Exit Interviews
Better exits: Making the most of employee turnover

Pointy-Haired Boss: We’re having a meeting to discuss employee retention.
Dilbert: Tell them that employees quit because there are too many useless meetings.
Pointy-Haired Boss: We won’t be getting into reasons at the first meeting.
Dilbert, June 27, 2001

We don’t want our employees to leave. But if they must go, we want it to be on good terms. Better employee exits set the stage for continued relationships and create growth opportunities for both employee and employer.

In this Blue Paper and podcast, we’ll talk about creating an exit interview process that maximizes organizational learning and continuous improvement. We’ll also touch on employee alumni groups and why staying connected to past employees is a great way to strengthen your brand.

In their book “Successful Onboarding,” Mark Stein and Lilith Christiansen tell the story of a client with a vexing problem: Despite offering an attractive opportunity for college graduates to cut their professional teeth at a progressive company with a youthful culture, and despite its financially competitive position in the market, the company was experiencing a 30 percent attrition rate among new college hires—well above industry standards. Data indicated that most new collegiate hires left the company around the 11th month. Perplexed, the company HR manager tried to get to the bottom of the problem but received only glowing feedback from current employees.

At lunch one day, a puzzled company executive happened to comment on the 11th month mystery, and a junior employee spoke up and said he’d almost left at the 11th month, too. Queried further, the employee outlined all the factors—external to the company, by the way—that led him to consider leaving. But why the 11th month? Because that was when the lease on his apartment expired. If he were thinking about a change, that was the ideal time, when his financial lease commitment was almost over.

In the end, feedback from this junior employee helped the company get a handle on the problem, enabling it to create a first year onboarding process that—while
not able to fix the external factors that contributed to high attrition—creatively addressed the challenges created by those external forces.¹

As Peter Drucker, professor, writer and management consultant, famously stated, “What gets measured, gets managed.” Indeed, it is clear in our opening example that company leadership may not have known just why their young, college-educated employees were leaving in droves, but they knew they were leaving and they knew they needed to find out why. Once they had answers, the company was in the informed position to make adjustments that could improve retention.

**Exit interviews: a business case**

Employee turnover is expensive. Different surveys calculate turnover costs at anywhere from 25-30 percent² (at the low end) to 50-200³ percent (at the high end) of an employee's annual salary. Separation costs, position postings, selection processes, training time to maximum productivity, lack of customer-service continuity and lost business, overtime costs to cover vacant positions, moving expenses and all the administrative time dedicated to filling vacant positions leads to a hefty investment.

There are some critics who argue that exit interviews are a waste of time for employers, and a risk to be avoided at all costs by employees. Exit interviews scheduled too close to the last day may leave departing employees with unexamined emotions that transform the exit interview process into a venting session. Or, departing employees may be less than candid in fear of burning bridges.

Despite potential drawbacks, the exit interview remains one of the best ways to mine information from departing and former employees. Collecting information about employee experiences can be critical to an organization's ongoing success. When done well (and in combination with corporate management practices that enhance employee satisfaction and productivity), exit processes can contribute to an overall corporate culture of positive regard between employer and employees.

Exit interview practices vary widely across industries and between companies. While it is important to point out that it is inappropriate (actually illegal) to

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compel an unwilling employee to participate in the exit interview process, companies can maximize participation by creating cultures that elicit trust.

Setting goals and crafting the experience
The overarching goal for exit interviews is to gather information about an employee’s experience with the company in order to identify ways to improve satisfaction, and thereby retention, of current employees. Other goals for the exit interview may also include:

- Helping the employee leave on good terms, and
- Uncovering unethical or illegal behavior, including sexual harassment.

How you go about crafting the exit interview experience depends on the nature and size of your organization and your personal philosophies on human emotion. There are five key decisions you will need to think about when putting an exit interview process into place.

Decision 1: Gather information before or after departure? Exit interviews may take place at some point prior to the employee’s date of departure, or at some point several weeks or months after. Proponents of conducting exit interviews after departure argue that time and distance from the company gives the former employee the breathing room to process the experience critically and in a more dispassionate light. A possible disadvantage is that, depending on the length of time passed after departure, interviewers may have greater difficulty locating past employees, thus reducing participation rates.

