



Online Accounting Software

# RETENTION AND REWARD GUIDE

### **A guide to retention and reward**

If you've recruited and built a team, it's important you keep your employees happy. This will save you money in the long run as finding new staff has a number of costs. And it's a fact that it's easier to retain existing employees than recruit new ones. Happy employees will ultimately result in happy customers and help you lay the foundations for a successful business.

### **The importance of employee retention**

Once you've recruited the right people it's important to take steps to make sure they want to stay with your business and that they're motivated and incentivised. Employee retention is important to the long-term success of your business for a number of reasons, the main one being the cost of losing an employee.

There are various costs associated with recruitment, including advertising a role, and the time involved in the interview and hiring process. Then there's the cost of training a new employee. If you lose a member of staff who has important skills or technical knowledge you run the risk of lower levels of customer service and loss of new business.

Remember, your employees are effectively an 'appreciating asset'. The longer employees stay at a company the more productive they become as they know the systems, learn the products and build relationships with other team members, as well as your customers.

### **The key ingredients for a great workplace**

It's important to spend time on creating a place where people want to work, with good pay, training and development opportunities. Ask yourself if this would be a place you'd want to work? The work environment and culture of your company can affect the performance of employees and in turn the financial performance of your business.

High employee turnover can create uncertainty and low morale. It may cause other employees to be less motivated and question why team members are leaving. Reasons for staff turnover vary and there is no one-size-fits-all answer to this issue, but there are things you can do to boost staff retention. Cash bonuses are often a popular way of incentivising staff,

and it's important to make sure the remuneration packages you offer are competitive. But this isn't the only way of motivating employees and there are other reward options to consider.

### Recognition

It has been shown that what employees usually want most is recognition and appreciation. Provide clear and measurable standards of performance and let your people know how they're doing by giving objective feedback. Celebrating success is another way of boosting energy and morale – this might be through leaving early on a Friday or simply going for drinks after work. Make sure people feel included in, or at least understand, your business decisions and encourage them to come up with new ideas. Hold regular meetings to discuss ideas and feedback. This might be outside the work environment at an 'away day' or just in a pub or café.

### Management style

Your management style is important in creating a happy work environment. Build trust and engage with your employees by showing an interest in their wellbeing. Encourage a work-life-balance, have clear policies in place, but make sure you're supportive – maybe offer employees flexible working options such as job sharing or working from home, where appropriate.

It's also important to provide clear objectives and the right resources, including technology and systems. Keep your employees informed and involved with what's happening in the business and future plans.

When employees feel they're being looked after they'll usually give their best in return. It's your responsibility as an employer to provide a workplace environment that encourages and enables employees to fulfill their own unique potential – which is more relevant today than ever.

### Remuneration and reward

To build a productive team you need to understand what makes your employees tick. It's not always cash. It can, however, be tempting to default to cash bonuses when rewarding employees. Individuals may be attracted to a role initially based on the salary, but employees need to be motivated, engaged and recognised in other ways too.

A reward package usually includes financial factors such as pay and bonuses, non-cash benefits, training, recognition and career development. Depending on the size of your business you might consider offering non-cash benefits such as dental or private healthcare, or the ability to 'buy' or 'sell' holiday days in exchange for pay. Rewards need to reflect the individual employee's performance and the performance of the business. Performance indicators might include sales targets or customer satisfaction measures, for example. Try to ensure that rewards are available across your team (if you have more than one employee) at all levels.

You could recognise employee achievements through dinners, vouchers or team trips. Set expectations around performance related bonuses or rewards, so that employees are clear on what they have to do to achieve them. Employees need to be interested in their work and need a clear understanding of what's expected of them – empower and encourage your employees to succeed.

### **Salary and pay**

Make sure that the salary or wages you offer are competitive. Salary surveys or benchmarking offered by companies such as recruitment agencies allows you to make a fair comparison based on your type of business and the role you're recruiting for. Pay and bonuses should be reviewed to reflect promotions made. Paying a fair salary and bonuses to reward individual performance is important as it will encourage and motivate employees and result in a lower staff turnover. Depending on the role, you might consider commission-related pay.

### **Training and development**

Employees are often motivated by training opportunities. And of course investing in training and development means you arm your team with the right skills to perform well in their roles. Consider the personal training and development objectives and needs of each member of your team, and talk to them about what they need to perform well and get the most from their jobs.

## Retention and reward checklist

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Think about the rewards that will encourage staff to stay with your business.

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Provide a competitive and attractive reward package

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Consider other types of reward aside from salary and cash bonuses

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Set measurable objectives and recognise your staff's achievements

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Monitor staff satisfaction and turnover

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Create a positive working environment through appropriate resources, technology and ongoing development opportunities.

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Communicate effectively with your team, set expectations and hold staff meetings on a regular basis

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Make sure staff feel involved in and care about your business.



Online Accounting Software

## WHO WE ARE

Big Red Cloud is a leading supplier of online account's software to the SME market.

Our online account's software is simple and easy to use and takes only minutes to set up. It is designed to enable smart business people get on with doing what they do best which is to sell their products or services.

We believe in giving exceptional value by including multiple users, unlimited transactions, telephone, email, live chat support and free access for your accountant and bookkeeper, all for a low monthly fee.

Join over 35,000 businesses that have already made the smart move and get your business up and running with Big Red Cloud's online accounts software.

### European HQ

Rathdown Hall  
Upper Glenageary Road  
Glenageary  
County Dublin  
Ireland

Tel: +353 (0) 1 204 8300

### UK Office

Basepoint Business Centre  
Metcalf Way  
Gatwick  
West Sussex, RH11 7XX  
United Kingdom

Tel: + 44 (0) 161 926 8822

[info@bigredcloud.com](mailto:info@bigredcloud.com)

[www.BigRedCloud.com](http://www.BigRedCloud.com)

