All the Right Moves

With the best and brightest ready to bolt, CFOs will have to step lively if they hope to retain their top talent.

Alix Stuart, CFO Magazine
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Many finance executives are keen to boost staff morale, but few can rival Clyde Hosein's creative — and potentially humiliating — effort. Last December, the CFO of Marvell Technology Group strutted his stuff, literally. Inspired by the choreographed "mob dance" that a Chicago crowd performed with the band Black-Eyed Peas on *The Oprah Winfrey Show* last September, Hosein took the stage at the finance department's year-end meeting and performed what he describes as a "funky '70s thing" in front of more than 200 employees.

And his direct reports joined in.

It wasn't completely spontaneous. In fact, Hosein hired a professional dancer to teach him and more than 15 of his direct reports a routine that they could perform as a surprise for the rest of the staff.

Although the team practiced after-hours and in the hallways for more than a week, Hosein wasn't concerned about how much talent they might display on stage. Rather, his goal was to get in touch with the talent in his firm. "I'm giving the message that my management team is willing to take risks and be vulnerable," he says. "It's time to make the workplace a more fun place."

After a year of gut-wrenching layoffs, extra work, and few financial rewards, it's no wonder CFOs are starting to ramp up efforts to reinvigorate employee morale. Grateful for a steady income, many employees have been content to cling to their jobs, but that may not last for long. Several polls find that 50% to 60% of employees plan to jump ship as soon as the economy rebounds.

Yet not every morale-boosting strategy will hit its mark; some can even have an alienating effect. "It's okay to do something simple, but if that's all you do, it's going to look superficial," says Bob Nelson, author of *Keeping Up in a Down Economy* and *1001 Ways to Reward Employees.*

There are several smart (and affordable) ways to keep employees from waltzing away. They don't require fancy managerial footwork, but they do demand a level of attention and humility not often found in the corporate world.

Speak Clearly, Listen Well

Nearly every company says it is trying to communicate more with employees to give them some reassurance during these turbulent times. A hefty 83% of executives responding to a recent Towers Watson survey, in fact, claimed to be taking this approach to engage employees, far outstripping any other. But that doesn't necessarily mean the quarterly town-hall-type meetings are effective.

"They're a good start if done well, but I've seen a lot of these kinds of presentations, and sometimes they're incomprehensible to the average employee," says Ilene Gochman, director of Towers Watson's organization-effectiveness practice. She says the biggest sin executives commit is lapsing into "business-school jargon," including terms like "EBITDA" and "SG&A." A second one is including too much information. Even if finance employees understand those terms and avidly scan PowerPoint projections of spreadsheets, she says, CFOs aren't setting a good example for them in how to communicate to broader audiences.

And even if an executive strikes the right tone for a mass audience, it's a mistake to leave it at that. Company strategy has "really got to be translated down to employees in terms of their goals, and how what they do fits with the bigger picture," says Gochman. That means the all-company meetings need to be followed up by departmental meetings, which should then be followed by regular one-on-one meetings between managers and employees.

"One of the biggest things right now is for managers to truly sit down with their employees, one-on-one, and find out what is on their plate, what they would like to do more of, what they would like to do less of, and what their career aspirations are," says Lori Dernavich, a human-capital consultant in the New York area. "One, it shows you care, and two, it gives managers a between-the-eyes honesty about what is really going on."

A good question to ask in those meetings: "What can I do to make your job easier right now? And keep going at it: Is that all? Is there more?" she says. "You've got to really get them to open up to you, because by not letting your employees be heard, you're doing far worse damage."

Hosein says his dance number is just a small piece of his broader effort to engage the workforce, and to train his staff to do the same. "Managers are as much doers as they are managers, and one of the biggest concerns is that they tend to get caught up in getting things done and get away from the fundamentals of management, like complimenting employees when they do a good job, coaching them, and paying attention to them."

