

GALLUP®

Gallup's Perspective on

Exit Programs That Retain Stars and Build Brand Ambassadors



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Table of Contents



02

Executive Highlights

04

The Cost of Losing Your Stars

06

Improve Retention Through the Employee Life Cycle

08

The Importance of Managers in Preventing Turnover

14

Create an Effective Employee Exit Program

20

Discover Gallup's Exit Solutions

Executive Highlights

Voluntary turnover costs U.S. organizations over a trillion dollars every year in recruitment, hiring, training and productivity.

Fifty-one percent of U.S. employees say they are searching for new jobs or watching for openings.

More than half of exiting employees (60%) talked with someone about their intent to leave before they decided to leave their last job.

Fifty-two percent of exiting employees say that their manager or organization could have done something to prevent them from leaving their job.

Less than half of exiting employees (45%) are satisfied with how their organization handled their exit process.

Employees who have a positive exit experience are 2.9 times more likely to recommend their organization to others than are those who have neutral or negative experiences.

By understanding which aspects of the employee life cycle are causing negative employee experiences and increasing turnover, organizations can pinpoint the changes that their talent management practice needs.



The Cost of Losing
Your Stars

Gallup estimates that voluntary turnover costs U.S. organizations \$1.1 trillion annually.

According to Gallup's most recent *State of the American Workplace* report, 63% of U.S. employees believe it is very or somewhat likely that they could find another job at their current level, and more than half of employees (51%) are searching for new jobs or watching for openings.

That is a serious and expensive risk for many organizations. According to conservative estimates, the cost of replacing an individual employee can range from one-half to two times the employee's annual salary. Based on 2017 reports from the Bureau of Labor Statistics, the annual overall turnover rate in the U.S. was 26.3%. At that rate, a 100-person organization that provides an average salary of \$50,000 could have turnover and replacement costs of approximately \$660,000 to \$2.6 million per year.

But turnover is not only about dollars and cents. Many managers know what it's like to lose talent — that rare giftedness that can't be easily replaced. A team that loses its star performer or beloved manager can have a range of emotions, from depressed and anxious to bitter and angry.

A former employee may have developed personal relationships with your key customers or clients. For those clients, that employee was your organization — and now those relationships are at risk.

There are other knock-on effects as well, such as when talented ex-employees recruit away other top performers for years afterward.

Additionally, if an organization does not handle exit processes well, turnover can threaten your organization's reputation. An ex-employee may spread their frustration on social media, harming both your employer brand and your consumer brand in the process.

In other words, losing your best people can be costly over the long term for your organization's profitability and productivity, as well as your brand, culture and reputation.

Potential Costs of Turnover

- negative effect on recruiting, hiring, training and retaining efforts
- decrease in team productivity
- reduced morale
- loss of high talent, knowledge and established relationships with customers
- damage to brand reputation
- increased risk of litigation

Improve Retention
Through the
Employee Life
Cycle

Gallup estimates that about half of turnover is voluntary, and most voluntary departures could be prevented through more effective talent management practices.

The employee life cycle defines the seven critical stages that an employee experiences within your organization. These interactions shape an employee's perceptions of your organization and directly affect whether they plan on staying or leaving.

Regrettable departures can occur when the employee experience breaks down at any stage. The employee life cycle can be a helpful framework for identifying why critical turnover is occurring.

By understanding which aspects of the employee life cycle are causing negative employee experiences and increasing turnover, organizations can pinpoint the changes that their talent management practice needs. Further, by identifying how success occurs in each stage, organizations can begin to replicate the actions that entice top performers to stay.

Attract

Do people want to work for us for the right reasons?

Hire

Do we provide a realistic job preview before making an offer?

Onboard

Does our onboarding process prepare employees to succeed in their role and be a good team player?

Engage

When and why are employees connecting and disconnecting from their managers and teams?

Perform

Can employees contribute meaningfully as individuals, collaborate with their team and deliver exceptional customer value?

Develop

Can each employee experience growth and see their future with us?

Depart

Can former employees genuinely speak as brand ambassadors for us?



The Importance of Managers in Preventing Turnover

Fifty-two percent of voluntarily exiting employees say their manager or organization could have done something to prevent them from leaving their job.

