



# Retaining Millennials

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## GIVE MILLENNIALS A REASON TO STAY

Jobs in oil & gas are increasing in number, yet there are fewer and fewer Baby Boomers to work the jobs. A critical factor for your organization's success is finding new employees to fill the gap, and, more importantly, to retain these new employees.

The challenge is that it's difficult to retain employees in the current market. High turnover is commonplace for the latest generation of workers, which has been nicknamed "The Millennial Generation" – those born from the early 1980s to the early 2000s. Turnover refers to instances where employees voluntarily leave their place of employment, and Millennials often have little loyalty to stay with an employer. Organizations frequently lose valuable employees who, from their perspective, simply choose a more attractive workplace. If you have invested time and effort training and developing these employees, you do not want them walking out with valuable knowledge and skills – perhaps to a competitor.

### INVEST IN LOWER TURNOVER

Consider the costs of turnover at a plant we will call “Houston Chemical” that employs engineers with salaries of \$70,000/yr and loses an average of four engineers a year to turnover. The average cost of losing an employee to turnover is roughly equal to that position’s annual salary. That total cost is \$280,000 a year for Houston Chemical. Therefore, it is worth their time to invest in these engineers?

Training is one approach to combat turnover. Imagine providing additional training to a group of engineers at a cost of \$40,000 that resulted in lower turnover. By improving retention by just two engineers, the company can save \$100,000 a year and benefit from more highly trained employees. *(See figure 1)*

### FOCUS ON THE FUTURE

Given such industry developments as the Eagle Ford Shale play in south Texas, the need to attract and retain workers will only increase. Eagle Ford Shale has created an unsurpassed demand for workers across Texas. Over the next ten years, it could double the number of jobs supporting oil & gas development (Maitland). However, the U.S. Department of Labor predicts a sizeable decrease in the size of the labor force in 2016 due to widespread Baby Boomer retirement (Sujansky & Ferri-Reed, p.3).

The Boomers, of course, are being replaced by the Millennials. Companies should be planning for how they will attract, engage and retain this valuable employee group.

In 2014, 36% of the American workforce will be Millennials (Miller). They will represent 46% of the workforce by 2020. As mentioned earlier, the challenge is retaining

### TURNOVER COSTS AT “HOUSTON CHEMICAL”

<b>The Challenge: Turnover</b>	The average cost of losing an engineer to turnover is roughly equal to that position’s annual salary of \$70,000
	<i>If Houston Chemical loses four engineers per year they will lose \$280,000</i>
<b>The Solution: Training</b>	To reduce turnover, Houston Chemical develops and implements a new training program which reduces turnover by 50%
	<i>Investing in training changes the loss from \$280,000 to \$140,000.</i>
<b>The Result: Savings</b>	If the training program cost \$40,000, then Houston Chemical saves a total of \$100,000

Figure 1

this group of workers. They tend to keep a constant eye out for more interesting positions or opportunities for advancement, and they average only 3-5 years tenure at any one company.

This is not because they are poor workers. On the contrary, they have already shown themselves to be responsible, ambitious employees, and it is this ambition that compels them to find better opportunities. But the career preferences of this generation are somewhat different than those of other generations. To avoid turnover and retain a higher percentage of these employees than competitors, organizations need to focus on the general motivators that have been identified across the generation.

## WHAT DO MILLENNIALS WANT OUT OF A JOB?

Let us examine a few key principles that, if acted upon, will make your organization more attractive to Millennials, and encourage them to stay.

**Job Structure.** Millennials like having structure in their jobs. (This represents a shift from Generation X, which tends to value job autonomy more.) This structure requires a supervisor who is willing to proactively guide them in their work. Such guidance should help them understand their value in the organization, and encourages them to get the job done. So, let the employee know why a job or task is important and how it fits into the big picture. Then, provide guidance for the task by establishing milestones and timetables in order to map out the work process. Both the supervisor and employee can work together to determine what these goals and timetables are. Millennials thrive under such direction.

