HR TOOLKIT

Recruiting and Retaining Millennials

Provided by Ohio Plan

OHIO PLAN Incorporated

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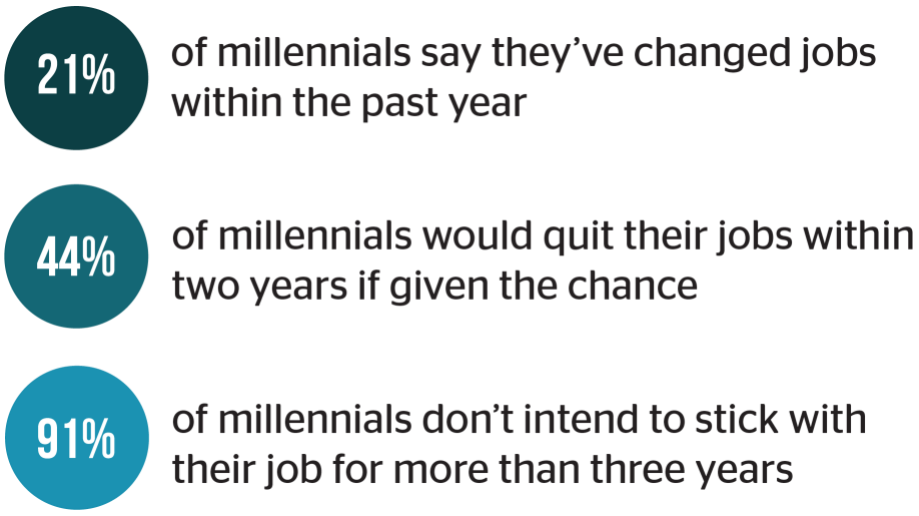
Introduction

Millennials—those born between 1980 and 2000—are projected to make up 50 percent of the workforce by 2020 and 75 percent by 2025. As more baby boomers retire, no longer are millennials the workers of the future; instead, they are the leaders of today.

A lot has been said about millennials, but one thing that most studies can agree upon is that millennials are more likely to job hop than their older co-workers.



Why?

- Millennials feel underutilized.
- They do not think they are being developed as leaders.

**Source: Gallup, Deloitte study and Future Workplace*

Turnover Costs

Turnover can be extremely expensive for employers when lost productivity and replacement costs are taken into account.

- For instance, on average, it costs six to nine months' salary to replace a salaried employee.
- High turnover can also harm your company's culture and cause remaining workers to become disengaged.

As more millennials enter the workforce, figuring out how to retain them will be essential. This toolkit provides insight into the typical characteristics of millennials and outlines how to hold onto millennial talent, so you can minimize turnover and boost your bottom line.

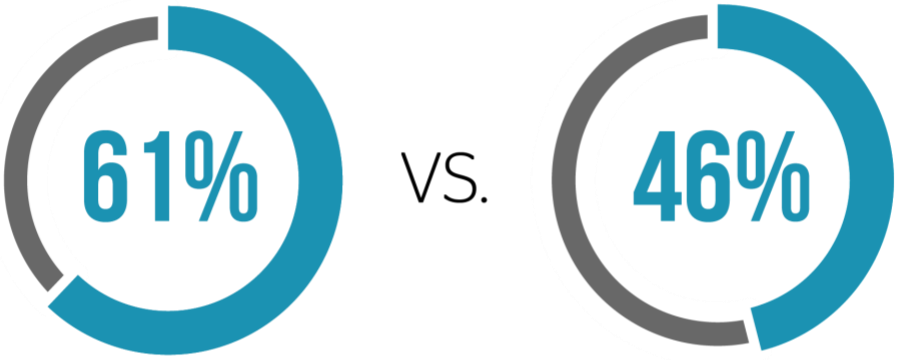
Millennial Demographics

Millennials are the largest generation in U.S. history.

92 MILLION MILLENNIALS

VS.

77 MILLION BABY BOOMERS



of millennials attended college

of baby boomers attended college

That education, though, has come at a

HIGH PRICE.

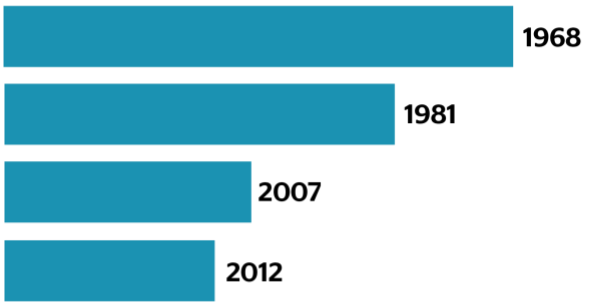
The class of 2016 graduated with an average of

$37,712 IN STUDENT LOAN DEBT.

