

Standing Out to Your Employees: The Key to Retention



Gene Marks

CPA, Columnist, and Host



Dr. Ernest Baskin

Associate Professor of Food
Marketing, St. Joseph's University

Announcer:

Welcome to THRIVE, a Paychex Business Podcast, where you'll hear timely insights to help you navigate marketplace dynamics and propel your business forward. Here's your host, Gene Marks.

Gene Marks:

Hey, everybody. Welcome back to another episode of THRIVE. Thank you very much for joining me. I've got Ernest Baskin here. Ernest, first of all, thank you for joining me.

Dr. Ernest Baskin:

Thank you.

Gene Marks:

Glad that you are here. I'm happy to say that you are located in Philadelphia, just like myself. You are an Associate Professor of Food Marketing at St. Joe's University, correct?

Dr. Ernest Baskin:

Yes, that's correct, yeah.

Gene Marks:

Mm-hmm. Very good. Go Hawks. Ernest, we're having this conversation about the Great Resignation and about retaining employees and workforce stability, and here you are, an associate professor of food marketing. Should I be angry with our producers? Did they make a mistake here or do we have the right guy?

Dr. Ernest Baskin:

No, I think we do have the right guy. Let me tell you about, I've done a lot of research in this area, and part of this research was done with the Food Institute in association with St. Joseph University. We've done a lot of research because the food industry is going through the exact same thing a lot of these other industries are going through. They're experiencing the Great Resignation, they're experiencing issues with workforce retention, and they're experiencing issues with workforce hiring.

Dr. Ernest Baskin:

So, what I've done is I've looked into, through a variety of interviews with both folks on the ground and HR managers, I've done a lot of research into thinking about, how do we stop this? How do we make it easier to hire for ourselves? Once we do hire folks in, how do we keep them for a long haul? Because Gene, I'm sure I don't have to tell you this, or our listeners, hiring is a super expensive proposition. Whenever you hire somebody on, it's expensive to first search for the right person, it's expensive to then train them up so they can be productive, and so the fewer times you can do that the better. That's what's become really important and a throughline when I've talked to many of the HR managers in the food industry.

Gene Marks:

When we talk about the food industry, I just want to make sure I define that as best as possible, are we talking about restaurants, or are we talking about distribution businesses, or food manufacturers, or ag businesses? Who do you define?

Dr. Ernest Baskin:

We're talking food industry writ large, so I'm talking manufacturers, CPG, restaurants, we're talking retailers. Everybody is facing the same problem, everybody, and they're facing it all levels, so they're not just facing it with frontline workers, they're also facing it with back-office corporate staff. The solutions are going to be slightly different for both of those groups, but they're facing it across the board.

Gene Marks:

Listen, you just said it earlier, I mean, there's no need to state the obvious, there's 11 million unfilled jobs. Everybody knows that we have a big labor shortage in this country, so we're not sharing any news here, but every single one of my clients, every single person I go and I speak to around the country, associations across all different industries, Ernest, they're like, "What do we do? How do we find people? How do we make sure that the people that we love in our company, aren't leaving us?" because like you said, it's extremely costly. Back to you, throw out some ideas, tell us what we should do.

Dr. Ernest Baskin:

Yeah, so I've talked with a lot of frontline workers to see what they were looking for, and what I found was actually kind of surprising. First of all, obviously, pay is kind of first and foremost. Pay is table stakes, so you have to be paying competitive wages. What we've seen is a lot of companies are upping their wages up and up and up, which is not, I think, really sustainable.

Dr. Ernest Baskin:

But at the same time, money is not the end-all, be-all. I have to quote, one of the employees that I talked to that said, "You know what? I could hop to a competitor that's paying a higher wage, but I'm not going to because something about the employer that I'm working for." What is that something? I think that something is the culture. One of the things that makes employers stand out for employees is that they feel like they're a family when they work for that employer. They feel like they're a part of something. They feel like there's a mission that they like, they feel like that employer stands for something, and if they can differentiate that employer from everybody else who they could potentially work for, that can be the difference between having an employee that stays versus an employee that you can't hire, or you might hire because of a signing bonus, and then goes and job hops to another employer down the line.

Gene Marks:

Yeah, culture makes a big difference. It's funny. I was at a client last week near Trenton, New Jersey. They're a manufacturer. They have an HR manager. She hates her job. She complains to me all the time. She has

been working there for like 10 years. She knows she could be going elsewhere, and I swear to God, Ernest, it's like I've been hearing her complaint now for like two years, and she's still at the job. Another thing I think that also contributes to this is just, there's a bit of laziness that's involved. I mean, an employee to change their jobs is a pain in the neck to do, and then to learn a whole new job, and to learn a whole new employer, it's kind of stressful, and it's tough, you know what I mean? I don't know what your thoughts are on that, but that also factors into employees sticking around, too, doesn't it?