Advocates for conducting exit interviews prior to departure cite maximizing the potential for increased participation rates, and, as well, see the exit interview as an opportunity to help employees leave on a positive note.

Decision 2: Face-to-face, questionnaires, or third-party? Some HR managers argue that the only way to get honest feedback is through paper or online questionnaires or third-party interviews. They believe that the greater the perception of anonymity on the part of the interviewee, the more genuine the responses.

The biggest drawback to hiring a third-party might be cost. Otherwise, one can expect third-party firms to offer well-trained experienced interviewers, systematized data processing and anonymous information that likely reflects an employee’s true experience. This protection of anonymity only works, of course, if your organization is large enough to have regular turnover.
Decision 3: Survey, interview, or survey and interview? Some companies utilize paper or electronic survey instruments to collect exit feedback. Others utilize face-to-face interviews, conducted by a member of the HR staff. Some HR managers recommend a two-tiered process, beginning with the administration of a survey, and then, using information from that survey, conducting an interview targeted to the employee’s specific responses.

Decision 4: Who gets interviewed? Some HR managers advocate interviewing everyone, including employees who are terminated or down-sized. If this is the approach, these interviews must be conducted with a great deal of skill and tact, as well as empathy. After all, there may be internal factors resulting in the failure of an employee, and, regardless of the impetus for an employee’s departure, one of the goals of the exit interview process is to help employer and employee part on good terms.

Others argue that only those employees who are leaving voluntarily should be interviewed. Those being forced out bring too much potential baggage to the process.

Decision 5: Will you incorporate technology? HR managers must keep their workforce in mind, especially when considering using post-departure surveys. Some companies want the benefits of automated data reporting, but some employees are not particularly Web-savvy. Other companies offer a combination of options to increase participation and data quality. At Atlanta-based tea retailer Teavana®, for example, employees are offered the opportunity to complete post-employment exit interviews, but also receive a form they can complete and return by mail.4

Reports of participation rates for online surveys vary from company to company. Damon Lovett, manager of HR management systems at The First American Corp. reports participation rates of 37 percent, while SunGard® reports a 70 percent participation rate.5 The industry standard for rate of return on paper surveys is 25-35 percent, while technology-based participation rates for exit interviews come in at around 65 percent.6

Note that interviews provide more opportunity for employees to lead the conversation—as opposed to answering a set of predetermined questions.

But data collection for interviews can be unwieldy. You may get deeper insight from one-on-one discussion, but managing and analyzing that information will be time consuming.

**Improving exit survey results**

Dick Finnegan, founder of the Retention Institute, and author of “Rethinking Retention in Good Times and Bad,” outlines eight ways to maximize exit interview results. They include:

1. Find out why the employee is leaving
2. Do not promise confidentiality
3. Use skilled professionals
4. Gather data ASAP
5. Ask what steps they took to resolve their issues
6. End on a high
7. Distribute results to those who can make a difference
8. Track improvements your company makes

Using skilled professionals helps ensure you get at the real drivers behind employee turnover. These interviewers are adept at developing rapport, listening and asking the kind of probing questions that help a departing employee respond thoughtfully and specifically.

A word about confidentiality: Interviewers need to point out how the data gathered will be used, that personally-identifiable information will be separated from the data reported, and that confidentiality will be maintained to the extent possible. Confidentiality cannot be guaranteed, especially if the departing employee shares information regarding illegal or unethical behavior.

Finnegan’s philosophy is that it’s best to conduct exit interviews immediately. Giving the employee the chance to vent may help ward off the desire to vent to others, and it may provide an opportunity to retain the employee—if that is a desired outcome for both parties.

If employees are motivated to leave because of some workplace frustration or work-life conflict, ask if they took any action to address the issue. In discovering whether a departing employee attempted to resolve his or her issues prior to leaving, you may find out that employees need better challenge management skills.

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Too often employees decide that problems are insurmountable and decide to leave without giving their managers a chance to help. These hurdles may be overcome with ongoing employee education. Some employers even sponsor complimentary coaching sessions to help employees take charge of their own work-life satisfaction. Of course, you might also uncover roadblocks the employee encountered in trying to find solutions—and that’s actionable information, too.

Among other things, Finnegan suggests that the interviewer identify ahead of time whether the departing employee would be eligible to return, and if so, to inform the employee of this. Understanding that the door is always open is a way to end on a positive note, and perhaps pave the way for future positive relations, even a return to employment.