Managers play the central role in an employee's experience with your organization. Gallup has found that 70% of the variance in team-level engagement is based on the manager. Good managers build genuine rapport and a caring relationship with their team. They also help employees define and shape their personal journey through the employee life cycle. Not surprisingly, when a manager is functionally absent, employee turnover is a serious concern.

An employee's desire to leave often develops quickly — but not so fast that a good manager should be completely blindsided. Among former employees, 36% were actively searching for a new job for one or more months before leaving their last job. And, yet, more than half of exiting employees (51%) say that in the three months before they left, neither their manager nor any other leader spoke with them about their job satisfaction or future with the organization. Clearly, managers must do a better job of identifying risk factors so they can get in front of a departure before it's too late.

Based on our research, managers can prevent regrettable turnover in the following ways:

1 Managers need to have frequent conversations with their employees.

Although managers are responsible for the performance of their teams, nearly half of employees (47%) report receiving feedback from their manager a few times a year or less. Every role is different, but the general rule applies: *The more feedback employees receive from their manager, the more engaged they are at work.*

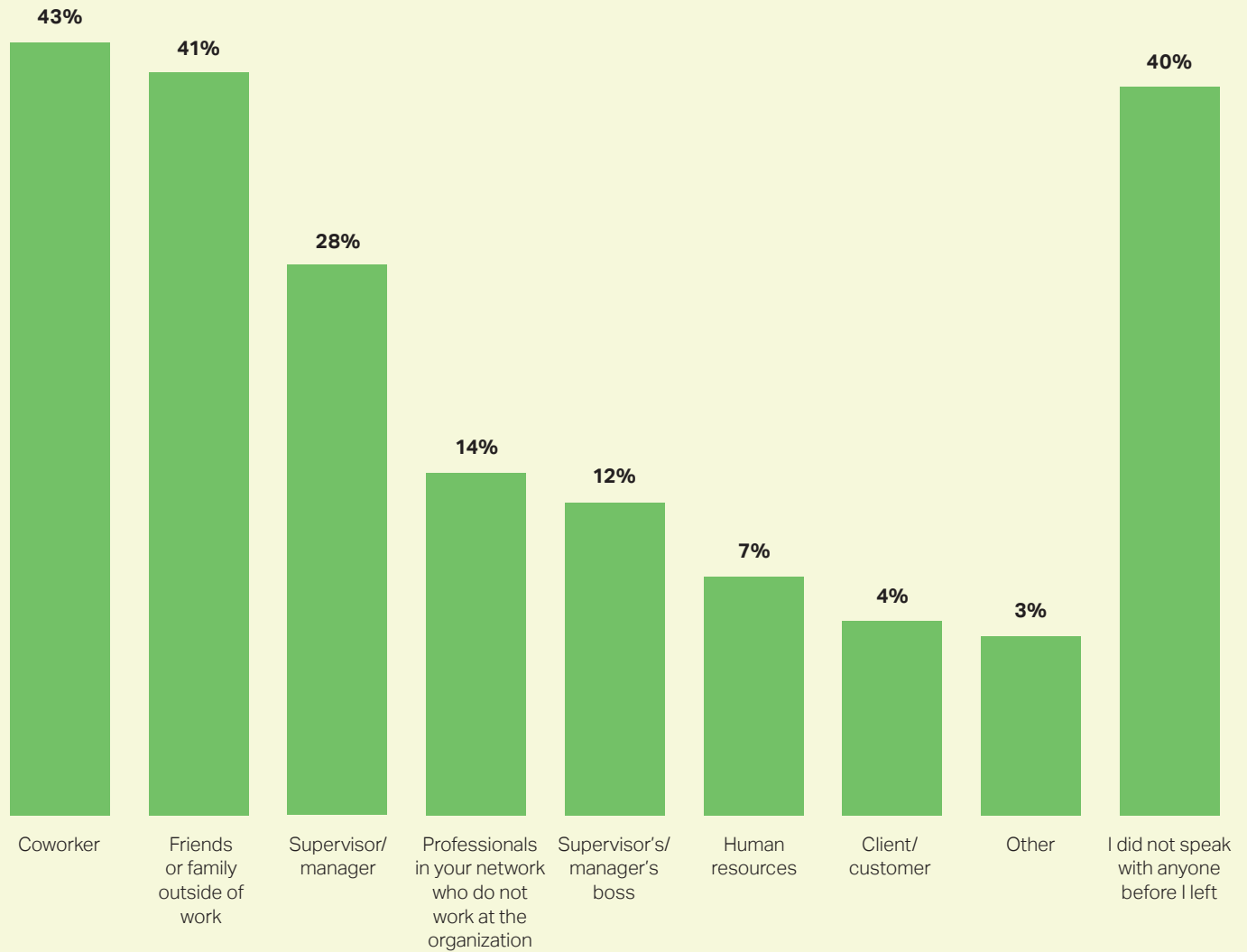
Plus, if managers have not developed trusting relationships with their employees, they are likely to be among the last to know when someone is unhappy and thinking about leaving. But, if a manager cultivates a positive rapport with an employee, they may have more time to address concerns.

