



Investing in Entry-Level Talent

Retention Strategies that Work

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EXECUTIVE SUMMARY

A photograph of two men in a workshop. The man on the left is older, wearing glasses and a dark shirt, looking intently at a piece of machinery. The man on the right is younger, wearing safety glasses and a dark jacket, also looking at the machinery. The word "INTRODUCTION" is overlaid in large white letters across the top of the image.

INTRODUCTION

Entry-level employees are vital to business success. From restaurants to retailers and from manufacturers to hospitals, Americans working in entry-level positions contribute to economic growth for companies and society. Yet while many companies focus on supporting and retaining their senior executives and managers, most accept high entry-level employee turnover as the cost of doing business.

A high-cost, high-turnover cycle does not have to be the norm. Although the U.S. retail industry lost approximately **\$9 billion dollars to voluntary entry-level turnover in 2016**,¹ and turnover is forecast to rise across industries from health care to banking,² there are exceptions to this trend. Our research identified a wide range of companies who are unlocking value by investing in the retention and advancement of their entry-level workforce. In addition to reducing recruiting and training costs, these companies are able to:

- develop a stronger talent pipeline,
- increase employee productivity and engagement,
- offer customers a superior experience, and even
- improve the culture and employment brand of their companies.

Improving the retention and advancement of entry-level employees also creates value for the communities in which employers operate. Consider the case of Tausha, a young mother working at a retirement community in Vermont. She felt forced to quit her job because her son's childcare no longer matched her work schedule. On top of that, her car broke down, and like the majority of Americans who have less than \$1,000 in their bank accounts,³ she wasn't sure how to cover the significant repair costs. Luckily for Tausha, her employer provided her access to a nonprofit resource coordinator who helped her find a new childcare solution and a discounted car repair solution. Luckily for her employer, Tausha was back at work just a few days later and there was no need for her employer to invest in recruiting, onboarding, or training for her replacement. As a beloved staff member of the retirement community, the full cost of replacing Tausha would have been substantial.

Unfortunately, Tausha's story is not the norm. There are over 5.5 million young adults in America⁴ who have become disconnected from work and school. If young people in the United States don't find steady employment before age 25, they will earn 44 percent less over their lifetime than their peers,⁵ impacting their well-being, their families, and their communities. It also impacts businesses—at a minimum, the cost of turnover is approximately 20 percent of an entry-level employee's annual salary.⁶ When lost productivity is taken into account, it is often much greater.⁷

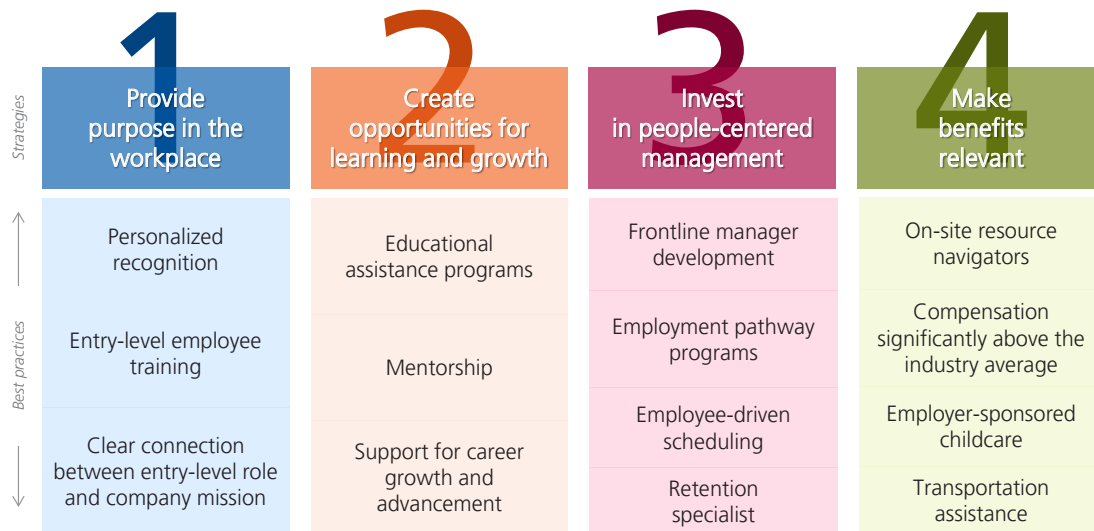
When companies invest in the retention and advancement of their entry-level employees, they can improve business outcomes and ultimately contribute to a more economically vibrant and equitable society. In this report, we outline a range of practical strategies to improve entry-level retention that have worked for employers large and small. While each company has a slightly different strategy designed to meet their business needs, they are all unlocking the value of their entry-level workforce.

