Warning Signs You May Be Losing Your Magnetic Touch

By Roberta Chinsky Matuson

Excerpted from her book, *Talent Magnetism: How to Build a Workplace That Attracts and Keeps the Best* (Nicholas Brealey, 2013)
You can tell a lot about an organization by the feeling you get when you walk in the door. The overall tone of the business often reflects the state of employee morale, which is defined by Businessdirectory.com as the emotions, attitude, satisfaction, and overall outlook of employees during their time in a workplace environment. Employee morale varies considerably from organization to organization and can fluctuate from one department to another within the same organization.

Gallup and others have conducted extensive research on the impact workplace morale has on employee engagement. It’s extremely difficult, if not impossible, to be fully engaged when you are operating in a sea of cubicles where everyone is drowning in misery. You can only tread for so long until eventually you tire and either jump into the same boat as those around you or abandon ship.

Those who are fortunate enough to work in businesses where morale is high generally feel good about their work. These employees are often referred to as highly engaged. This type of magnetism pays off substantially. They are willing to go above and beyond the call of duty on behalf of their employers. According to Gallup, highly engaged employees are more productive and profitable, provide high levels of customer service, and are less likely to leave the company when tempted by generous offers from other firms. Organizations with highly engaged workforces are generally more profitable than those with workforces that consist of people who are moderately engaged or disengaged.

The Silent Killer: Employee Quietness

I recently had several meetings with a prospect, and each time I visited their offices I left with a feeling that all was not right with this organization. The office, which consisted of mostly young employees sitting in clusters of cubicles, was alarmingly quiet. I’ve never been in an office with a young staff and deafening silence. There were no sounds of laughter, nor were there any conversations by the water cooler. This may not have caught my attention had it been a stodgy law firm or a financial company on Wall Street. But this was a technology company. I left wondering (well, I sort of knew) how employee morale was in that organization, and whether anyone else realized or cared that there could be a problem.
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I couldn’t help but think about Opower, which has a similar demographic. I recently watched a YouTube video of a flash mob Opower’s employees did to the song “Call Me Maybe,” a clip the company proudly includes on its website. Even before the video begins, you can hear chatter and the sound of laughter coming from the office cubicles. I thought to myself, “Wow! These two companies couldn’t be more different, and if I had offers from each of these organizations, I’d choose Opower.”

I’ve had the opportunity to speak with the CEOs of both of these companies, and they are as different as night and day. When Opower’s CEO, Dan Yates, speaks about his people, you can feel his enthusiasm. So much so, that I actually thought about hopping a plane and going to work for him. The other CEO? Let’s just say I was relieved when I found out that a friend’s daughter didn’t make it through the hiring process. She was an outstanding candidate who deserved to be in a workplace where her brilliant personality could shine. I’m happy to say that she eventually found such a place. I have no doubt which company will be making lots of noise for years to come and which will disappear quietly into the night.

It’s certainly harder for a CEO or other senior executive to have her finger on the pulse of the organization when she is part of the landscape or, in some cases, part of the problem. But if you are open and you listen deeply, you will be able to identify the warning signs that clearly indicate you may be losing your magnetic touch.

Thankfully, there are tools to help leaders measure employee happiness and employee engagement. Here’s one for your use.

Take the following Employee Retention Self-Assessment to see how you fare in terms of employee retention. Consider having your management team complete this self-assessment and asking their team members to do the same. Compare the results and focus on any areas where there appears to be a huge disconnect between what you believe to be true and what others believe to be true.

Note: It’s certainly best to have an outside person administer the assessment, as employees are generally more honest when they are 100 percent sure their answers will be anonymous. However, if you are confident that your organization has high levels of trust, then doing this on your own may yield the information you need to identify and address gaps.
## Employee Retention Self-Assessment

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<th>Please rate your company according to each of the following statements</th>
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| We know who our top performers are. | 4 = All the time  
3= Most of the time  
2= Sometimes  
1= Rarely  
0= Never  
N/A= Not Applicable |
| We support the growth of our top performers | |
| We treat our employees as “assets“ in which we need to invest, rather than as “costs“ that can be easily reduced. | |
| We invest in the development of our people on a regular basis. | |
| Our people receive continuous feedback on their performance. | |
| Employees feel they are compensated fairly for their contribution to our firm. | |
| We provide opportunities for advancement for those who perform well. | |
| We regularly ask our employees what we can do to improve our workplace. | |
| Our executives view employee engagement as a top priority. | |
| We quickly transition nonperformers out of the organization. | |
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- Our customers/clients rave about our employees.  
- We are viewed as an exceptional place to work.  
- We don’t have to go after top talent because they usually approach us.  
- Employees understand how their work contributes to the bottom line of the company.  
- Employees would rate their managers as being great to work for.  
- Our managers are trained to select, identify, guide, coach, reward, and retain their people.  
- Employees know exactly what is expected of them.  
- Employees have the tools and skills to perform their jobs satisfactorily.  
- My organization knows how much it costs to replace every employee who leaves the organization.  
- I believe this is a great place to work.  