Managers need to make a habit of having frequent, informal conversations — to better understand their team, to build trust and to identify potential problems early. Many employees signal their intent to leave long before they resign, but they share their intentions with coworkers more often than with their managers:

- Forty-three percent of former employees say they spoke with a coworker about their intention to leave before leaving.
- Only 28% percent say they discussed leaving with their manager before they left.

EMPLOYEES MOST OFTEN SHARE INTENTIONS TO LEAVE WITH COWORKERS

**With whom did you discuss your intent to leave before you decided to leave your last job?
Please select all that apply.**



Many employees signal their intent to leave long before they resign, but they share their intentions with coworkers more often than with their managers.

2 Managers need to have focused coaching conversations that improve performance.

Nearly half of leavers (49%) did not have a meaningful performance conversation with their supervisor in the three months before leaving their job.

MANY EMPLOYEES LACK MEANINGFUL COACHING CONVERSATIONS WITH MANAGERS

In the three months before you left your job, which of the following did your manager/supervisor or another manager/leader at the organization talk to you about?



Gallup recommends that employees experience some form of coaching at least once per week

in the form of recognition, constructive feedback or encouragement. Managers should be particularly attuned to performance-related challenges that precede burnout and turnover:

- Does my employee feel overwhelmed by their workload?
- Do they have a clear idea of what's expected of them?
- Are their deadlines reasonable?
- How much of their day is spent doing things they can do well?
- Do they feel like their performance metrics are within their control?

Managers need to be advocates for their employees, helping them find solutions that unleash high performance. Employees who strongly agree that they feel supported by their manager are about 70% less likely to experience burnout regularly.

3

Managers should listen for *additional risk factors* for turnover.

Employees whose manager is always willing to listen to their work-related problems are 62% less likely to be burned out. Managers may think some issues are unrelated to getting work done, but employees have psychological needs that must be met for them to find genuine motivation.

- Do your employees find meaning and purpose in their work?

- Do they feel connected to the team?

- Are they treated fairly in the workplace?

- Is their opinion taken seriously?

- Do they have opportunities to grow?

62%

Employees whose manager is always willing to listen to their work-related problems are 62% less likely to be burned out.

"Frustrations with career progress" is the top reason employees give for leaving their employer. Managers play a significant role in how employees perceive their development and potential within an organization.

And keep this in mind: If a manager talks to an employee about job satisfaction, growth and what it takes to be effective and that employee leaves anyway, the employee is more likely to say that they had a *positive exit experience* — that they are satisfied with how the organization handled their exit process. This kind of experience helps to prevent harm to your brand, generates more referrals and creates brand ambassadors for your organization.

Gallup recommends that employees experience some form of coaching at least once per week in the form of recognition, constructive feedback or encouragement.

Create an
Effective Employee
Exit Program

Less than half of employees (45%) are satisfied with how their organization handled their exit process, and only 24% are extremely satisfied with the process.

In a competitive job market, retention is your best defense strategy. A comprehensive exit program can uncover where your employees are going and why. When organizations combine exit surveys and interviews with other performance data, they can identify the key risk factors that predict turnover and can make changes to their organization with precision and expediency. At its best, an exit program that addresses the following considerations can add meaningful business intelligence to your talent management practices.

1 Know why your best employees stay.

The day of resignation should not be the first time someone asks an employee about their opinions of the organization. A successful exit program should investigate why your veteran top performers are still with you.