Dr. Ernest Baskin:

There is a little bit of inertia, I think, with employees, but what we're finding actually is that that inertia has been going down. I think there's a new breed of employees that is actually looking at all of the new incentives, particularly for frontline employees, to get hired into these entry-level positions, and are just saying, "You know what? Maybe I go, I collect that signing bonus, I need six months for that signing bonus, and then I go to a different job, collect the signing bonus for six months, and then I go to another job," and so yes, inertia is a part of it for your longstanding employees.

Dr. Ernest Baskin:

But for employees that haven't been there a while, they're the ones that are more likely to move, and they're the ones that you want to really make sure you integrate within your company because if you don't take enough time to inculcate them into your culture and to get them to understand what your mission is about, by the end of the six months, they might say, "Well, you're just like any other company. I might as well go somewhere else if it means that I can get a new signing bonus and potentially get paid more."

Gene Marks:

Got it. How about demographics, Ernest? Do you find older employees tend to be more loyal than younger employees? Should that have an impact on who an employer is hiring?

Dr. Ernest Baskin:

I'm not certain that I will say should that have an impact on who an employer is hiring, I wouldn't say I would go that far.

Gene Marks:

So, that they don't get sued for discrimination.

Dr. Ernest Baskin:

But there is a difference, so if you look back across the generations, if you look back at older generations, they're really raised with the expectations of, "I work my way up through a company, and I'm loyal to my company and they will be loyal back to me." The current generation has not been raised like that, and they've also seen several recessions where their parents and others around them have gotten laid off, so their mindset is, "Look, if the company is not going to care about me, then I'm not going to care about the company," and so they're much, much more willing to job hop. And so, because they're thinking about job-hopping as something that they can do, we need to think about that as employers.

Dr. Ernest Baskin:

One of the things that employers have done kind of over the years, and this is, I think, part of an employee/ employer creation in some fashion is employers have basically said, "How does an employee get a raise?" Well, an employee gets a raise if they go and get an outside offer from another company, or if I go and hire someone else from outside, then I will bring them up to market salary when I hire them in. The problem is what we've been neglecting, to our detriment, is we've been actually neglecting our loyal employees that have been in our company. What are they seeing? They're seeing, "Look, I can go outside, get hired in a

market rate, whereas if I'm just working my way through the company, I'm not necessarily getting market rate, and so I just need to do then what's best for me."

Dr. Ernest Baskin:

I think we really need to pay attention to that. We need to make sure that when we're hiring and when we're promoting, we set our incentives in the way that we want to make our employees. If we want make our current employees happier and retain them, we need to set up our incentives so that our current employees see what their career path is, our current employees know what the trajectory is, and our current employees are being promoted at a level consistent with anybody that we're bringing in from the outside.

Gene Marks:

That's great. I mean, listen, you're an associate professor, you're in the academic world, you're not running a business, but if you were, say you had a little company with 10, 20, or 50 employees, for example, what would you be doing? What kind of a culture would you have? Based on all the companies that you've seen and studied, what would you do in your company?

Dr. Ernest Baskin:

I think the way that I would start my company is I would start it from the bottom up and I would look at my hiring practices. Especially right now, when a lot of companies are hurting for workers in the food industry and outside of the food industry, right, so it seems very easy for a lot of jobs to say, "Look, here is a warm body. They want to work here. I will fill the job spot with a warm body." I would start there and say that is not the right strategy you want to do because it takes years and years to build a culture, but you can break it down very quickly over the course of a couple of months by just hiring whoever you want, so even when it's hard to find people, you need to be sure you're screening correctly. You need to be screening for folks that like to work together, that like the business you're in, that will do the work with a passion.

Dr. Ernest Baskin:

Then after they're hired in, you need to treat them as members of your family, so when your business does well, they share in the fact that the business does well. There are events that are put on by your company that helps them bring together. The employees of the current generation, Gen Z, really value connections in their workplace, and that's even much more than workers of previous generations. Workers of previous generations were perfectly happy saying, "Look, I work my nine to five, whatever, and then I go home." Workers of Gen Z want to be friends with the people that they're working with. And so as managers, our job is to help facilitate those friendships because as soon as you start having friends with people in your workplace, it starts becoming hard to leave, and you start enjoying coming into work every day, and so you'll get to keep those employees longer.

Gene Marks:

As an employer, there's the temptation to separate yourself from your employees. You don't want to become too friendly with them. How do you balance that? How do you balance having a good open, friendly relationship, like you said, a member of the family, but also keeping in mind that you're the employer and you know, that person is the employee? What do you say?