Of course, such conversations "are meaningless unless something is done after the fact," says Dernavich. Consider the approach of Joel Quall, corporate controller at global capital markets firm Knight Capital Group. He has been mentoring three junior staffers who are supervised by other senior accounting and finance personnel, taking them out to lunch (individually) about once a quarter and getting a read on their attitudes toward their job functions and responsibilities.

"I come back from lunch, talk to the other managers, and usually things are resolved," says Quall. The most common complaint, he says, is employees not liking a particular aspect of their job, in which case, "we try to train others to do that task to free the employee up to do other things."

A Chance to Learn and Grow

At companies that have made deep cuts, of course, reassigning certain job responsibilities is a necessity rather than a virtue, and usually entails adding more duties rather than taking any away. But even when the volume of work seems to limit a manager's options, scrambling up job duties may be a smart move.

At seven-year-old, privately held Odyssey Logistics & Technology, a logistics outsourcer for chemical companies, CFO Cosmo Alberico has actually added staff in the past year, with zero layoffs and hardly any turnover. Still, he has about 40% of his 25-person finance staff cross-training on particular tasks. As an example, "you may generally be doing fixed-asset tracking, but now you'll also be doing something in the treasury function, such as getting involved in moving money between bank accounts," and vice versa, he says. Employees seem keen on the nearly year-old program "because it makes their jobs more interesting and broadens their knowledge base," he says, and there's a natural benefit to the company in having more backup when someone is out.

Assigning high-potential employees to special, often cross-functional projects with executive-level visibility can also provide a much-needed morale boost. "These kinds of special assignments, as opposed to the routine taking over of a job, are terrific," says Gochman. Employees "get to work with others, present to others, and if you do it right, you can make it a developmental experience, too."

You might succeed too well. Alberico just lost one of his high-performing staff accountants to the IT department after the employee excelled in a special project helping a customer restructure its billing in ways that opened up new business opportunities for Odyssey. "My controller wasn't that happy," Alberico says with a laugh, "but the employee really benefited; it propelled him into a promotional opportunity."

Although the recession may seem like the worst possible time to create or expand job-rotation programs — after all, there may be no new positions for those more-well-trained employees to move into — experts say that, in fact, the rotations send a strong signal that the firm cares about developing individuals' talents. Grant Barber, CFO at Hughes Communications, has moved four senior employees to very different roles in the past year, and is planning to increase that number. "If I had my perfect plan, I'd move a third of my senior direct reports every year," with rotations occurring twice-yearly, he says.

There are also less-formal (and cost-free) ways to cross-pollinate. At Aspect Software, an outsourced provider of customer relationship technology, more than 60 of the 77 people in finance have attended each of the first four monthly "Be Better Informed" sessions, half-hour mini-lectures that use internal speakers on such topics as credit and collections, the order-management process, and product development. "They've been a huge enhancement," says Cathy Trainor, a senior finance manager at Aspect who liked the idea enough to volunteer to coordinate the sessions. "They really break down barriers between different parts of the [finance] department," she says, and, at 30 minutes, "they're not extremely time-consuming; you get enough and can follow up if you want more."

Fame, If Not Fortune

With bonuses in short supply, many companies are looking for quick and inexpensive fixes in the form of gift cards and trophies. Nearly 30% of companies surveyed by Towers Watson said they were planning to expand their use of such programs. The downside, of course, is that "if you give something to one person, the other good people say, 'Why didn't I get one?'," Hosein says. "But if you give it to too many people, it loses something, too." Hosein says he is ambivalent about instituting such a formal program.

Last year, Aspect Software doubled the number of spot awards it gives each quarter, from 20 to 40, and plans to boost the number within finance even further this year. While too many rewards can certainly dilute their effectiveness, CFO Michael Provenzano says that getting a reward (which can range from $250 to $1,000) "still holds a lot of weight" with employees who win, since they must be nominated by a peer (rather than management), "and we're still pretty stringent in terms of the criteria" to receive one. Of the finance employees who have received one, he says, most of the nominations came from outside the function, such as from business-unit managers.

