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Boost Retention Rates With Formal Programs

By Darren McKewen
From BNA Inc.

Organizations with a formal internal employee-mobility program have higher retention rates than other employers, according to a recent study by San Francisco-based iLogos Research.

The study found that about three-fourths of larger companies have implemented internal mobility programs, and most of these companies fill some 40% of their openings internally. The study also showed that a majority of the companies considered an employee-skills database key to the success of an internal mobility program.

According to iLogos, companies with a formal internal mobility program have a 4% higher retention rate than comparable organizations that lack such a program.

Pointing to the costs of turnover as a reason to increase retention, iLogos estimates that employers spend the equivalent of one year's salary to replace an employee who quits and get the replacement up to speed in the position.

Company Grooms Leaders, Helps Community

Fast-track employees at Cisco Systems Inc. soon will be eligible for a unique new training activity originally created as a sabbatical program to soften the impact of corporate layoffs.

Faced with its first-ever downsizing in 2001, Cisco established the Community Leadership Development Program as an alternative to being laid off with a severance package. The company gave 81 employees the option to work at a nonprofit organization for a year at one-third of their regular salary, paid by the company.

Although the program has been discontinued as a means of reducing headcount, Cisco liked its positive aspects so much that it will be reinstated as a development program for employees identified as having corporate-leadership potential. Participants, dubbed Cisco Community Fellows, will be assigned for three to six months to work on projects aimed at creating business solutions and enhancing the capacity of participating nonprofit organizations, with an emphasis on making better use of the Internet and related technology.

Fellows will tend to have more independence and responsibility than available at their regular jobs, which should enhance their technical, management and leadership skills. Meanwhile, the nonprofits will benefit from the expertise the fellows bring with them.

"Giving back is a core value of Cisco," says company spokeswoman Heather Goodwin. "Our top management decided that to be a true leader in this company, you also need to be a leader in giving back to the community," she says.

Is the IT Field Losing Its Allure?

Recent trends in the information-technology industry show a combination of shifts that could discourage young people from pursuing IT-related jobs.

The IT industry in the U.S. lost at least 150,000 jobs in 2001 and 2002, according to a report funded by the Alfred P. Sloan Foundation as part of an ongoing research project on the IT work force.

The report also shows that the share of foreign-born professionals in the U.S. IT workforce has doubled during the past 10 years, and the outsourcing of IT work to other countries has quadrupled.

At the same time, employers have been making increasing use of the L-1 nonimmigrant visa program to bring employees from their foreign operations to the U.S. to perform work requiring specialized knowledge.

According to the report's co-author, Richard Ellis of Ellis Research Services in Shippensburg, Pa., the U.S. has a "good-sized pool of capable, talented people who would like to work in IT," but the trends cited in the report could be prompting them to choose other professions. For example, the report notes that the number of undergraduate students now studying computer science has declined since fall 2002.

Management Through the Ages

A new report from the New Haven, Conn.-based consulting firm RainmakerThinking divides employees into four age groups and advises different management approaches for each generation:

- * **Silent Generation (born before 1946).** They constitute roughly 10% of today's work force. These World War II-era professionals tend to rely on tried, true and tested ways of doing things, the consulting firm says. Since they make good teachers, the report recommends they be rehired after retiring as part-time project leaders and coaches.
- * **Baby Boomers (born 1946-64).** Roughly 45% of today's work force, boomers pride themselves on their ability to survive in a "sink or swim" environment, but they are now less willing to keep up the frenetic pace they have maintained over the years, according to the consulting firm. Boomers need flexibility, authority and respect while being challenged to keep growing -- but in their own way.
- * **Generation X (born 1965-77).** About 30% of the work force, Xers were at the forefront of the shift to a free-agent work force. Even as they gain more supervisory responsibility, they refuse to settle down and are still willing to sidestep rules to get things done. Xers need fast feedback and credit for the results they produce to stay interested in a job, the consulting firm says.
- * **Generation Y (born 1978-86).** Roughly 15% of employees, Gen Y came of age during the most expansive economy in 30 years. They have been told they can do anything and they believe it, which also means they may turn into the most demanding of all generations, the consulting firm says. They perform best in situations that involve a lot of interactivity and prompt them to push their limits.

-- Mr. McKewen is executive editor of HR information services for BNA Inc., a publisher of news, analysis and reference products.