

STYBEL PEABODY & ASSOCIATES, INC.



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33 Percent of New Employees Quit in 90 Days.

Here is What We Tell Our Clients:

A recruiting firm recently did a survey of 1,500 American workers. Most of these professionals are young and technology savvy. 33 percent of surveyed employees quit their jobs within the first 90 days of employment.

33 percent!

We will explore why new employees leave in the first 90 days and what leaders can do to improve the situation.

Are You Measuring the Wrong Things?

Are you measuring cost-effective recruiting using "Cost Per Hire?" We think that is the wrong measurement.

Are you measuring the percentage of employees recruited who are still employed with the firm at the 120 mark?

We argue that the real measure of recruiting effectiveness is Cost Per Hire 120 after hire. And that cost should take in the cost to re-hire a replacement and costs to terminate a poor hire.

Why Do Your People Leave?

Assume you will not get the "real" reason at the exit interview. They are concerned with references they might get from you. If you truly are interested in the real reasons, schedule a phone interview with them AFTER they make a public announcement about their new job on LinkedIn.

According to the study mentioned earlier, 43 percent of employees report that their day-to-day role wasn't what they had been led to believe it would be during the hiring process.

Our experience is that companies are not deceitful. On the other hand, it is not uncommon to find hiring authorities set up candidate expectations of consistency/fairness that company cannot live up to. For example:

Brenda was told she would report to Mary. At the time that Mary was recruiting Brenda, Mary was also being considered for an

internal promotion. This promotion would require relocation to another part of the country. Since Mary had not secured the position, Mary did not discuss her candidacy with Brenda during the hiring process.

A month after Brenda joined the company, Mary announced her departure. Brenda's new boss was to be John. John had not been part of the hiring process. John and Brenda were "oil and water."

Brenda resigned within 90 days.

The lesson here was that the company knew there was a chance that Mary might be leaving, but John was never put on the hiring team. He wasn't committed to Brenda, and Brenda had no commitment to John.

Failure to Measure Corporate Culture Every Two Years

And Use the Results as Part of the Recruitment Process.

Thirty-two percent state that company culture was a reason for leaving within the first three months. There are companies that still do not measure corporate culture once every two years.

And that is a problem.

Corporate culture is *not* what the boss thinks it is or would like it to be. Company culture should be objectively and consistently measured.

We find that there are some companies that "seed" employee survey websites like [Glassdoor](#) with misinformation about the company culture.

That is an ethical and business error: If employees accept roles based on false information planted by the company, why should the company be surprised with a high turnover?

How to Manage Me

A *Wall Street Journal* article (Lublin, 2003) described how one of the authors was coach for a hospital CEO/M.D. While waiting for the CEO to appear, the author took out a mobile device he had purchased and started reading the owner's manual. The CEO walked in and said, "Aren't you smart enough to figure out how to use your mobile device without an owner's manual?"

The Stybel Peabody partner replied that he probably didn't need a manual. Having one available, however, helped save time and reduced uncertainty.

The author next said this to the CEO:

"You are asking us to help you hire a Chief Medical Officer. What you are currently saying to CMO candidates is this: 'Your success depends in part on how well you manage me. I could give you an owner's manual on how to manage me, but I am not going to do that. You figure it out yourself. Good luck.'"

The CEO agreed that a "How to Manage Me" manual would help reduce risk and uncertainty for new hires.

Chapters in "How to Manage Me"

There are three chapters in "How to Manage Me": "Dos" (what behaviors I want), "Permission" (what behaviors you might think I do not want to see from you, but I do), and "Stop" (what behaviors I do not want to see from you).

We interviewed the CEO and then did the first draft. We then sent around the draft to subordinates for their comments. Below is a sample "How to Manage Me" manual for a hospital CEO:

Do (What I want to see more of)

1. Schedule regular times for us to meet. Be insistent that those times be kept.

2. Act like you are my partner for moving this institution forward. Challenge me behind closed doors if I don't act like your partner.

3. Master the details of how we generate revenue. Know the numbers. Study the budget.

4. Your observations are not enough. Tell me the implications of your observations.

Permission (You might think I don't want this, but I really do. If I ever get angry at you, just wave this document in my face!)

1. Confront me if I let my Administrative Assistants block access. Go around them and come directly to me.

2. It is OK to change your mind.

3. It is OK to say you are wrong.

4. It is OK to say you can't complete all the tasks that I expect you to complete.

5. It is OK to say you do not know the answer if you follow up by saying you will get back to me by x days.

6. If you think I am being too dismissive or making judgments too quickly, make an appointment with me without others presence. Tell me to slow down and think about it for 24 hours.

7. Tell me what I can do to help you do your job. I don't have the time to guess how I can help you.

Stop (Do not go here!)

1. Do not dump problems on my desk. If you find a problem, come up with options for resolving the problems.
2. I hate voicemail.
3. If you are "faking" that you are on top of issues when you are not, I will have difficulty trusting you in the future. See my Permission to tell me, "I don't know."
4. Don't use sarcasm to make a point. I hate sarcastic people.
5. Don't tell me what "can't" be done. Focus on options we can take to get things done. I don't like negative people.
6. Don't focus only on your area of responsibility. Your area touches other functions of this institution. I expect you to first address problems with your institutional hat. Put your functional hat on later.

Summary and Conclusion:

Are you collecting information about when new candidates leave? If 33 percent of your new hires are gone in 90 days or less, then you are wasting money on recruitment. And you are measuring the wrong thing.

Consider the following:

Stop measuring hiring effectiveness using "cost per hire" as the benchmark. You are measuring the wrong thing. Use "cost per hire, cost per rehire, and cost per termination at the 120-day mark."

If there is a chance that a prospective boss might be moving on, make sure others are involved in the selection decision.

Provide a realistic portrayal of your corporate culture by taking objective corporate culture surveys every two years and showing the surveys to candidates. It may not be pretty, but the candidate needs to know what she is getting into. Culture is not defined as your interpretation of what you wish your company was like or misleading messages you have employees insert in Glassdoor.

Consider creating a "How to Manage Me" manual as part of the employee onboarding process.

References

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