The power of 15 minutes of fame can't be denied, either. "People often value the recognition more than the reward," says Provenzano. The awards are given in front of the whole company and documented on the company intranet. That was certainly true at Knight Capital, which offers a $2,000 award to one employee per month. With each department getting approximately one shot a year, the winner from finance last year "was in tears" when the CEO announced her award, Quall says. The employee had done a lot of cleanup work on books and records after a colleague left abruptly, but "she told me, 'It was only when I got that companywide recognition that I really felt like I accomplished something,'" he says.

Keeping the threshold high for awards is key, says Gochman, as is making sure that they reward the right behavior. "A lot of companies have realized that people were giving spot awards for doing a job well versus doing something extraordinary," she says. Now, more are starting to write guidelines and philosophies of recognition, wrestling with such questions as what constitutes extraordinary work and whether to reward teams or individuals.

And finance executives shouldn't lose sight of a quicker and cheaper fix that is perhaps equally as effective: a verbal or e-mailed thank-you. Singling people out for praise at an all-department meeting, or inviting them in for a meeting in the C-suite, can do wonders for making people feel good, Gochman notes. As Hosein says: "Throwing money at the problem is not always the answer."

Building on research that shows that employees are less likely to leave a company if they feel they have friends on staff, many companies are aiming to step up their team-building activities. Community-service projects are one popular way to do this, says Jodi Chavez, senior vice president at Ajilon Finance.

At Odyssey, Alberico is currently spearheading an effort to get his finance team, along with the rest of the company, to work together on a community-service project instead of simply donating money to a cause. "We believe that an employee who is involved in a good project sponsored by the company will feel good about belonging to the company, so indirectly, it should translate into better retention," he says.

A longtime member of the organization Junior Achievement, which puts business executives in K-12 classrooms, Alberico now has a cross-functional team coming up with recommendations on which not-for-profit organizations would be the best fit. He says the company's philanthropy budget is likely to stay the same, but expects to get a lot more bang for the buck.

Some Fixes Aren't Quick

A word of caution: setting up these programs can take time and may not be immediately fruitful. "You may not get a huge turnout the first time, but the people who do it will probably come back with great stories about how they were touched, and you'll likely get more next time," says Dernavich. It's also important to figure out whether people are willing to do such projects on their own time, after work hours, or if they need to be scheduled within the 9-to-5 timeframe.

Company culture can also be a big factor in the success of such initiatives. Michael Porcelain, CFO of Comtech Tel, says his company's finance organization purposely stays away from team-building activities because such activities "feel contrived," and instead tries to let the 20-person finance team develop friendships on their own. "They don't want team-building activities; they want to go home," he says. (In fact, offering extra days off and flexible hours is one strategy that nearly every finance executive interviewed for this piece is using, one that creates almost no cost to the business if done right.)

Does It Work?

Measuring the effectiveness of any of these programs is maddeningly difficult and can generally be seen only over time. As Porcelain says, success or failure "is in the turnover numbers and in the number of people complaining." That doesn't mean companies don't try to get a quicker read on whether their retention efforts are working. Anonymous surveys of employees are one common method and can turn up some useful information, such as how much importance employees put on soft benefits such as flex time and time off. Alberico says that employee retention is a topic of discussion at management meetings "at least quarterly, and as often as monthly." Meanwhile, executives like Hosein and Provenzano say they are trying to get more one-on-one meetings going on to get a sense of how employees feel.

Whatever the strategy, CFOs would be well advised to be proactive rather than reactive, says Gochman. Once an employee gets an offer from another company, almost no counteroffer can patch up the relationship. "Sometimes people stay because companies throw a lot of money at them, but it isn't the same, and there's some anger there about 'Why did I have to go through this to get the promotion?'" says Gochman. And those employees usually leave within two years, anyway.

Smart managers, therefore, should take steps now to ensure that when recovery arrives it does not inspire a raft of departures.

Alix Stuart is senior editor for human capital and careers at CFO.