Gallup recommends that managers have ongoing "stay conversations" with top performers. Ongoing stay conversations are essential to learning what is working well for your employees — so you can retain them better.

Stay conversations:

- can be a formal interview or part of regular coaching conversations
- should uncover which aspects of your culture matter most to your employees
- should invite your best people to voice their unspoken, unmet needs

If you build your organization around your best people, you not only keep more of them, but you also attract more talented people like them.

2 Understand the exit experience from the employee perspective.

An employee's exit from your organization can be one of the most difficult and challenging phases in the employee life cycle for both the organization and the employee. Emotions and uncertainty are high, and coworkers, managers and teammates are trying to decide what happens next.

And what happens during this messy stage matters a lot: **Employees who have a positive exit experience report being satisfied with how the organization handled their exit process and are 2.9 times more likely to recommend their organization to others than are those who have neutral or negative experiences.**

Ideally, turnover is a positive experience for both the person who departs and for your organization — the employee leaves on good terms and talks positively about your organization. But, creating a positive exit experience is often easier said than done.

So, what do successful exits look like?

Employees feel heard. Communication is essential to a positive exit. In fact, there is an *85% likelihood of a positive exit experience* when employees say they had all of the following experiences with their previous organization:

- A supervisor or leader talked with them in the three months before leaving about their job satisfaction, the future of their career with the organization and what it takes to be effective.
- They talked with someone about leaving the organization before resigning.
- They feel that there is nothing their manager could have done to prevent them from leaving.

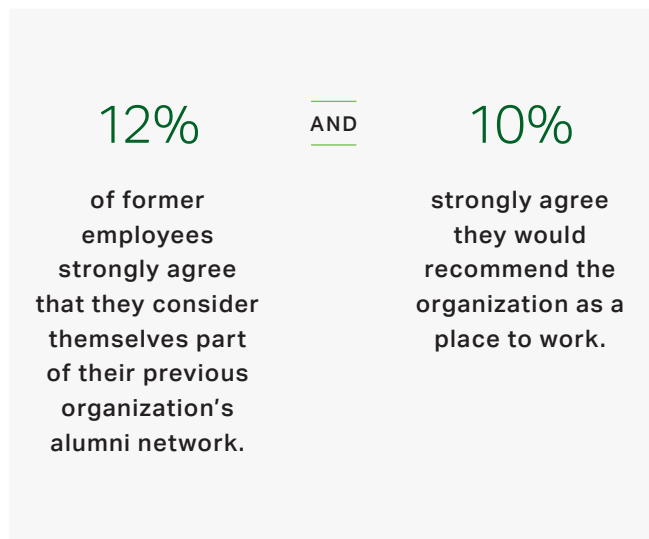
They feel proud of their contributions. Nearly everyone you hire will make contributions to your organization that were meaningful to them and others. And yet, less than half of former employees (40%) strongly agree that they are proud of their work at the organization. Except in cases of terminations due to unethical behavior, make sure everyone who leaves your organization knows what they contributed and that it was appreciated. When employees have a

positive exit experience, they are 32% more likely to say they are proud of their work.

They leave as brand ambassadors. No organization can turn around every disgruntled employee, but more than any other time in the employee experience, exits are your opportunity to leave employees with a *final impression* of your brand identity, mission and culture.

A comprehensive exit program includes purposeful check-ins with alumni that can keep them in the loop on new employment or referral opportunities. Unfortunately, only 12% of former employees strongly agree that they consider themselves part of their previous organization's alumni network, and just 10% strongly agree they would recommend the organization as a place to work.

A loyal alumni network can substantially strengthen the reputation of your organization, lead to new business opportunities and attract top talent to the organization.



3 Start collecting and leveraging the right information.

Many leaders undervalue exit data, approaching the exit process as a check-box activity because they perceive that little to no actionable data or organizational benefit comes from it. Sometimes they are correct — when response rates are dismal and questions are poorly written. In many cases, the data from the survey are largely ignored and even disputed in terms of validity by managers and stakeholders.

However, exit data can be immensely valuable for an organization if an exit program includes multiple sources, ongoing discussion, connections to outcomes and predictive analytics.

Multiple Sources

The best exit programs include more than just a survey. They offer in-person or phone interviews, manager and peer feedback, and after-action reviews with a team. Additionally, these multiple listening posts should be connected within a rigorous, scientifically sound framework.