STRATEGIES FOR RETENTION

Even in today's competitive economic environment, there is much that companies can do to reduce entry-level turnover costs, increase employee engagement and retention, and create a talent pipeline for the future. Many companies pursue basic strategies to address turnover and promote advancement, such as offering competitive benefits and developing internal career paths. But our research found pioneering companies that are going beyond the basics and addressing turnover in remarkable ways.

In examining the practices of these leading companies, we identified four strategies, outlined below, that markedly improve entry-level retention and advancement. This report is designed to share those strategies and practical suggestions for implementation with corporate leaders across the United States who are seeking to engage, retain, and advance their entry-level workforce.

FIGURE 1. STRATEGIES FOR RETENTION



Our research indicates that successful companies with excellent entry-level retention typically focus on implementing a few select practices across all four of these strategies. While the mix of practices chosen by each company will vary, successful companies share a common approach to implementation. They recognize the vital role that managers play in the execution of any strategy, and work to train, engage, and empower their frontline managers. They start small, often with a pilot, and scale efforts once they have measured progress and fine-tuned their approach. Finally, they make decisions guided by the philosophy that supporting entry-level workers is an essential investment in strengthening their companies.

FIGURE 2. THREE STEPS TOWARDS IMPROVING ENTRY-LEVEL RETENTION

step

1

FIND YOUR STARTING POINT



Identify what you're already doing

Compare your HR practices and practices to those in Fig. 1, evaluating:

- What strategies and practices are we doing well?
- What are we doing that needs refinement?
- What are we not doing?



Look for strategic gaps

Identify those strategies (if any) where your company is not implementing any practices, or may want to fine-tune implementation.

Within those strategies, identify potential practices that your company may want to consider given your business and culture.

step

2

CUSTOMIZE YOUR APPROACH

Partner with operations

Ask for early input on the practices that your core business partners find compelling. This will provide insight into their real needs and encourage cross-department collaboration.

Seek manager and employee input

Invite both entry-level employees and frontline managers to weigh in on what practices they believe would most influence retention and how those practices would be most effectively implemented.

Build the business case

Once you have selected a few priority practices, estimate the cost of implementation and the potential cost savings from improved retention (estimate the cost to recruit, hire, and train new employees before they reach full productivity). Compare the financial performance of low- and high-retention teams or stores across your business.



step

3

TEST DRIVE YOUR STRATEGY

Prototype

Consider testing select practices in a small area first. You may have more leeway to try new practices in groups or stores with significant retention challenges.

Measure

Measure retention at various points across implementation (e.g., at 30, 60, and 90 days from hire). You may also consider tracking productivity and customer satisfaction for the same group.

Adjust

Small tweaks to implementation can make a big difference —test and refine your approach before scaling!





SOURCES

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Walmart

The research included in this report was made possible through funding by Walmart. We thank them for their support but acknowledge that the findings, conclusions, and recommendations presented in this report are those of FSG alone, and do not necessarily reflect the opinions of Walmart.

THIS REPORT WAS PUBLISHED MARCH 2017

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Cover, Page 3, Back Cover Right: Michael Jung / 123RF Stock Photo; Page 2: stockbroker / 123RF Stock Photo; Page 5: Białasiewicz / 123RF Stock Photo; Back Cover Left: georgerudy / 123RF Stock Photo

ACKNOWLEDGMENTS

We would like to thank the following friends and partners for their input on this research and critical review of early drafts:

Gayatri Agnew

Director, Career Opportunity
Walmart Giving

Ellie Bertani

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Walmart

Abbey Carlton

Managing Director
The Rockefeller Foundation

Jamie Fall

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