

## FOR EMPLOYEE RETENTION, CONSIDER DEMOGRAPHICS & WHAT THEY MOST WANT; IT'S THE EMPLOYER WHO'S ON PROBATION

Remember ARCNET, the NJ engineering firm that gave each of its 28 employees new BMWs as part of their benefits package (pr 9/20/99)? Nice touch, & it worked. But a new study from O'Connor Kenny Partners (Memphis) says employers need not be so dramatic in efforts to retain employees. "Before doling out bonuses & cars, an org'n should first study the demographics of its workforce to determine how little it may take to keep employees on board," says dir com'n Christine Luporter.

**Luporter advises employers to take a look at their staffs & consider their true needs.** She points to case study of a mid-sized retailer with 2000 stores. Retailer's workforce is 94% comprised of female 20-something part-timers. Turnover rate was 170%, costing the retailer \$13 million a year. Company estimates it takes 30 days for an employee to decide to stay with the company. "It used to be employees were the ones on probation.... Today, it's the employees who look at the company to determine if they will stay." This new strategy was devised:

- **Look at the demographics.** "For 20-somethings, its about friendships and relationships," retailer's hr vp finds. "They want to feel they belong, fit in, and want to make friends at work."
- **During this 30-day time period,** managers were told to implement "critical care" – essentially, a buddy program with a twist. Each new employee is assigned a buddy with a list of skills to be learned and goals to be met within the first 30 days. If the new hire stays past the 30 days & meets the goals, the buddy receives the financial incentive.

This pilot program slowed turnover rate 20% last year. "The cost of that improvement is far less than a new fleet of cars," notes Luporter. "Essentially, employers should look at the root cause of the retention problem. I'll bet they will find they can come up with a communications solution that is a lot cheaper than a new car or a huge bonus."

## ITEMS OF IMPORTANCE TO PRACTITIONERS

¶ **Risk-averse, Market-driven Media Business Won Out Over 2 Editors Practicing Civic Journalism** when each resigned from Colorado Springs Gazette and Binghamton Press & Sun-Bulletin. Civic journalism (pr 9/5/94) attempts to use media for public involvement & civic improvement rather than attack & scandal mode. As such, it works best in medium or smaller cities like these. Civic journalism has been backed by Knight Fdn & others partly as a way to reposition media reputation.

¶ **Chevrolet Making Gay Appeal?** Could this bastion of machismo – the auto industry – be making what sounds like a spot targeting gay males? A radio spot in the DC area describes the disappointment of seeing a gorgeous looking guy "the kind that makes your knees go weak," only to find out that he's a nerd and a braggart. "With Chevy Cavalier, the more you know, the better it looks." Narrator is a man. Point to consider: "machismo" and gay are not necessarily in conflict. As recent study underscores, gay public is as segmented as any other (pr 1/10).

## WHO'S WHO IN PUBLIC RELATIONS

**ELECTED.** San Francisco PR Roundtable, oldest prof'l org'n for senior level practitioners in US, founded 1939, names John Knox (Knox Com'ns) chair; Mitchell Friedman (Friedman

Com'ns) v. chair; Cindy Myers (dpa, Scientific Learning Corp) treas; Maureen Knoll (dcc, Delta Dental Plan of Calif) secty.

## DOES YOUR ORG'N MAKE THESE ALL-TOO-COMMON ERRORS IN MARKETING/MARCOM STRATEGY? GET RID OF OUTDATED HABITS

A mktg prof from U NC-Chapel Hill J-School finds a lot of org'ns are using methods leftover from the 60s. "To make money, what they really need to do is to segment their customers, figure out which are most profitable," Robert Lauterborn told attendees of a recent conference sponsored by the Institute for International Research. His list of areas where most marketing mistakes occur:

1. **Don't distribute marketing resources evenly.** "This is ridiculous since we know all customers are not created equal.... Some are just too expensive to attract & maintain." *Have you identified the 20% who give you 80% of your revenue?*
2. **Get rid of "Holy Grail" notion that market share must increase.** "Concentrate less on boosting market share, because the last few percentage points are hardest & most expensive to acquire & keep." *Instead, boost "wallet share" – the total amount the best customers spend. "Knowing customer desires is key." Share-of-customer among those is more profitable than share-of-market*
3. **Realize price isn't the driver** for customer retention. "Too many firms don't know why their customers do business with them. Often, they perceive price as their chief concern, but many people value quality, service, reputation & other factors"
4. **Forget the four Ps** – product, price, promotion and place. "These are 180 degrees wrong." *Instead, focus on the 4 Cs:*
  - a) **consumer needs & wants**
  - b) **cost to satisfy** needs & wants
  - c) **convenience** to buy
  - d) **communication** – dialogue, not monologue

## LOYALTY & TIGHT TARGETING PROGRAMS PRINCIPAL NEED

The Limited (women's clothing) is an example of a company that knows how to target publics. **9 customer categories are identified**, ranging from women who want to be the first to wear a fashion & will pay top dollar to clearance shoppers. "Within each segment, it's important for the Limited to understand how much each of those kinds of customers have to spend & how much they spend at that store vs. another." Their strategic plan allocates resources according to the relative profitability for each segment

- **Relationship building is key.** Best customers may be given a personal counselor, invited to special shows & luncheons for fashion designers, given other perks. Such loyalty programs meet the sole test available for any org'n to differentiate itself – by building relationships

"The reality is we ought to spend at least as much time trying to retain customers as getting new ones. Retained customers are anywhere from 8 to 18 times more profitable than a customer you've just acquired." [And equally true of members or donors]



## PRACTITIONERS' CHALLENGE: GETTING DIRECTORS & MANAGERS TO PRACTICE SIMPLE CIVILITY & RESPECT, STOP BLAMING OTHERS

They absolutely demand this be accorded to them, but it's apparently a 1-way street. Contrast these 2 *Wall Street Journal* entries 1 day apart:

January 26:

**Headline**, "To Win the Loyalty of Your Employees, Try a Softer Touch."

**Highlights**: "With turnover near 20-year highs, companies are pouring millions into efforts to increase employee loyalty. The payoff is clear: Replacing an employee costs roughly 1½ times a year's pay."

