those times.

And also some folks want the weekends because that's their second job or third job. And so we don't have to pay a differential sometimes if people are looking for weekend work. So my whole point here is just think about what matters to those folks. Okay. So another example holidays. You know, some holidays are much harder to fill than other holidays.

And so I've also seen organizations change the holiday pay for, you know, where Christmas is not the same holiday pay as Memorial Day because Memorial Day, more people are willing to work that it's not as big of a sacrifice for them. Versus Christmas Day is a much bigger sacrifice for most folks to do so. It's all about setting that incentive to match the sacrifice.

24:27 - 28:57
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Okay. And that also helps the leaders so that they're not scrambling to fill those shifts, especially the holiday shifts at the last minute because somebody called off, you know, they didn't want to be scheduled then or they even quit. Some people, if you say it's mandatory, you have to work that holiday, they will literally quit because they know they can get another job pretty quickly somewhere else.

And if that happens, if people call off or quit for those holiday shifts because we're not paying what they feel the sacrifice is worth, then we're disrupting the manager's holiday off and making them have to fill those shifts or find folks to do so at the last minute. Okay, so it's it's really just time to think more like your staff and make sure that we've moved beyond just a standard hourly rate with the old-school benefits package.

And look at that entire comp that's going to impact their livelihood; it's going to impact their family. And so looking at it from that perspective makes a big, big difference. All right. So now let's shift over and talk a little bit more about one of my favorite topics with retention. And that is what we call the carrots, or AKA incentives.

You know, think about a carrot on a stick. And historically, the companies have relied on a carrot that sits at the end of a 12-month stick that I have to stay here for 12 months before I get my PTO replenished, and I get a pay bump in my hourly rate, which, by the way, be really careful not to call a 2 or 3% increase a raise.

That's not a raise. That's a cost of living adjustment. Okay, so don't oversell that to your people. In fact, it can backfire if you say you're getting a raise and you give them 3%, they're going to say you did not give me a raise and they'll actually be more disappointed because of that. So I know that that has been normalized across not only health care but beyond in our country; that 3% is pretty, pretty normal.

However, these past few years, as I said, it's not keeping up with inflation, especially the front line inflation, which is the cost of groceries and gas and housing and those types of things, they're really struggling. If they're not getting a stronger pay increase, write a higher pay increase for that. So be careful of that. But I'm not here to talk specifically about the the pay that base pay.

But instead let's think about the rewards, the carrots, the incentives that we might have. Because listen, today's workforce, they do not have the patience to wait 12 months to get their first type of reward. Okay. Remember, they value mobility and the world moves so much faster than it used to. So 12 months is like forever for our new hires.

And remember, what we teach here at Magnet Culture is that every new hire is a flight risk. Every new hire is a flight risk. So if they're coming into your organization and that on-ramp is bumpy, plus they have to wait a whole year to feel recognized and rewarded for that, making it through that bumpy first year. They're going to take an exit ramp.

They're going to leave. They're going to go on to the next shining opportunity down the street way before they hit that one year mark. So what's the solution? We have to chop up that historical carrot that we were putting at the 12-month mark, and instead chop it up into little baby carrots, right? We put little baby incentives, smaller incentives throughout their time with you, particularly in that first year.

But you can certainly go beyond that 18 months and, you know, two, three, five years, things like that. So instead of waiting for an annual milestone, you can sprinkle smaller incentives and recognition along that career path, especially during those critical 30, 60, 90 day periods. Right? Those milestones for our frontline workers. A meaningful baby carrot might be some, you know, most of them.

28:57 - 32:22
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We do want to have a little bit of a budget behind some monetary things, like taking them to lunch or gift cards. Some groups I've talked to give free will changes because they realized a lot of their frontline staff doesn't have the money to do preventative maintenance like that, so they might do that, or give them a family pass to the local zoo, or some kind of local attraction that they honestly can't afford to take their kiddos to.

But they'd love to do that. Also, giving extra PTO time, some benefits like that. That may not be a cash exchange, but there's certainly some monetary payment on your side, right? We still have to have a budget for some of those items, but you can also do things that are not monetary at all. I'm seeing a big uptick in the use of handwritten thank you notes.

