

## The New Pharmaceutical Customer: Your Workforce

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The greatest impact on the cost of doing business in the past 20 years has been employee turnover. Losing top talent to the competition has pushed firms to dramatically restructure their hiring, on-boarding, and knowledge-sharing processes. Most organizations are still struggling with *what* to provide to their employees to build loyalty. In the 1980's, employees looked for performance pay. In the 1990's, employees looked for job security. Employees need change as society changes yet there has always been one common theme: employees are always looking for something *more* out of their job. Halfway through this decade, employees clearly want *quality of work life*.

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*Chason Hecht  
President, Retensa*

At first glance, the term "quality of work life" may seem unclear. But if you look closer, you may realize you already have the answer. Improving the quality of life is a fundamental principle of the most successful pharmaceutical companies of our time. In fact, customers' "quality of life" is in the mission statements of Pfizer, GlaxoSmithKline and Merck. When thinking of retention, it is this same mission that transcends to your employees' quality of work life. When you think about improving the quality of life for your customers, what do you picture? Someone who lives optimally, achieves their goals and reaches their full potential? Now envision your employees in those terms. Are your employees reaching their full potential?

From the job posting to the exit interview, there are a finite number of points of contact in the employee-firm relationship. It is important to recognize that your company only has these points of contact to build a productive relationship with an employee. Not making this connection leaves the employee-firm relationship to chance where they may, or may not, be engaged by what they do and inspired by who they work for. Employee turnover occurs over a series of breakdowns in the employee-firm relationship at these points of contact. Fortunately there are hundreds, and so a company has ample opportunity to make up where they may have fallen behind. With this new perspective the employee-firm relationship has new meaning, clear opportunities and unyielding strength.



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Quality of work life is one key to unlocking the door to employee retention. By improving the quality of work life, employee's needs, wants, and expectations are aligned with the company's. Firms that do not align employee and firm needs increase the likelihood that employees will leave and leave less talented employees behind to finish the job.

In the highly regulated pharmaceutical industry, jobs have become more stressful and complicated. Although the pharmaceutical industry has lower turnover rates compared to other industries, the cost of turnover is much greater. With strict regulations and rigid timelines, a research specialist's resignation leaves your company with a delay in product development and a loss of talent to competitors. Additionally, when a pharmaceutical representative leaves, they take the company's relationship capital with them. These stringent regulations leave employee actions vulnerable to repercussions from their boss, the government, and sometimes even the media making retaining talented employees invaluable. In order to retain your employees and combat turnover a proactive strategy is critical. We cannot tell you *what* to do because every pharmaceutical firm is unique, but we can tell you *how* to do it.

The following is a guide on how to understand and capitalize on your employee-firm relationship. First, we will begin by discussing the potential causes and signs of turnover. Next, we will focus on key opportunities to build loyalty, then gathering feedback and finally, the forming of solutions. You might already address some of these issues, or you might have attempted to address these issues but did so without achieving results. Regardless, it is important to keep in mind that every time an employee leaves, estimated costs to your company can range from 50% - 300% of their annual salary to replace them.



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## Step 1: Find the Potential Causes and Signs of Turnover

Remember, retention starts before recruitment, not at resignation. Additionally, turnover is a *symptom* not a problem. The problems are the underlying breakdowns that cause employee turnover. Often, many companies view turnover as an inherent “cost of doing business”. And although it is inevitable for employees to leave, a high turnover rate is a red flag that something in your employee-firm relationship is not going well. Fortunately, as the employer you have the ability to pinpoint the breakdowns in your relationship with employees. So, what do these breakdowns look like?

### *Examples of Breakdowns*

- Poor job description
- Unrealistic expectations set by recruiter
- Team members not prepared for new hire on the first day
- No employee recognition on a one year anniversary
- Inflexible work schedule for employees
- Delayed performance appraisals

Some of these may be easier to pinpoint than others. But there are signs that let you know that your employee may be leaving.

### *Signs of Turnover*

1. Frequent talk about “burnout”
2. Withdrawal from co-workers or team
3. Reduction or shift in work hours
4. Unusual change in behavior patterns, such as atypical attire or odd lunch hours
5. Loss of interest in work related areas
6. Reduced productivity
7. Repeated complaints from the past
8. Increased Absenteeism



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Although recognizing potential breakdowns and signs are critical, it should not stop short of finding solutions. The recognition of these breakdowns and signs should be a strategic catalyst, not a means to an end.

### Step 2: Mapping Your Employee Life Cycle

There are a finite number of points of contact in the employee-firm relationship. It is only at these points where a retention strategy is created. The *Emergent Life-Cycle* is a retention model and a map, which provides a framework for understanding contact between employee and the organization. Leading firms capitalize on the continuum of contact points along the *Emergent Life-Cycle*. Each of the following eight (8) Stages - **Attraction, Recruitment, Expectancy, Formative Days, Development, Growth Enablement, Work/Life Actualization and Separation** - is meant to frame the areas in which there are distinct points of contact in your relationship. Refer to Figure 1 for *Emergent Life-Cycle* diagram.