Dr. Ernest Baskin:

Yeah, so that's an excellent question, Gene. I think that there definitely needs to be a balance because as an employer, you have a lot of control over the employee, but the second time, there are many, many things that you can do, such as showing up to events. So, particularly you can put on events, show up, greet

employees, keep your door open, be the face of your company, because there are many employers that I met that are perfectly happy sitting behind a desk in their office with the door closed. That's problematic because if you are that kind of manager, then employees don't really see you in the trenches with them. They don't really have a sense of what you're doing, and oftentimes, that can build a distance. In fact, if the employees are working really hard and they have a perception that you're not, that can build resentment.

Dr. Ernest Baskin:

I'm not saying managers do nothing. I think managers do a lot. It's a very hard job. Small business owners, I know you all do a lot, it's a very hard job. But sometimes employees on during their day-to-day job, they don't realize all the different things you do, so part of it is just hanging out with them, showing your face. Another part of it I would recommend is communicate all that you're doing for the company. It's not necessarily all your burden to bear because as you're going out there, as you're building the business, as you're building clients, if you tell your employees everything that you're doing, and what that translates into for them, then the workers will also feel like, "Hey, I'm not just a cog in the wheel, I have a stake in helping the company succeed," and so just that will help bridge the connection, and then that will help them grow in the same direction as you, if you will.

Gene Marks:

I like it. I like it. All right. I'm going to give you a chance to tell your story in a minute, but I'll tell you my story. The story is that, I want you to think about this, is you've talked to, you studied a lot of different people in the industry, and I'm curious to see if anybody stands out to you that really did something kind of cool or unique or did something, just again, unique that you might want to share that would, that would help within our culture.

Gene Marks:

My story is I have another client and they're in Philadelphia, actually, about 50 employees. The owner was having construction work done in his office, so for an entire month, the owner had to find another place to sit, and really, just by whatever, there was an empty cubicle in the middle of his customer service area, and he just basically pitched a tent there. That's where he was going to be for a month. This was about five years ago. He said not only was that like the best month that he's had in the business and the most helpful, but since then, he does the same thing. He keeps a cubicle open, and every few months, he goes there, and says, "I'm going to move in here for the next week or two," just to be there to work out.

Gene Marks:

If he's got private conversations to have or something confidential, they take that into a conference room, but most of the other stuff that he's doing, he likes to be around all the customer service people, and he said to me, "I can't tell you how many times I've heard a customer service person talking with a customer and saying something or doing something where I'd be like, 'Hey, you might want to offer them this,' or, 'Think about if they want to talk to me, I'm right here,'" that kind of thing, and they loved it. The employees around him, you would think, they'd be like, "Oh, my God, the boss is looking over my shoulder." But it was the opposite. They loved having him around and it really created a bonding culture.

Gene Marks:

I thought that was a really cool thing, and I've written about it before as well, because it was pretty impactful. Like you said earlier, a lot of business owners, we just like to shut the door and, "Please, don't bother me. I'm doing my thing," and it could be really hurtful. That's my story of a client of mine that did something kind of cool. Did you come across anybody that you might want to share that did something cool as well?

Dr. Ernest Baskin:

Yeah, so this actually reminds me of what a lot of workers actually requested. They requested specifically this type of feedback system because what often happens, especially as you grow your small business, is you wind up having more layers between the front-facing folks and the back office, and so what a lot of workers requested is the ability to tell their bosses exactly what is going on.

Gene Marks:

Sure.

Dr. Ernest Baskin:

'Cause often, those front-facing workers are the very first ones that spot problems. And if they have a way to tell you, you can nip those problems in the bud when they cost 10 bucks, whereas if it festers and festers and festers, those problems can be exponentially harder to correct. The folks that are really doing a good job are including feedback mechanisms for frontline employees so that those feedbacks reach the back office, they reach the CEO level, and the CEO can make decisions that allow that feedback to be addressed. Because oftentimes, folks in the back office, they never really see what's happening in the frontline, and that's to the detriment of those employees and the customer.

Dr. Ernest Baskin:

The other thing that I've noticed the really, really good managers do is the really, really good managers know what their subordinates are doing. So, they don't really set the culture so much as they model the culture. They model the culture with their subordinate managers and they make sure that their subordinate managers are also modeling the culture for their lower-level employees. Again, just taking a food industry example, the food industry's very easy if you are a store manager to not necessarily talk to corporate because corporate may be in another state, right? However, if you want to be a good store manager, you want to make sure that folks understand what the mission is of corporate, all the policies of corporate are filtered down, and you're modeling the behavior that corporate is expecting rather than creating your own little fiefdom in your store, right?

Dr. Ernest Baskin:

The really, really good managers I've seen have modeled culture, have modeled behavior, and have really talked to all the folks that are their reports to make sure that the culture is flowing through the organization because each step the culture has to flow down is another step where it can potentially break down. But yeah, I agree, your example of feedback super important, just by sitting there, but also just employees want to talk to you, so even giving them a way to give feedback that can also work as well. Highly recommend to anyone that hasn't done it, it can be very, very eye-opening.

