

A case study on reducing talent attrition & creating alignment in people policies



Context & Background.

The client organization is a reasonably large manufacturing organization with a turnover of approximately Rs 2,500 crores. With 4 SBUs, 9 manufacturing Units across the country and 3 joint ventures, the management structure was a complex and classical SBU structure. The SBU structure was adopted to facilitate growth and to move the revenue CAGR from the traditional 12-13% to a more aggressive 22-24%.



There were many transitions quietly taking place within the Group along with the introduction of the SBU structure. New leadership. Shift from being a delivery based production shop to a more sustainable and professional/ process based ways of running the business. Role based structures and KRA based accountability.

HR was a classical hub and spoke model accept for the fact that the spokes were broken and the strong hub had no hands and legs and tended to drift during implementation.

The general managerial role of the SBU Heads and plant heads was still settling in and in some areas there were sharp capability gaps

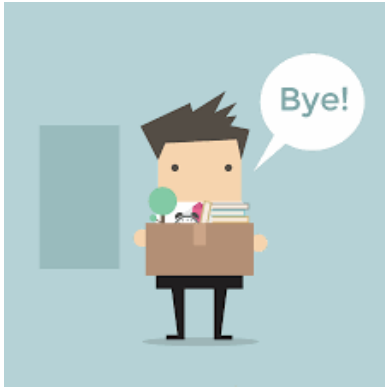


Problem Statement.

Over the years, people management practices had not kept pace and among other things this showed up in rising attrition of staff. The problem existed earlier but it was not noticed, not measured in a consistent way and never came on the radar of the senior leadership. By and large it was taken as the cost of doing business in this industry. In 2017 **Talentonic HR Solution** was invited to study the

phenomenon of attrition, create an action plan and assist in the implementation.

Talentonic established a consistent methodology across the Group and a standard, internationally accepted way of calculating attrition.



For the year 2017-18 the attrition came to **a whopping 29%. 25% voluntary and 4% involuntary**. One level of problem was how high the attrition was, and its damage to the business. The bigger level of problem was nobody knew how high it was, what was causing it, what was the industry practice and what to do to bring it down.

The standard way of dealing with it was to pretend that there was no problem and to criticize HR for not recruiting replacements fast enough! Bad quality of recruitment. Bad attitude. Competition hiring. Compensation problems. All the usual excuses to avoid owning up.

First step was to do a **deep dive** into the issue to identify the big themes, which needed to be tackled.

The Big Themes & Causes

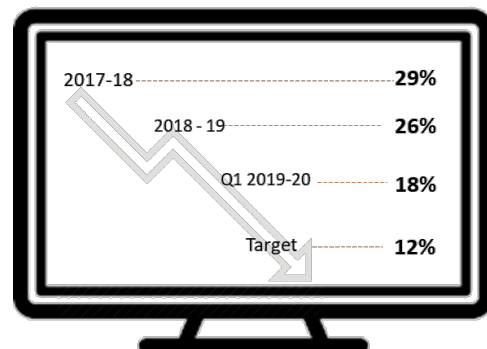
1. Complete lack of accountability. It was on no ones KRA. It was not on the agenda of the executive council. No one. Literally no one in the organization was tasked to deal with this issue.
2. High infant mortality. 36% of the employees joining the firm were likely to leave within 6 months.
3. The highest attrition levels were in HR – 58%. The firemen who were supposed to fight the fire were themselves running away.
4. 84% of the total attrition came from the bottom two levels. There was definitely a weakness in the people management capability of mid management.
5. Within the business units & factory locations there was really no analysis and discussion of people issues. Attrition was discussed only at Corporate. Engagement was ignored.

The Solutions

1. Establish **sharp accountabilities**. Monthly MIS by the 6th of every month. Target of 12 % attrition established for two years. Attrition KRA with 20% weightage. Tracking of attrition at the level of individual leaders up to N-2 level.
2. People Connect substantially improved. Pre-joining planning. Buddy scheme. Skip meetings. One-on Ones.
3. First time **leadership development**. Signature program launched with multiple short modules. Project work and periodic discussions to reinforce the module. Leadership review.
4. **People committee** constituted in every business unit to be chaired by SBU Head to discuss all exits by name and the progress of all initiatives.
5. **An integrated action plan** created with attrition and employee engagement to create a single platform for dealing with people issues.
6. Targeted improvement in **employee related infrastructure** at the plants. Late sitting. Travel approvals. Transport. Canteen. Security.

Business Benefit.

1. Attrition dropped from **29% in 17-18 to 18%** in Q1 of 18-19. Marching towards 12 % target.
2. Attrition of the bottom 2 levels dropped by 8%
3. Expected number of executives leaving in first 6 months dropped to 12 in the year 18-19 down from 46 in 17-18!
4. A cadre of trained front line leaders emerged who have been trained on John Adair's action Leadership model.



Learning

1. The action is at the locations and not at the Corporate Office. Too much time spent at Corporate Office discussing strategy and reviewing progress. You have to be at the locations where the employee interaction is happening and the opportunity created for retention.
2. Deep diagnostic is half the battle won. Attrition cannot be tackled at a gross level. Both for engagement as well as for attrition, action is at multiple levels. In some cases policy needs to be fixed, and at some other levels there is an issue of implementation, skill, local action, leadership style that needs to be fixed.
3. Decision to leave is influenced by challenges within the organization. The opportunity outside is a very small part of the story, and in any case is not within your control to influence or change.
4. Involvement of employees and dialogue is more important than policy. Spend time with small groups. Listen to what they say and seek their support.
5. Cannot divorce attrition control from leadership development at the mid management level. There are invariably skill gaps at that level in dealing with employee issues.



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