Any area with a score of 2 or lower requires immediate attention!
How to Keep Poor Morale from Seeping into the Rest of the Organization

Poor employee morale is a lot like mold. Once it gets into your office, it spreads into every nook and cranny it can find. In order to rid your organization of the damage, you must extricate the source. Sometimes the source is a person or a group of people, and other times it’s a policy gone wrong. In either case, you have to identify the source before you can eliminate it. Once you identify the source(s) that are causing unhappiness, you then must take steps to eliminate the problem. Failure to do so will only prolong the suffering.

In their attempts to quickly rectify the problem, most leaders focus on the symptoms rather than the problem. Doing so may provide temporary relief, but, in the end, the problem always resurfaces and results in further damage.

In many situations, executives have a fairly good idea where the problem resides. Rather than confronting the problem, they delay the situation by operating as if things were business as usual. This is a costly mistake. Here’s why. Top performers have choices. They don’t have to remain in an environment where leaders refuse to manage. In fact, they are repelled when they are forced to work in chaos simply because of poor management. Instead, they’ll take their smarts elsewhere with the hope that their new home will be better run than the one they’re leaving. For these people, the risks are low. If they’re wrong, there will always be another opportunity waiting for them around the corner.

Problem situations rarely improve without intervention. In fact, most worsen if left unattended. Take action the moment you sense there is a problem. It’s best to deal with toxic employees immediately to prevent others in the organization from becoming affected.

Poor employee morale is like a virus that quickly spreads from one person to another. Not to mention the damage that occurs when unhappy employees take their disappointment out on unsuspecting customers. I’ve had meals delivered to me in a manner that closely resembles a hit-and-run scene out of the latest action thriller. I’ve also searched high and low for help on the sales floor, only to find employees huddled together dissing the latest policy that’s been dumped on them (their words, not mine) by the corporate office.

Unhappy employees can contribute to bankruptcy, even when a product seems imperishable. Hostess Foods, the eighty-five-year-old maker of iconic treats such as Twinkies and Ding Dongs and pantry staples like Wonder Bread, is said to have imploded as a result of a strike by the bakers’ union. As reported in the Wall Street Journal, a bankruptcy judge gave Hostess permission to force the bakers’ union to accept a new five-year labor contract that featured an 8 percent wage cut in the first year, new pension plan restrictions, and a 17 percent increase in health-care costs for employees.
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The bakers’ union went on strike. “Our members decided they were not going to take any more abuse from a company they have given so much to for so many years,” said Frank Hurt, the bakers’ union president. As a result, all of Hostess’s 18,500 workers lost their jobs and the company crumbled. Other factors contributed to the eventual implosion of the company. But most would agree that the Twinkie took its last breath the day the union refused to be squeezed any further.

Imagine for a moment that, early on, Hostess had created and sustained the type of workplace where workers felt they were treated fairly. The idea of joining a union would have been quickly dismissed by their people. The company may have actually listened when trusted employees suggested they change with the times. Hostess might have been able to overcome many of the issues that eventually caused the company to reach its expiration date much earlier than anyone would have ever predicted.

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**SAS – A Case Study on Out-of-This-World Magnetism**

SAS, a U.S.-based leader in business analytics software and services, is an organization worth studying. Rather than beginning with a long list of employee benefits, Jenn Mann, VP of HR wanted to begin our conversation with the reason SAS does what it does for its people. “Most of the staff that we have here are technical. The majority of our employees have an advanced degree,” notes Mann. She goes on to point out the importance of knowing your audience and what motivates them. SAS needs to attract and retain knowledge workers. Mann says:

We have a clear understanding of our employee population and what motivates them. As a result of this we provide them with the following:

- **An opportunity to do stimulating work.**
  Our employees love to solve problems, see the relevance of what they do and how it impacts the customer. They get plenty of that at SAS.

- **Empowering management philosophy.**
  Creativity and innovation isn’t something you can force. You have to provide an environment where people feel inspired and motivated. We allow employees to take risks, which is where innovation comes from.

- **World-class work environment.**
  Companies like Google come to campus to see what is possible in terms of work environments.

(continues)
SAS makes it a point to ensure that people want to come to work every day. Its campus is based on collaboration. All you have to do is peer into one of the cafes to experience what this really means. Of course, you can’t have a world-class work environment without the conveniences of home nearby. Most recently, the company added an on-site pharmacy where employees can go to fill prescriptions quickly with small co-pays. On campus you can also find watch repair, car detailing, and (as previously described) even a nail and hair salon. There is something for everyone on campus, including summer camp for your kids, which includes technology classes taught by SAS employees.

