



3 Ways to Manage Retention & Accelerate Business Growth



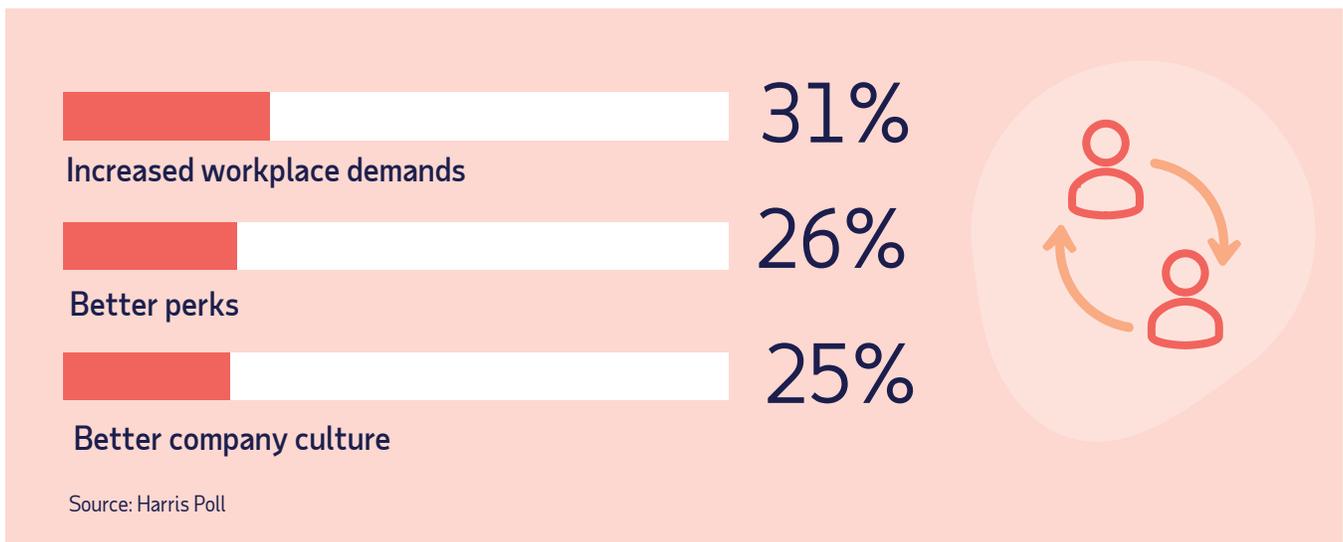
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Introduction

In 2023 the total franchise industry output will increase by \$1 billion, according to the International Franchise Association. This kind of growth is heavily labor-dependent, yet employee turnover remains at an all-time high.

So, how are industry leaders solving their retention issues and achieving consistent levels of success? They solve their retention issues by better understanding what motivates their employees. Surprisingly, it's not always about pay rates.

Hiring managers point to causes of turnover beyond compensation:



To reduce turnover and boost employee retention rates, business owners need to pay more attention to what matters to their employees.

Business growth starts with improving retention

To scale a business, companies must have the right internal systems and processes in place, strong leadership, and effective sales and marketing strategies. However, none of those matter without a workforce to serve your customers.

Attraction and retention of workers has become an organizational imperative. To create a workplace environment that helps facilitate longevity, companies must see their employees as humans first, prioritize the employee experience — and leverage technology to achieve both.

The National Restaurant Association estimates that the average restaurant loses \$150,000 yearly in staff turnover alone.

Source: decisionlogic.com

1. Focus on the human factor.

To begin the process of improving retention rates, you must first consider the human factor. Often, there is disconnect between what employers think matters to employees, and what the employees themselves feel and value. This knowledge gap becomes increasingly expensive over time as it contributes to employee frustration and lessens productivity.



Too many employers make assumptions about what motivates employees and drives better performance.



Source: Met Life Annual Employee Benefits Trends 2023

Leverage employee feedback to improve visibility into your workforce and make more informed decisions.

You can also use employee surveys and other engagement tools to collect direct feedback on the employee experience. This helps create opportunities for increased understanding and engagement with employees throughout the employee lifecycle.

By asking your employees questions customized to your organization's values and initiatives, you can turn those survey results into actionable items to focus on what matters most to your employees.

Often, simple fixes can make a difference, for example:

- Promoting positive mental health at work and supporting workers with an Employee Assistance Program (EAP)

- Training managers in soft skills, such as, emotional intelligence, problem-solving and supporting a culturally diverse/multigenerational workforce
- Including financial wellness education as part of your retirement savings plan (if you offer one)

Your HCM system should utilize benchmarking data to help ensure your compensation structures remain competitive.



Source: ADP's People at Work 2023: A Workforce View in North America

Addressing employee well-being also involves acknowledging individual issues that could impact productivity. Adopting a comprehensive approach to employee welfare includes offering inclusive and fair benefits, as well as creating a personalized employee experience.



Source: PwC's 2023 Employee Financial Wellness Survey

Take the time to see your employees as people first, workers second.

2. Strive for an exceptional employee experience.

Another approach to fostering growth and improving retention is to focus on enhancing the employee experience within your company.

In an industry that competes heavily for hourly workers, how can you stand out? You stand out, by creating an employee experience that's as well-thought-out as the customer experience you work hard to deliver. And it begins with effective communication from Day 1.