MILLENNIALS entered the job market in the aftermath of the recession, and, as a result, had fewer job opportunities and accepted lower starting salaries—leaving them with less money than previous generations.

Because **MILLENNIALS** have less money to spend, they are putting off major purchases and commitments, like home ownership, marriage and having children.

Percent of Adults 18-31 Married and Living in Their Own Households



Source: Pew Research Center, Current Population Survey

MEDIAN MARRIAGE AGE:
2010s – 30 years old vs.
1970s – 23 years old

HAVING CHILDREN:
In the 2010s, about 55 percent of 30-year-old women have children vs. in the 1970s, over 80 percent of women had children before age 25

MILLENNIALS are more focused on their health. They are exercising more, eating better and smoking less than previous generations.

52 PERCENT OF MILLENNIALS
say living and working in a healthy environment is important to their health compared to
35 PERCENT OF BABY BOOMERS.

Percentage of 12th graders who disapprove of smoking one or more packs of cigarettes a day –
83 PERCENT IN 2013 VS. 69 PERCENT IN 1998.

How to Retain Millennials

According to a study from Multiple Generations at Work, 91 percent of millennials will stay at a job for less than three years—a pace that equates to 15-20 jobs over the course of their careers. The average cost to recruit an entry-level employee ranges from $3,000-$6,000, and that doesn't even factor in indirect replacement costs.

Indirect Costs of Replacing an Employee	
Lost Revenue	The average revenue generated per employee is $150,000 per year in the United States. For fast-growing companies, this figure can be even higher. Struggling to keep positions filled could result in significant revenue losses for your company.
Confusion and Resentment	High turnover can result in confusion about who should take over interim job responsibilities, and workers who frequently have their workloads increased due to turnover could become dissatisfied.
Training Expenses	New hires are rarely fully productive in their roles on their start dates. On average, it takes three to six months to fully train someone.

**Source: Experience survey*

When all of these factors are taken into account, it costs approximately **$24,000** to replace an employee.

What do millennials value?

The following are some general characteristics of millennials:

- Millennials are highly educated, tech-savvy, hard-working and altruistic.
- Millennials grew up in the aftermath of the recession; as a result, many distrust corporate America.
- Millennials grew up witnessing the successes of tech startups like Facebook and Uber, and aspire to the innovative work cultures these companies embody.

What millennials value is really not that different than other generations, though, according to a study from Harvard Business Review. All employees (millennials included) want to feel respected, be paid well, have good benefits and feel a greater sense of purpose in their work.

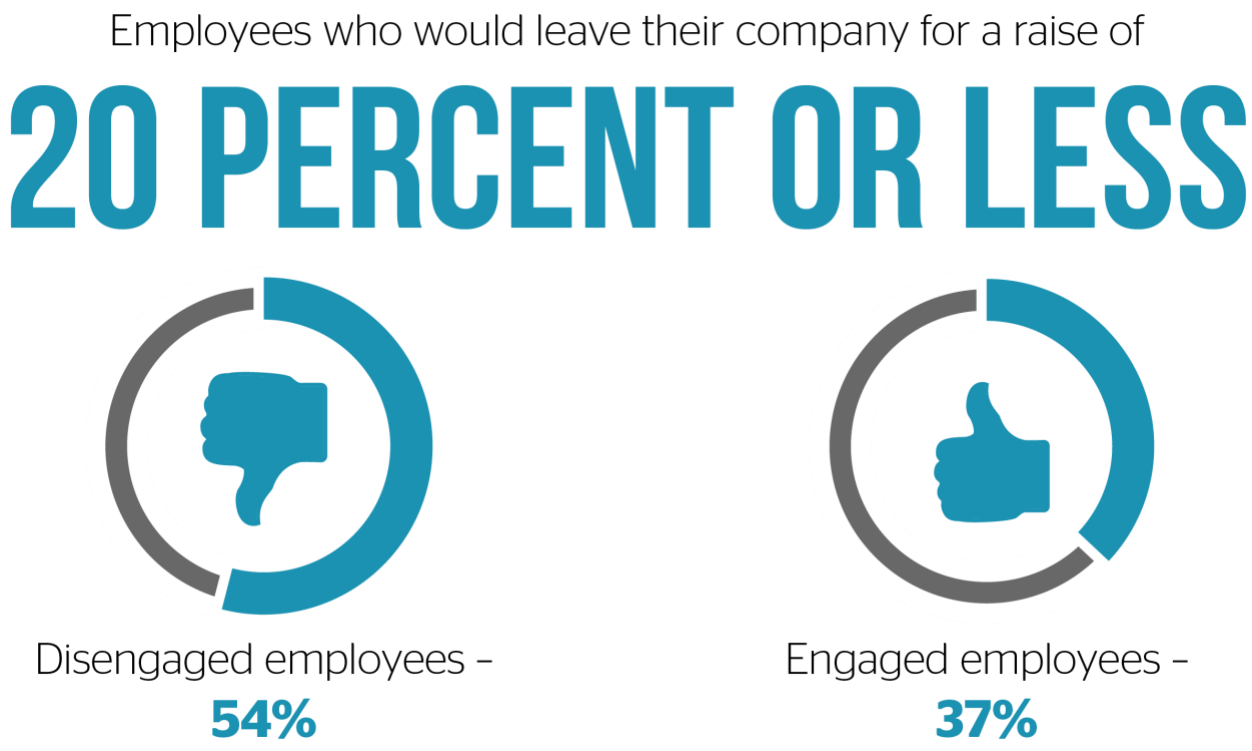
So while it is important to be aware of the differences between generations, focusing too much on millennials can cause workplace division and resentment. Instead, employers should aim to find retention and engagement strategies that will benefit not only millennials, but **all generations** in the workplace.