And by all means, organize the data quickly and in such a way that highlights trends for end-users of the report. Distribute this information regularly—some suggest quarterly—and document changes made in response to exit interview feedback.

Creating a culture of trust
Believe it or not, better employee exits begin with the first day on the job. The better the company’s onboarding process, and the more actively engaged supervisors are with employees on an ongoing basis—and by that we mean in guiding, teaching, training, leading, asking and listening—the more likely you are to have a corporate culture of open and honest communication.

When employees are in the habit of communicating honestly with leadership, they feel safe sharing complaints and pointing out areas for improvement. And while that kind of dialogue is likely to lower turnover in the first place, it certainly sets the stage for a frank (yet constructive) conversation if and when the employee does leave.

Many management exercises and tools are available to keep this healthy dialogue going year in and year out. Focus groups, climate surveys, stay interviews and regularly scheduled one-on-ones all help supervisors gather valuable information early on, in, and throughout an employee’s tenure … long before the exit interview needs to occur.

Since we are ultimately talking about improving retention, it may be helpful to say a few words about stay interviews.

At Burcham Hills Retirement Community in East Lansing, Michigan, managers began conducting stay interviews with its nursing staff—after the first 30 days
for new staff, and then annually for all staff. In the process, they improved retention by 72 percent. Ultimately, the effort spent on stay interviews saved the organization vast amounts of time and resources that would otherwise be spent in posting, interviewing and orienting new employees. And that doesn’t even factor in what it must have done toward improving employee morale and customer care.

The stay interview is typically conducted by the employee’s supervisor for the purpose of focusing on individual employees and their specific needs, aspirations and viewpoints. (An exit interview, on the other hand, focuses on improving the company for all employees.) In the end, utilizing stay interviews on the front-end will help to minimize the number of exit interviews on the back-end.

Stay interviews might include questions such as,

1. What are the things you most like about your work?
2. Are there things you wish you could change about your job?
3. What would you like to learn this year?
4. What would make your work more satisfying?
5. Have you ever thought about leaving? If so, when? What caused you to stay?
6. How can I support you?

If your organization is in the habit of soliciting employee feedback, exit interviews will feel like a natural part of the process. The key, of course, is to be responsive to employee feedback. Employees will be more eager to share ideas for improvement if they see the company has a history of acting on those suggestions.

Building long term relationships

Some organizations extend the exit process with employee alumni networks. These groups fall into two main categories—those independently coordinated by volunteers and those managed by the former employer.

For corporate managed alumni groups, the effort is often seen as a way to lower recruiting costs. In effect, alumni groups make it easier for past employees to become future employees. Tony Audino is chief executive of Conenza Inc., a company that helps other businesses set up alumni networking groups. Audino says that for about 80 percent of his clients, talent acquisition is the primary motivation behind an alumni effort.9

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Credit Suisse Group AG launched its alumni network in October 2010. Neal Wendel, the firm’s managing director, says he definitely attributes rehires to the program. Wendel says former employees are attractive because they are more productive than completely new hires and easier to re-integrate into the firm. “We know them, and they know us.”

ADP® also launched an alumni network in 2010. “As a talent management strategy, it makes good business sense to retain these alumni relationships, which will give us a highly qualified talent pool to rehire former associates,” said Tara Amaral, chief diversity officer and vice president of talent acquisition.

Not only can alumni networks lower recruitment costs, but returning employees tend to stay in the job longer because they’ve already seen that the grass isn’t necessarily greener somewhere else.

Of course, alumni networks aren’t all about rehiring. They also provide inroads for new employee recruits as well as client development. The latter was on ADP’s agenda with its network launch. As Amaral said, “We will also look to this network to further drive our business development efforts with referrals from former associates.”

Built on online platforms, these groups often provide message boards, blogs, alumni profiles and job postings. Companies also set up in-person social events to keep people connected.

**Goodbye and good luck**

The best employee exits are those that expand company networks and create future growth opportunities for both parties. An employee who felt satisfied and supported at work will become an ambassador for your organization. This person may send future employees, or even clients, your way. Past employees can also be a link to future business partnerships.

Value past employees as you would other members of your professional network because you never know where those relationships might lead. The best employee exits aren’t about goodbye. They’re about good luck and keep in touch.

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