Gene Marks:

Yeah, I agree. He said it was. It was a really eye-opening experience for him. All right, just a few last minutes that we have. Finding people, I don't know what you're seeing in the food distribution industry. I wanted your thoughts. Again, let me share with you two thoughts. My number one is that many studies have shown the best place to find people are your existing employees, so you ask them for reference

Dr. Ernest Baskin:

True, true.

Gene Marks:

I spoke to a guy, I don't know, a couple of months ago that's in the windows and doors business, and he says he doesn't have a problem finding workers because he always keeps his eyes open when he is out and about when he goes to restaurants, when he goes to retail stores. He says that "I oftentimes will run against people that are young people that are entry-level people, but they've got enthusiasm and energy and intelligence. They're a great server at their table or a great customer service person at a retail store." He told me, "I hire those people because it's like you don't have to be a genius to sell windows. I could teach you what you need to know to sell windows and doors, but I can't teach you a great attitude and enthusiasm and intelligence." That's what he does. To him, the experience isn't that big a thing. Again, asking your own employees and just doing your own bit of canvassing as you're out and about is a good place. I'm curious if you've got any thoughts on where do we find people when there's such a short supply of them?

Dr. Ernest Baskin:

Your ideas are spot-on, I would highly recommend those, but in addition, what I would also recommend is go to where the employees are. A lot of your employees right now are on social media. What social media, specifically? It's not Facebook. Particularly, Gen Z is really kind of over Facebook at this point. A lot of food industry folks have found success with recruiting via TikTok, actually. That's the new social media platform that students are on.

Gene Marks:

I love that.

Dr. Ernest Baskin:

But regardless, think about expanding the way you reach out to folks, whether it's in entry-level jobs, or back-office jobs. TikTok, don't expect them to be going to your company website because that's definitely not going to happen. LinkedIn, targeted ads, those are all really, really helpful. I think that if you do that, you're going to find people where they are and get more people to come to you.

Dr. Ernest Baskin:

The other thing that I would recommend is reach out to your local universities because a lot of folks are looking for jobs around where their local university is, but unfortunately, they're not aware of all the companies that are around them. In addition, a lot of students, they don't really go beyond the job portal that's on their university website. The first place they start is the job portal on the university website. Then after that, they may go on LinkedIn, if they don't find anything there, so you will open up your pool of candidates by a large amount to go on your university website and say, "Hey, look, I have a job. It requires X, Y, and Z. Connect me to career services. Let me put that job on here." Your pool will increase exponentially.

Gene Marks:

That's great advice. It's funny you mentioned university. So I did a piece for The Philly Inquirer. I write every week there and I did a piece there a couple of months ago on just this topic about where people are finding people. One guy, he's like an HR director of Temple University, he says he reaches out to faith-based organizations as well in the area, churches, mosques, synagogues because they know their communities, and he keeps an ongoing discussion with them if there's anybody in your community that might be looking or whatever, send them to us, so it's just another thought.

Gene Marks:

All right, we're getting near the end of this. Ernest, is there anything that I missed here? Is there any other

thoughts that you wanted to share about hiring, about keeping people in 2022? This issue is not going to go away. It was an issue before COVID. It's been exacerbated because of COVID, but it's not going to go away. Any final thoughts that you might have for the employers that are listening or watching this to help them retain and find people?

Dr. Ernest Baskin:

Yeah, I guess the way I would sum up this conversation is this: think about employment as a family. Think about a job as a culture. Think about a career as a journey and convey that journey to your employees and also your prospective hires. That's how you will ensure that you'll get people that are willing to stay for long term and that are going to be willing to contribute to the health of your business.

Gene Marks:

Fantastic. Ernest Baskin is an Associate Professor of Food Marketing at St. Joe's University. Ernest, thank you so much for sharing your thoughts and your insights.

Dr. Ernest Baskin:

Thank you, Gene.

Gene Marks:

Yep. Pleased to have you here. We'll see you at Larry's Steaks, okay?

Dr. Ernest Baskin:

Sounds good.

Gene Marks:

All right, everybody. Take care. We'll see you on the next episode of THRIVE.

Gene Marks:

Do you have a topic or a guest that you would like to hear on THRIVE? Please, let us know. Visit payx.me/thrivetopics, and send us your ideas or matters of interest. Also, if your business is looking to simplify your HR, payroll, benefits, or insurance services, see how Paychex can help. Visit the resource hub at paychex.com/worx, that's W-O-R-X. Paychex can help manage those complexities while you focus on all the ways you want your business to thrive. I'm your host, Gene Marks. Thanks for joining us till next time. Take care.

Announcer:

This podcast is property of Paychex, Inc. 2022. All rights reserved.