Has old friendly, fun-loving Coke been treating workers so badly they expect sabotage, thievery or riots? Aren't these the employees mgmt expected to trust *them* – so where's the return trust?

### MAJOR PR CHALLENGE

Everyone agrees employee relations & engagement is goal #1 today. The data cited in the first *WSJ* article are some of many reasons. Layoffs in basically sound companies, made to placate a destructive Wall Street mentality, has historically been shortsighted – because in nearly all cases the jobs need to be filled again when business turns around. Consider, therefore:

- What trust level can Coke's new mgmt expect from employees who survived the cut?
- Won't this demoralization impact productivity, engagement – and certainly loyalty?
- Will new hires be eager to join a company that treats people like this?
- If Coke joins the list of the 100 Worst Companies to Work For, might it affect sales – especially since the company already nicked customers' trust with its European fiasco of last year?

Assuming the cuts were necessary (20% of the workforce, or 6000, mostly in marketing, sales & customer support), why was it necessary to handle them this way? If one believes in relationships, and in walking the talk of the company's rhetoric & happy-time ad themes, this is a credibility destroyer.

- Now mgmt says they're going to reorganize the company – i.e. big time change. Communications, relationships, trust are keys to such change. What a challenge for the pr staff. Wonder if they or hr were consulted about the cops pushing fired workers out the door?

### BUDD: WHERE HAS BOARD BEEN?

John Budd wonders why the board, with a Public Issues Review Cmte, didn't spot trouble when the European situation occurred. He notes the Cmte, tho commendable, meets only once a year. Possible – probable – predictable – answers provide a warning for your org'n. As usual, following its failure to sense what was happening, the board then punishes employees.

January 27:

**Headline**, "Behind Coke's Massive Cuts: An Impatient Board."

**Highlights**: "The cuts were a bombshell inside Coke, long one of the triumphant powers of global marketing. Some of the 2,500 let go from headquarters wept as *they were asked to leave immediately & forbidden from retrieving items from their offices under heavy security.*"

## FUTURISTS TRACK TRENDS & DEVELOPMENTS TO OUTLINE OPPORTUNITIES IN THE CENTURY AHEAD

World Future Society (Bethesda, Md) has identified 50 key trends & opportunities that will shape the 21<sup>st</sup> Century. "We've defined the opportunities as more than career success," staff editor Jeff Miner told pr. "It's any positive action people can take to improve their lives." WFS arrives at its conclusions by continually tracking trends & developments in 6 categories: demography, economics, environment, government, society & technology. Among the 50 opportunities:

1. **Become a night owl.** Soon, NYC will not be the only city that never sleeps. "All of society will increasingly function 24 hours a day." Because business can now be transacted around the globe, more people are working at night, and demanding services to accommodate them
2. **Find gold among the gray.** Businesses will increasingly reinvent themselves to capitalize on aging consumers. For instance, homebuilders are designing single story, assisted living features for "empty nesters" (see pr 8/15/88). Colleges & prep schools are trying to attract aging alumnae by building nearby campus-like retirement villages
3. **Speak English everywhere.** One world language may emerge in the 21<sup>st</sup> Century. English is already the official language of civil aviation, the unofficial language of the Internet & global biz
4. **Choose from menu of beliefs.** People of all faiths are increasingly mixing tenets & beliefs, hence "Cafeteria Catholics" & Protestant sects that are dividing & subdividing. Christians are using yoga techniques by which to pray. Meanwhile, electronic technologies are creating "cyberchurches"
5. **Target diverse markets.** Immigration will continue to increase diversity. By 2020, Hispanics will become the largest U.S. minority, at nearly 16%, with African Americans at 14%. Sophisticated databases & special interest media outlets allow messages & services to target larger numbers & more narrowly defined groups
6. **Take charge of communities.** "Some cities are revitalizing their downtowns by building large scale projects such as stadiums, arts arenas, science centers, etc." Many new projects involve transport hubs. On a micro-level, citizens can get involved in "urban husbandry" for neighborhood projects. Such efforts have been happening for awhile & are underway in Seattle, Chicago & Philadelphia where neighborhood project districts are cropping up to preserve & refurbish history

### CHALLENGES, TOO

WFC is optimistic about the trends, tho many have negative aspects. "We do try to stay upbeat without being Pollyanna-ish.... Some of the trends have a dark side which we describe as 'challenges.'" E.g., emergence of a single language means cultural characteristics will be lost & minorities will face some difficulties adapting. Evolving culture could lead to fear & intolerance, or separatist conflicts. But, Miner says, most trends seem to be happy ones. "A lot of futurists tend to be doom & gloom types, but we see a lot of positive developments."

### OF RELATED INTEREST

January *Harper's* has an article, by Jonathan Schell, that reminds how the never-happened-before hype of our era needs to be re-examined, especially the e-world promo. He points out the 19<sup>th</sup> Century's "articles of faith" as the 20<sup>th</sup> Century dawned were that 1) "science & technology were sources of a prosperity without limits," 2) "the free market would spread the new abundance across the boundaries & nations" & 3) liberty & democracy were gaining ground almost everywhere." Sound familiar?