When it comes to magnetism at SAS, there are no limits. The icing on the cake is that when you retire, you don’t have to leave your rich benefits behind. “Just because you retire, doesn’t mean you are no longer part of the family,” notes Mann. Families of SAS employees and retirees can log into a special website to keep up with the happenings of the company and to sign up for classes and make appointments with on-campus service providers.

The average tenure at SAS is ten years, which is a lifetime for employers who operate in the world of tech.
Signs That Employee Morale Is Tanking Quickly

Clients often ask me how they could have done a better job of noticing that their magnetism is fading. Here are the signs that I tell them to look out for:

**Employee turnover is on the rise.** If your employee turnover is fairly low and all of a sudden it’s not, then you’ve got a problem. Failure to take notice can result in you being the last man standing. Why? People don’t usually roll out of bed one day and decide today is the day they will quit their job without having given it any thought. Somewhere along the line, something’s changed. You may not have noticed, but others have. Be honest with yourself and ask, At what point did people go from being fairly happy to thinking, “I need to get the heck out of here?” Consider that your starting point, and take action to prevent others from following suit.

**Sick time is on the rise.** I remember dragging myself out of bed to get to work because I loved my job so much. I also remember being very miserable in my job, and picking up the phone and, in my best hoarse voice, telling my manager that I was too sick to come into work that day. There is a direct correlation between employee attendance and morale. Heck, I’ve been told of a number of situations where the job itself was making the employee sick.

**Productivity is declining.** It’s hard to give a job your everything when everyone around you is miserable and doing as little as possible. This happens frequently in places where inexperienced managers act like slave drivers. They yell and scream and hope that fear will drive commitment and productivity. I’ve yet to see this tactic work on a long-term basis. Have you? Roy Ng, senior vice president and head of business operations for the Cloud Business Unit at SAP, makes it a point to give his people the time and attention they need to flourish. “You can get the team rowing in the same direction much more quickly when they are happy at work,” he says. Ng goes on to point out that this alignment results in higher productivity: “You can run back and forth all day long. If you don’t score a point, you lose.”

**Employees are running on automatic pilot.** Employees who used to do an amazing job are now coasting. It’s as if they are counting the days to retirement, which is particularly disturbing when most of the staff aren’t close to retirement age. Employees become apathetic when they believe no one would notice if they didn’t bother to show up today or, in some cases, for the entire month. Think of a time when people were engaged. What, if anything, changed in the work environment that may have caused this shift in employees’ behavior?

**Customer complaints are increasing.** The airline industry is a perfect example of a sector that has experienced huge dips in employee morale and major increases in customer complaints. How many airlines can you name where you recently received great customer service? I can only think of one—Turkish Airlines—but unfortunately it doesn’t fly where I usually need to go.
I have several neighbors who work for different airlines, and they are simply miserable at work. Cutbacks in crew, benefits, and communication have caused these companies to take a nosedive in the employee morale department. Customers have flown the coop and have hit the road. My friends dream every day of following suit.

**Revenue is decreasing.** Your sales team used to be the best in the industry and now they are no longer in the top ten. It’s difficult for salespeople to be driven and to sell when they know the organization is unable to deliver on what is promised. A decline in revenue indicates that there may be some rumblings going on under the hood of your organization. Run some diagnostics to determine what needs to be fixed so you can get your revenues humming again.

**Quality is down.** Has this ever happened to you? You walk into your favorite local business, and you wait in line to place an order. You overhear several employees mumbling about their dissatisfaction with their job or their boss. You wait there patiently until you realize that these employees are more concerned with their conversation than with you. You leave the line, vowing never to return. The quality of service that attracted you to that business has disappeared. There are so many other places customers can spend their money these days that, in their minds, putting up with poor service or quality simply doesn’t make sense.

**Repeat business is nonexistent.** We used to use the same local florist until it became obvious that someone forgot to nurture and maintain the employees. We decided it was time to sever our relationship with this business when the last batch of flowers was dead on arrival. If you are always looking for new business because you have no repeat business, then take a closer look at employee morale. Are your workers happily helping your cause or are they slowly pruning away any chances you may have of repeat business?

Use the Employee Retention Self-Assessment to determine the level of employee engagement in your organization. Provide all your employees with a copy and then compare their answers with those of their managers.
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About the Author
Roberta Chinsky Matuson, president of Matuson Consulting and bestselling author of Suddenly in Charge, has helped leaders in Fortune 500 as well as small and medium-size businesses achieve dramatic growth and market leadership through the maximization of talent. She is frequently quoted in business publications and is a top-ranking blogger for Fast Company and Forbes, and is a talent expert for Staples.com and Monster. She is one of a handful of people who have appeared as a guest of Bill O'Reilly's on Fox's O’Reilly Factor and left the show unscathed.

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