

EMPLOYEE TURNOVER – PRACTICAL SOLUTIONS FOR SALES FORCES

Analyses of the costs associated with turnover yield surprisingly high estimates amongst field sales professionals. The high cost of losing key employees has long been recognized. However, it is important for organizations to understand that general turnover rates in a sales force can also have a serious impact on an organization's profitability, and even survival. There are several costs incurred as a result of employee turnover. These costs are derived from a number of different sources, a few of which are listed below.

Costs of Turnover:

1. Recruitment of replacements, including administrative expenses, advertising, screening and interviewing, and services associated with selection, such as security checks, processing of references, and, possibly, psychological testing.
2. Administrative hiring costs.
3. Lost productivity associated with the interim period before a replacement can be placed on the job.
4. Lost productivity due to the time required for a new worker to get up to speed on the job.
5. Lost productivity associated with the time that coworkers must spend away from their work to help a new worker.
6. Costs of training, including supervisory and coworker time spent in formal training, as well as the time that the worker in training must spend off the job.
7. Costs associated with the period prior to voluntary termination when workers tend to be less productive.
8. In some cases costs associated with the communication of proprietary trade secrets, procedures, and skills to competitive organizations.
9. Public relations costs associated with having a large number of voluntary or involuntary terminations in the community spreading gossip about the organization.
10. Diminished revenues due to loss of key accounts that follow the sales rep to a competing organization.

Causes of Turnover:

Maslach's seminal work on employee burnout revealed that there are six correlates associated with employee burnout. It is also important to notice that the antithesis of burnout is a state of 'job engagement' which is empirically linked to greater productivity, reduced turnover, and employee satisfaction scores.

1. Workload

The most obvious aspect of this domain pertains to excessive workload or prolonged overload, which exhausts the affected individual's energy and compromises his/her ability to recover. There are numerous factors that influence workload, some of which pertain to the characteristics of the individual, and others which pertain to the particular demands and expectations of the workplace. Such factors including one's fit with the job, proper training to perform the job, the real-time demands for productivity or services, the availability of support and manpower to deal with periods of excessive demand, and the particular demands of professions or occupations that require "emotional" or "people" work" rather than working with "ideas" or "things".

2. Control

The mismatch in the control domain is closely related to the loss of self-efficacy and diminished feelings of personal accomplishment. This domain pertains to whether the affected employees have sufficient control over the resources that are required to deal with their work demands, and to whether they have sufficient authority to take regulatory action.

3. Rewards

The mismatch in the reward domain pertains to the lack of rewards, actual or perceived, for work performed. Such rewards would include financial rewards, other benefits, and social rewards, including tokens of recognition and appreciation. A mismatch in this domain is closely associated with the employee's sense of self-efficacy and self-worth, and with one's level of engagement. Such a mismatch in the reward scheme leading to compromised level of engagement with work is illustrated by the slogan of disgruntled workers during the collapse of the Soviet Union, "You pretend to pay us, and we pretend to work."

4. Community

The mismatch in the domain of community pertains to there has been a shift or loss of one's sense of positive connectedness or perceived support with others within the workplace. The degree of social and emotional disconnection from others, including superiors, peers and subordinates, is a critical factor that can affect one's emotional reactions and the availability of social support from others.

5. Fairness

A mismatch in this domain occurs when there is a perceived or actual lack of fairness in the workplace. Inequities in workload, remuneration, benefits, or policies and/or practices regarding the handling of grievances and disputes not only affect one's perception of fairness, but they tend to exacerbate burnout by provoking emotional upset and exhaustion and promoting the attitude of cynicism and its maladaptive consequences.

6. Values

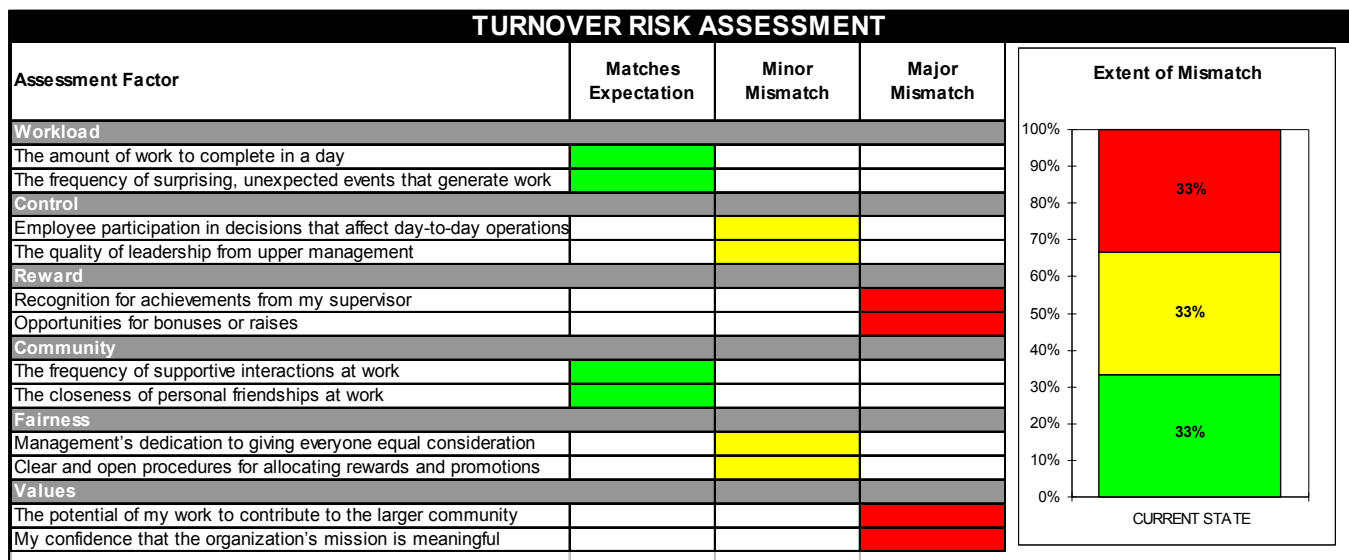
This type of mismatch occurs when there is a conflict in values, a mismatch between one's personal values and the performance and practice standards, demands, and

expectations of the workplace. Maslach et al. note that the gap between an organization's lofty mission statement and its actual practices is a key determinant of value conflict that leads to burnout.

Implications for Sales Force Managers:

The key to managing burnout in a sales setting is to understand the employee expectations surrounding the 6 key correlates above. Trident recommends surveying employees on an annual basis to understand the extent of 'mismatch' between employee expectations and the workload, control, rewards, community, fairness and value norms that are inherent to the job.

The following is a tool that Trident uses on many of its sales force management projects to assess the risk that turnover poses to a sales force. Each of the 6 correlates of burnout are assessed and quantified as either 'matching expectations,' a 'minor mismatch' or a 'major mismatch'. Anecdotal evidence on projects indicate when an organization matches expectations on less than 50% of the time, there is a strong likelihood of elevated turnover rates amongst sales representatives.



One of the easiest ways to address mismatches in the workplace is to focus on what can be done to mitigate each mismatch, and take some concrete steps to realign the organization on the path to a state of job engagement. In the case of a workload mismatch, management can undergo a thoughtful re-design of job functions and roles to re-distribute and balance workload so that the organization functions optimally. The diligent management of turnover rates in a sales force can have a serious impact on an organization's profitability, and can be a key to competitive advantage in just about any industry setting.