Ongoing Discussion

Monitoring and evaluating exit data should be an ongoing discussion for leaders, not an annual meeting. This process includes stay conversations and surveys that can address issues before they end in a surprise departure.

Connections to Outcomes

An exit survey comes alive when it's combined with other data points, like performance, engagement, demographics and customer metrics. Exits can be emotional, and memories can be fallible. Getting a clear picture of the situation is key.

Predictive Analytics

Exit interviews and surveys are often downplayed because they occur after the fact. Nevertheless, the foundation for accurately predicting future turnover — something every leader wants — begins with a commitment to targeted and consistent data collection.

No organization can turn around every disgruntled employee, but more than any other time in the employee experience, exits are your opportunity to leave employees with a *final impression* of your brand identity, mission and culture.

4

Form an exit action team to apply data insights.

The only effective data are those that an organization takes action on. Organizations need to develop systematic, data-driven exit programs that can help them learn from losses, predict future turnover and turn employee exits into a driver of positive culture change.

Gallup recommends having an action team in place that will be responsible for making change happen. Exit action teams should combine exit data with key performance indicators and other data points from the employee life cycle to paint a comprehensive picture

Organizations need to develop

systematic, data-driven exit programs that can help them learn from losses, predict future turnover and turn employee exits into a driver of positive culture change.

Consider the Following Scenarios Based on Real Gallup Client Challenges

Why are our best employees leaving?

Problem: You are losing your best employees, but organizational leaders disagree on the cause and the solution. Increasing pay is an obvious option, but you already have the highest pay in the industry.

Action Team Response: Exit interviews reveal which competitors are getting your best people. They also show that remote working and family-related flexibility, not pay, are the top reasons that employees are leaving. It's time to update your flexible work arrangement policy and test remote working options for some teams.

Why does everyone leave so soon?

Problem: Your organization is able to attract great people, but they leave within a year or less of their hire date.

Action Team Response: From exit survey and interview feedback, you discover that employees are experiencing "buyer's remorse" during their onboarding process when they discover that many of the negatives about their role were hidden during the recruitment and hiring processes. In response, hiring managers need to be trained to tactfully but truthfully paint a picture of the role to increase employee success rates. The exit data also reveal opportunities for improving teamwork and relationships with managers during the new hire training process.

How do we fix department x?

Problem: Although turnover in your organization is relatively low, one department has extremely high turnover. Everyone you ask has a different reason why.

Action Team Response: A comprehensive exit survey reveals that leavers are frustrated by unclear expectations and lack of support from their manager. Those who receive the least amount of feedback from their manager are the most at risk of burnout and departure. Targeted training with department leaders can show them how to increase the frequency of supportive coaching conversations.

How should we transform our organization to attract the best?

Problem: You are a 100-year-old organization with a traditional organizational structure, competing for fresh talent against newer, more exciting businesses. How can you change with the times but keep the aspects of your brand that make you special and unique?

Action Team Response: Exit interviews reveal that in-office perks are not a high priority among your top performers. Instead, they want more social opportunities with coworkers and more professional mentoring relationships with your most experienced veterans.

Discover Gallup's Exit Solutions

Losing your best people is costly — in resources, productivity, culture and morale. But most turnover is preventable when organizations identify where along the employee life cycle those losses are occurring. Additionally, organizations can train managers to identify key risk factors and address the psychological needs of employees long before they decide to leave.

Gallup helps leaders craft an employee exit program that is tailored to address their current and future workforce planning challenges. Through our partnership on exit surveys with clients across a variety of industries, **Gallup has identified best practices** for effective exit studies and determined how organizations can use those insights to:

- reduce unwanted turnover
- create brand ambassadors
- analyze competitors
- evaluate new programs and policies
- predict high-risk business units and teams

Our online platform, Gallup Access, empowers human resources teams, leaders and managers with valuable feedback to improve their employee experience — including experiences for exiting employees. In addition, our world-class consulting services, analytics on exit surveys, and in-depth, qualitative interviews with exiting talent can help you improve your recruiting, sourcing and competitiveness in the market.

Learn more about Gallup Access, consulting and analytics, and the employee experience, including the employee life cycle and positive exit experiences, at [Gallup.com](https://www.gallup.com).

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