

Emerging companies



STAFF RETENTION

PERKS LIFT PERFORMANCE, PROFIT

Whether it's an iPhone, a salary boost or gym memberships, the result is often a happier workplace. And it's not just for a warm, fuzzy feeling – there are positive results that can contribute to company profits. **Report: Jessica Gardner**

● In the past 12 months, marketing company Reload Media spent about \$80,000 on what managing director Llew Jury calls “culture enhancing” items. His staff receive iPhones, visits from massage therapists and a games room in the office.

Jury is a strong advocate for spending on staff benefits – “cultural investment” by the jargon. “It’s the best investment any business can make and I think it has long-term benefits and serious growth benefits,” he says. “I think it’s a secret weapon.”

Spending money on added extras for staff is valuable if it has a positive effect on culture, which leads to results that can be measured. Analysis of parameters such as staff turnover, customer

satisfaction levels, cost reductions linked to staff-led initiatives and revenue increases will demonstrate whether the money company founders pay masseuses is well directed or wasted.

Reload Media’s general manager, Craig Somerville, has his eye on the bottom line (as all donors of iPhones to staff should). The company has crunched the numbers on the return from spending on staff benefits (see breakout).

“The big thing with why you want to do those numbers is because the cost involved with corporate culture initiatives can get up high,” Somerville says. “Like any expense in business, you want to make sure you’re seeing a return. It doesn’t make a lot of sense to take that approach [of measuring return

on investment] with everything else you’re doing in business and not apply it to your HR initiative.”

Last week in *BRW*, we heard from business owners implementing innovative recruitment strategies. Effective staff retention is the next step.

At networking events, Jury and Somerville talk to other founders of small to medium enterprises and often the conversation turns to the pain of “re-recruitment” – continually filling staff vacancies. By having workplace culture as the highest priority, which positively affects staff retention rates, founders can “get on with growing the business and not have to worry about becoming HR managers”, Jury says.

Reload Media is already hamstrung. The media and marketing industry is notorious for high levels of staff churn, due to a general labour shortage for qualified employees, a transient and mobile workforce, aggressive head hunting and new competitors popping up all the time, Jury and Somerville say.

Brisbane-based online psychometric testing provider Onetest is also not afraid to spend on benefits for its 30-person team, clocking up about \$69,000 over the past year on gym memberships, lunches, nutritional consultations and team celebrations. The company provides consultancy services to other businesses on employee development and human resources strategy and head of psychology Cherie Curtis says “culture is at the heart of what we do. We have to practise what we preach.”

Although the company spends money on benefits, it also takes the time to communicate with employees through performance reviews, exit interviews, engagement surveys and one-on-one meetings between staff and management. A batch of surveys from June and July show there was some concern among employees that the two-storey format of the Onetest office was leading to a “sense of separation” between upstairs and downstairs employees. “We took that on board but what is underpinning our culture is it’s not something that the management team dictates,” Curtis says. “It’s something that the whole business owns. Rather than us solving problems, we

A keeper: Spending money on added extras for staff is valuable if it has a positive effect



The main point of [investment in] culture is creating a place where people want to contribute

Cherie Curtis, Onetest

THE NUMBERS GAME

Reload Media has calculated an \$11 return on investment for every \$1 spent on staff benefits, which it sees as integral to maintaining a strong corporate culture and retaining staff. In the past 12 months, Reload spent about \$80,000 on benefits such as supporting office sporting teams, massage therapists, training, iPhones, a games room and interstate and overseas trips.

General manager Craig Somerville says Reload has a staff turnover that betters the industry average by about 20 per cent. For a team of about 40, that equates to about eight people that “should have left but didn’t”.

Somerville estimates the cost to train new staff members is about \$20,000 each and therefore the company has saved about \$160,000 (8 x \$20,000). In addition, client revenue is up about \$720,000 in the past 12 months, adjusted for normal growth, so Somerville counts a total positive impact of \$880,000, or \$11 for every \$1 spent on corporate culture.

pushed back to the staff in a series of conversations, focus groups and feedback and asked “what to do?”

Past staff-led solutions have included a “reading nook” with beanbags and plants, team lunches and a team bonding game where staff brought in baby photos, which were framed and put on a wall and the employees had to guess who was who. Curtis says it’s not airy-fairy. “ROI [return on investment] is at the crux of what we do,” she says. “There’s no point running something unless you can prove ROI. It’s not just about having a happy, fuzzy, warm workplace. We’re about making money. As a smaller business we manage our expenses very closely.”

Curtis says many of the initiatives are inexpensive – such as a monthly cake for birthdays – or don’t impinge on work because they happen outside of normal hours – such as paying for gym memberships and personal training.

“The main point of [investment in] culture is creating a place where people want to contribute,” Curtis says.

It’s a point that managing director of online training provider Fortress Learning Bryan West agrees with wholeheartedly. By investing in his staff, West says their engagement levels are high and they become drivers of new initiatives. In one case, West’s overseas

contractors, who work predominantly as assistants to his training staff, created a new database that tracked the correspondence between students and the company and reduced errors in handling of documents (such as assignments) from six in 100 to three in 10,000.

West has a staff of 12 people, comprising trainers, assistants and technical and administrative staff. Everyone works remotely – his receptionist is based in the Philippines. He has a unique approach to remuneration. While onshore staff receive 15 per cent superannuation and unlimited sick and holiday leave, overseas contractors receive wages 20 per cent higher than they request and receive 10 days paid leave each year.

“It sounds crazy but it’s very simple,” he says, explaining there can be a lot of fear among contractors because there are very few safeguards in place that would be afforded to them if they were based in Australia. By paying more upfront, that fear is eliminated. “Let’s stop people ... counting the hours and counting the dollars and create a focus on service. That comes from paying people more than they ask for.”

West repudiate the suggestion that inflated wages make his business less profitable than his competitors. “No, because I believe we’re more efficient,” he says. “The flipside of this investment is the innovation, the commitment and the drives to efficiency.”

For West, investing in culture is not just about expenses. He has a daily virtual conference with all his staff at precisely 10.07am. Each day different measures are reported on. Fridays is an open-book session looking at the company’s financial position. Tuesday is about the health and wellbeing of staff.

West says investing in culture is also about providing the tools that staff need to do their job and this goes beyond work. His Philippines-based receptionist recently reported back to West that her hours were increasing and she was concerned about picking up her children from school on time. She could not afford a car, so the company has paid for one and she will repay the value of it over two years. Initiatives such as financing cars and inflating wages might seem over the top to many founders but West feels the results speak volumes.

“We haven’t had a staff member leave for three years,” he says. *BRW*