**Relationship with superiors.** While older generations expected a supervisor to simply be a boss, Millennials want a supervisor who is a coach and mentor. A major reason for turnover is a poor relationship between a worker and his/her supervisor, so make sure that it's proactive and positive. This ambitious generation aspires to progress up organizational ladders quickly, so they want a coach to help them make this happen, and to help them gain the tacit knowledge they need to succeed in the organization.

But not all of the interactions need to be work-specific; feel free to discuss non-work-related subjects such as what you do in your spare time, what movies you've seen lately, how big your family is, or a cool new app you've just downloaded. Millennials want to relate to their superior as a person, and not just as a boss. Remember, members of this generation tend to feel more loyal to a particular supervisor than a company, so a positive relationship with effective guidance is crucial to keep them on board.

**Feedback.** How and when you provide feedback will make an impact on Millennials. Provide frequent and positive feedback. Let them know you value the work they do. If not told their work is valued, they may assume it is not, and begin to feel unappreciated. Focus on the positive while providing constructive ways to improve the negative.

- *With feedback, timing is everything. It is ironic that we frequently handle timing better with our household pets than our employees, but the same basic principle holds true: feedback should occur immediately whether the employee does something right or wrong.*
- *You do not need to gloss over any mistakes they make, but it is necessary to focus on the positive.*
- *When providing negative feedback, avoid making it personal. Focus on the work itself and not the employee who made it. For example, if a report is filled out wrong, discuss the approach or process, not the employee. "Box C was checked, but it should be Box D" communicates how to fix the problem without making it personal, while "You checked Box C, but you should have checked Box D" is more negative and makes the correction personal.*
- *And finally, keep feedback specific. "This project was done wrong" is not the kind of feedback that will help an employee do better next time. Make sure you are specific about what on the project went right and what went wrong.*

**Investment.** Employees can tell when their company is not investing in them. Workers in the energy industry report that they are more willing to change jobs if their companies are not investing in their training and development (Daugherty). Studies show that Millennials want an employer who will "partner" with them to achieve their long-term career goals (Howe & Nadler, p. 9). Many organizations facing budget cuts decide to remove training and development opportunities as a way of saving money,

but this can be counterproductive to other retention efforts in the long run.

The younger generation values education and wants opportunities for lifelong learning. They put a high premium on education, and they want to continue their education even after graduation, which means learning and development. So invest in their training. Millennials want to be groomed and want opportunities for growth. Let them know that they have a future in your organization beyond what they are doing right now.

One of the pitfalls companies frequently fall into is training just to the specific job tasks, but not training the soft skills such as leadership, team-building, communications, and so on. But organizations who train these skills, that is, develop “the whole person,” develop better leaders and are better able to retain their best employees.

**Benefits.** Millennials are keenly interested in alternative work schedules such as flex-time and telecommuting options. It allows them to maintain a work-life balance, which is highly important to this generation.

Pay is important, too. A study by KEYGroup (Sujanksy & Ferri-Reed, p. 22), with 1,020 respondents, found that salary was among the most important factor when Millennials choose a workplace. The other factors include health benefits, work-life balance, and promotional opportunities. The main things to consider regarding pay is to make sure it is equitable pay. Employees are good at finding out what others in the company are paid, so if they find out that others are paid significantly more to do the same work, their job satisfaction decreases, as does their desire to stay on board.

Retaining employees – particularly the younger ones who are the future of your organization – means protecting your most valuable asset through applying practices that speak to them.

Your organization’s future success is likely to be led by Millennials, and a well planned approach to recruit and retain them is crucial. Not sure where to begin? Begin by contacting TDS at 281-488-1128 or by visiting our website at [www.tdshou.com](http://www.tdshou.com).

For more information, email [info@tdshou.com](mailto:info@tdshou.com)

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