Examples of effective communication include:

- Creating a structured, digital onboarding experience focused on your new hires' individualized needs
- Discovering your employees' superpowers and where they can make the biggest impact
- Providing learning opportunities that drive individual and organizational success
- Encouraging managers to provide continuous feedback and performance conversations outside traditional review cycles

47% of Gen Z workers have difficulty understanding next steps or responsibilities because of poor communication

Source: The State of Business Communication Report, Grammarly, 2023

A strong company culture is also reflected in the day-to-day work environment. Is it easy for employees to view and/or change their work schedule, view pay stubs or put in a request for time off? Is the information easily available on a mobile device for greater accessibility?

Company culture also demonstrates that you understand and honor worker preferences and expectations where possible, especially when it comes to pay options.

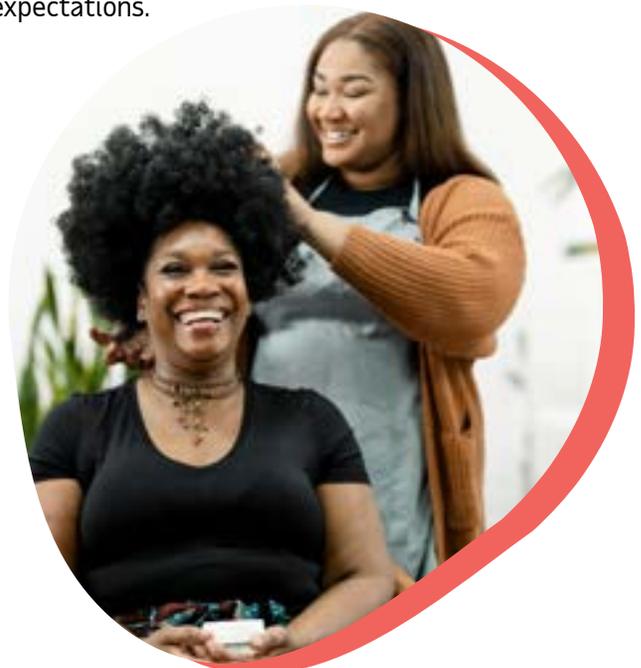
75% of Millennials would prioritize a job that offered early wage access

60% would consider leaving a job that didn't offer it

Source: ADP EWA research study of 500 companies with 151 or more employees and 1,000 employees. December 2020-Jan 2021.

The employee experience is what employees see, hear, think and feel about your organization from the day they join to when they retire or leave.

Growth-minded companies take the time to understand what shapes the employee experience and build a culture that respects and meets employees' expectations.



3. Leverage HR technology beyond the hiring stage.

There's a common foundation to implementing the retention improvement strategies discussed above — technology.

Today's mid-sized and larger franchisees are increasingly relying on technology to integrate the right systems and support their growing HR challenges. From finding, hiring and engaging the right people to managing health care compliance and regulatory changes, companies need HR solutions that are flexible and scalable to their needs.



According to *Nation's Restaurant News*, "Despite limited budgets and challenges getting new tools to play nice with legacy systems, restaurant operators are not resting on their laurels: An overwhelming majority said they still plan to invest in new technology in the next 12 months."

Most franchises already have an HR system in place to speed the process of finding, interviewing, hiring and onboarding candidates with the skills you need. To retain them, requires taking that system to the next level — using it to improve hiring and compensation strategies with real-time benchmarks and compensation trends.



Source: 2023 Restaurant Technology Outlook Report

Your HR technology is important to front-line managers and employees, too.

It's no surprise that younger workers expect technology to improve their work environment. These digital natives have integrated technology tools into nearly every aspect of their lives, from communicating with friends and family to shopping, entertainment, education and more.

So they have high expectations for the simplicity and user-friendliness of workforce technology. And when confronted with manual processes and unintuitive interfaces, frustration can quickly set in.

Consider how HR technology can reduce frustration by supporting and empowering franchise employees on a daily basis. A mobile app, for example, provides a welcoming onboarding experience right from the start, by encouraging new hires to complete the necessary documentation and review company policies before their first day on the job.

The same mobile app also makes it easy for staff to manage their schedules, access pay documents, look up benefits information, update their benefits elections, or make changes to their retirement plan contributions.

The right technology can also reduce manual entry and increase accuracy by automating data flow from point of sale (POS) to back of house (BOH), and reduce administrative tasks so managers can spend more time actually managing.

Employees are **230% more engaged** if they have the technology to support them at work.

Source: Employee Experience Trends Report, Qualtrics 2022

Improve retention and pave the way for growth

Reducing employee churn isn't a fast or simple process. Shifting ingrained thinking and creating an employee-centric culture takes time and commitment. But once you focus on the human factor, create exceptional employee experiences and leverage your HR technology to its fullest, you've eliminated major barriers and positioned your franchise for success.

ADP: More than meets the eye

Sure, we're known for payroll. But ADP can also deliver the tools and technology you need to manage retention, accelerate growth and take your franchise to the next level.

Whether you're a franchisor looking to build and protect your brand, or a franchisee focused on growing your business, we've helped over 30,000 franchises of all sizes gain the visibility needed to help manage retention and accelerate business growth.

To learn how ADP can help your franchise with retention and more, visit us at:
adp.com/franchisehq