Okay. And I'm even hearing stories after my training. I've had people contact me on LinkedIn or, you know, when they see me at the next training program, they're saying, you're not going to believe this, but I sent a thank-you note to my staff at their homes, right? I mailed it to their home. So they got it out of the blue from the mailbox.

And I had a woman come in to me and say, I was about to quit until I got your note. You know, one manager actually said it again. She's like, you won't believe this, Cara, but I had a woman who was applying for other jobs because she thought I didn't care about her. And when she got that note, it changed everything.

And she came to me with tears in her eyes and said, thank you, because I want to stay here. I just didn't think that you cared or that you even wanted me here. So that can make a huge, huge difference. All right. And you know, if folks have been around a little bit longer, you can do some creative carrots, like getting them a new mentor or letting them be a mentor.

Maybe they want to join a committee or take on a special project that you don't have time for, and they can take that and run, right? Especially things around social media or special activities, family engagement, some things like that down the road. Maybe you take the opportunity to send somebody to a conference or to help with more of their education and learning opportunities as well.

Sometimes that can serve as a really nice carrot for folks. So when you chop up those bigger carrots that we're doing, typically at 366 days, the full annual carrots, when you chop that into smaller increments, then you give your employees some short term wins. And in today's world of social media, dopamine hit. Ding ding ding ding ding.

Employees are wired to want more wins. You know, even just. I'll take this moment to remind you to recalibrate your thank-you meter and make sure that you're also just thanking people for being there, thanking them for showing up. They don't have to be an A player that goes above and beyond for you to truly appreciate them. And I think if you dig deep, you'll find that gratitude deep down, deep, deep, deep down, you will kind of realize that you are grateful for the people that show up and do the job.

32:22 - 36:22
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So we also just need to make sure that we're giving them those wins each day or each week of saying, "Thanks for being here. Great job on this or great job on that. Instead of always highlighting where folks are missing the mark. All right. So you can keep them motivated and engaged and feeling much more appreciated when we give these short-term wins, whether it's a thank you or it is an actual tangible incentive right now, I get it.

Easier said than done, Cara. I get that all the time. Retention is a multi-piece puzzle. It takes everyone. It takes the executive team playing their role, making the right policies, setting the right schedules, setting the right capacity, job descriptions or chart workloads. You know all of that. It also takes the leaders playing their role within the employee retention ecosystem.

As a gardener who gets to know their staff, who takes good care of their people, and the two words we use are to acclimate and cultivate their team, right. It also takes the staff playing their roles to take root in their job, and then grow and blossom within those positions as well. So if we stop relying on the way we've always paid people and start offering more meaningful compensation and incentives along the way, we can slow down that revolving door.

The compensation piece and the incentive and recognition piece is a big part of the puzzle that we've got to continue moving it forward and evaluating how we're doing versus what the new workforce of today, of tomorrow really wants from us. What does that look like? So let me ask you this. How attractive is your organization's total compensation? Really, how attractive is it?

And have you given your staff a reason to come back tomorrow or after their break? Okay. Have you given folks a reason to come back day in and day out? You know, these jobs are difficult. Every job on our campus is difficult, and it is imperative that we take great care of the people who we are able to get into our organizations, and that we make sure they know we want them to stay, not only here at the company, but here within the profession, within senior care.

Not everybody wants to work in senior care, and we find very special people who absolutely love our residents, love what they do, and we've got to make sure that our organizations are offering them in return what they are giving back to us and to those that we serve. I hope this has been a helpful conversation with you today about compensation and incentives, and understanding a little bit more about today's new workforce.

On my next Bridge the Gap podcast episode, we're going to continue exploring strategies that put retention front and center in your organization. But until then, if you want to keep learning and you want retention strategies now, make sure to listen to my previous episodes from this year. If you haven't already, you can grab my digital mini books at Magnet Vault, and you can connect with me on LinkedIn or subscribe to our YouTube page at YouTube.com.

For more webinars and videos and information that you can share with your leadership team at no cost. All right, I am Cara Silletto, and thanks so much for listening to this week's Bridge the Gap contributor Wednesday.