#### *Attraction (All Contact Prior to Position Opening)*

When posting a position, remember that potential candidates have already made assumptions about what it means to work at your company. And your company reputation attracts employees whose values and work ethic are in alignment with your reputation. Therefore, a strategic objective includes identifying specific candidate needs beyond that of the job description that align with your company culture and then implementing a focused marketing plan.

An example of a company that uses such a strategy is Genentech. Named 2006's number one company to work for in Fortune Magazine, Genentech also received the same coveted honor from Science Magazine in 2005. Genentech's strategy of attracting employees whose personal values are parallel with their organization's work values has proven to be a successful approach. Genentech has earned a strong reputation for their quality of work life and their ability to create innovative products.



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### *Recruitment (From Position Opening to Hire)*

A focus on exceptional recruiting makes a much easier retention strategy. When deciding on the elements of your recruiting ask yourself, "What type of top talent do I want to hire?" Remember that top talent at another company does not necessarily mean that they will be top talent at your company. A top candidate may have the occupational criteria to fit the job, but their behavior or personality may conflict with your corporate culture, which may have negative effects. Take into consideration, an employee whose previous employer valued competitiveness. If your company values teamwork, conflict may arise no matter how talented the "lone ranger" candidate.

Genentech, for example, recognizes how some candidates values might conflict with their corporate culture and pays heed to them when recruiting. By recruiting and hiring candidates whose values align with their culture, Genentech is able to yield an impressive 5% turnover rate, well below industry standards. So, when designing and implementing your recruitment strategy have a few things in mind. Ask yourself, "What characteristics and behaviors align with my company?" and "How will the candidate's skills fit into my company?"

### *Expectancy (From Hire to Start)*

Before your new employee begins their journey in your company, what do they need to be a successful? Here, fellow employees or more ideally, prospective team members, will serve as a catalyst to the new employee's success. Even simply identifying the team members who will participate in the employee orientation and informing them of key information such as a start date, qualifications, prospective projects and assignments can be greatly beneficial. For instance, if your organization communicates to existing team members what role the new employee will play on a team and asks them how they can ensure that the new employee will hit the ground running, then the team members will be more committed to ensuring the new hire's success. Doing so will not only help properly prepare all relevant work materials for the new hire, but also help the new hire become a successful team member and give other team members a sense of ownership in their mutual success.



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### *Formative Days (From Start to 2 Weeks)*

Once your new employee begins, the first two weeks are one of adjustment and growth. An orientation that prepares your new employee to succeed should not only inform them of what they need to work on, but in addition, provide an explanation of how to work and succeed at your company. As with Expectancy, team members should be a central part of orientation. Including team members into orientation allows the new employee to learn how the team works and what tools are used to succeed. This way your new employee is prepared to do the job in the way that works for your company.

Too often new employees are left to learn the ropes by themselves without a strategic on-boarding process. The costs of poor on-boarding are immense and result in a lack of understanding with regards to employment responsibilities, goals, expectations, and internal best practices. However, an integrated orientation will provide the new employee with the information and tools needed to begin their job with clarity. Also, it will serve as a foundation for future job development. This will allow the new employee to understand their role in the context of their job and their broader role within your company.

### *Development (From 2 Weeks to 6 Months)*

Over the next few months, your new employee will begin to develop greater autonomy in their new job but development should be continually encouraged and supported. In order to promote growth, the employee should be paired with a mentor or have peer support. Also, management should recognize the new employee for achievements and give feedback when necessary. No matter what you do, employees form habits.

However, by having role models committed to their success, the new employee will develop habits that you want to replicate, versus those that will take years to break.



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### *Growth Enablement (From 6 Months to 24 Months)*

After some time, your new employee will no longer be “new.” The job may become routine and unchallenging - a reason that many employees leave. But by giving your employees the chance to grow and develop professionally, they will be more committed to your company in light of your commitment to them. Ways in which to ensure that your employees are continually challenged are through career development initiatives, such as job related training, career-focused job responsibility and variety and senior mentoring. Through these types of initiatives your employees will be more innovative and productive which will transcend to their job and your company. Obtaining feedback from your employees and performance appraisals is a key element in making sure that mutual objectives are attained. The *emerging employee* is always looking to develop new skills and if a company does not provide the means, they will start looking elsewhere.

### *Work/Life Actualization (From 24 Months to Disengagement)*

Having reached this point in their employment, your employees will look to balance work life and personal life. Employees whose employer is not supportive and understanding of their personal lives are often dissatisfied, unmotivated and disengaged. As some point their inability to balance work and their personal lives will become overwhelming and they will leave. More companies are beginning to understand that supporting an employee’s personal growth may also prove beneficial to business. Some programs that promote work and personal life balance are tuition reimbursement, flex time and on-site childcare. Every company is unique and their employees are unique, therefore work/life balance initiatives should be tailored to the specific needs of your employees. By recognizing employees with both professional and personal rewards, productivity and company commitment become grounded. Understanding the importance of a balance between work life and personal life can mean the difference between being “the best company to work for” and “the worst company to work for.”



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### *Separation (From Disengagement to Departure)*

Inevitably, employees leave. Identifying the root causes of separation is critical. When your employee leaves, recognize them for their contribution to the company. Their departure does not negate the hard work and success they brought to your company. We have spoken to employees who have stated that their previous "separation" experience was treated more as a nuisance than anything else and that the company commitment ended at the resignation. When it is time for the exit interview, take your time in understand why the employee is leaving. If the exit interview lasts three minutes, it is not an exit interview. Remember, this is usually the last formal opportunity you have with your employees and should not be taken lightly. Your employees will remember a negative separation experience and may discuss it with others, leaving your company with a poor reputation. When employees leave they usually stay in the same industry, leaving to a competitor, partner, vendor or client. So therefore, a poor reputation can not only hinder your organization's new business opportunities, but discourage potential partnerships, or prevent new candidates from seeking out your job openings.

Gaps can exist in each stage of the *Emergent Life-Cycle*. Therefore, it helps to clarify which are having the most impact on your workforce. This is done by gathering feedback form employee stakeholders.

### Step 3: Gathering Feedback from Employees

Once you have assessed the systemic gaps in your relationship with employees, obtaining feedback from them regarding their perceptions of these critical points of contact in your relationship will help hone your focus for solutions. In other words, from their personal experiences with your company strategies, your employees will provide the most accurate perception of each stage and the many points of contact. They will inform you of what is going right, what is going wrong and what can be improved upon. And even more importantly, your employees will be able to provide you with suggestions on how to improve your relationship with them.



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Gathering input from your employees will provide you with information to understand turnover from attraction to separation. Many companies have some sort of data but it may not be helpful, especially when surveys and exit interviews are stuck in drawers. Or companies have data but it is not connected with strategic objectives. The red herring of the pharmaceutical industry is looking for “the answer”. Most throw bonuses and benefits at people, which always fall short of being a long-term solution. Confidential mechanisms for feedback from your workforce when connected to gaps in the *Emergent Life-Cycle*, is how you say to your employees that this company is committed to its people.

### Step 4: Prioritize Strategic Solutions

Once the systemic gaps are clear and employee feedback is gathered, it is time to prioritize solutions. The *Emergent Life-Cycle* provides a framework for understanding each point of contact. When developing solutions for your company, be sure to connect them to the needs, wants, and expectations of the workforce. Since every company is unique, be wary of canned solutions from a vendor. Your solutions must align with your company’s goals. By recognizing that each point of contact is critical to employee work life, your retention strategy will evolve. A strategic solution involves assessment and reassessment, a continuous feedback loop. Therefore, at some point your management team will find themselves back to step one. As the workforce changes so should your employee retention solutions. Use the eight stages as a guide to reassess your company periodically to ensure your company focus is the same as your employees. That way, this tool will progressively prepare you for changes, given your continually evolving workforce environment.

When strategically focusing on your employees’ quality of work life, you are taking aim at retaining your employees while providing an environment that fosters productivity and commitment. And by viewing turnover as a symptom with underlying root causes, you have provided your company with significant opportunities to tackle what at first appears to be inevitable. More importantly, by asking *why* instead of *what* you are beginning the process of looking at the issue in a different lens, with a strategy unique to your company.



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The volatility of the pharmaceutical industry is now business as usual, but you cannot afford employee turnover to be. In recognizing the potential causes and signs of turnover, mapping your employee life cycle and acquiring feedback, your company will be able to develop a strategic solution to reduce turnover. With the 77 million baby-boomers on their way to retirement and our next generation workforce of 44 million, retaining talented employees has become the most valuable competitive advantage. How will the shortage of top talent affect your company? Don't wait to find out.

### Understanding your People is what Our People Do.

Retensa is a leader and innovator of Employee Retention Strategies. They combine **experience** and web-based **technology** to develop, motivate, and retain a company's **best employees**. Retensa builds solutions and metrics to help firms **reduce turnover** and create a **high-performing workforce**.

To create the "*Retention Environment*," Retensa provides additional expertise in **Leadership Development**, **Human Capital ROI**, **Mentoring**, **On-line Employee Surveys**, **On-line Exit Interviews**, **Executive Coaching**, and **Succession Planning**. For more information about the results you can achieve visit [www.retensa.com](http://www.retensa.com) or call direct at 212.545.1280.

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