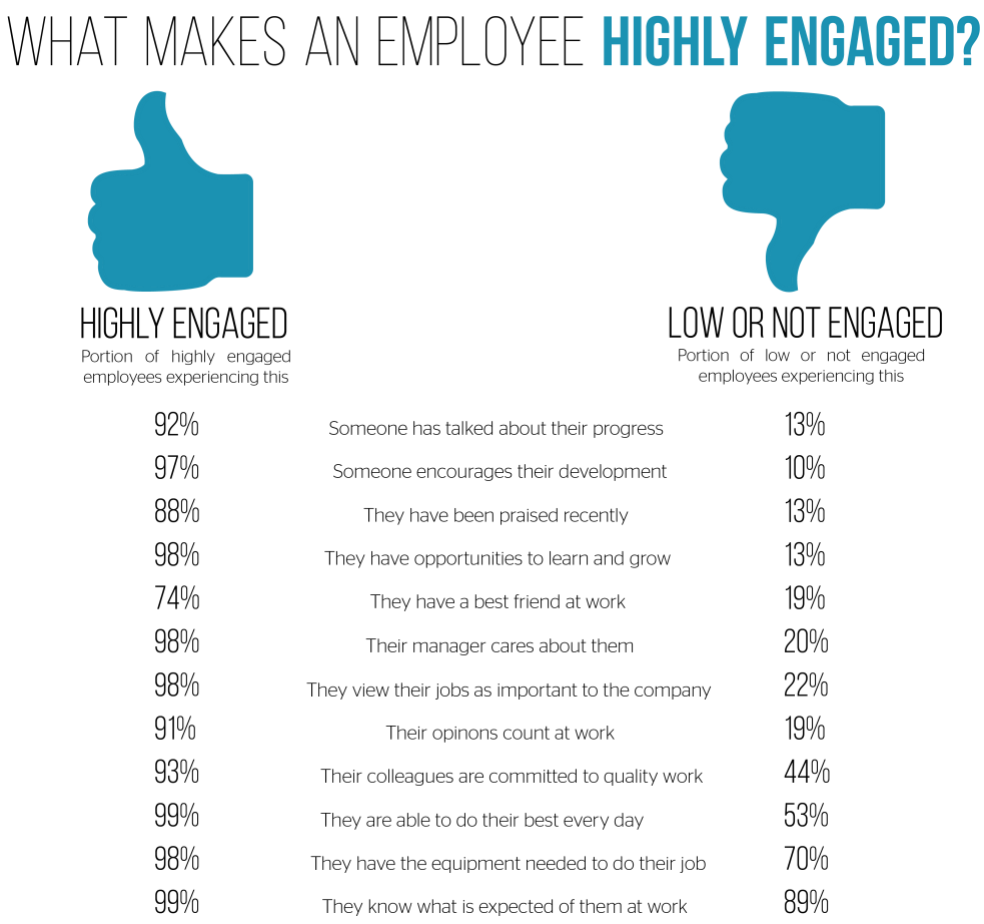
The following is a list of retention strategies to consider when attempting to reduce turnover at your organization.

Offering Career Development Opportunities

Millennials grew up watching their parents, some of whom have been at organizations for decades, get laid off or demoted during the recession. As a result, they tend to resent traditional career ladders and companies that base promotions and raises on tenure rather than skills and talent.

If your company offers few or no internal advancement opportunities, employees that began in entry-level roles may look elsewhere after they have gained a year or two of experience.





What You Can Do

- Instead of using a traditional career ladder, develop a career-pathing program that offers employees the opportunity to continually learn new skills and move horizontally within your company.
- For more information on creating a career-pathing program, contact Ohio Plan.

Communicating Benefits

Compared to their older co-workers, millennials are less likely to understand their benefits. For many millennials, this may only be their first or second job, and they may not fully grasp how certain benefits like health insurance and 401(k) plans work. As a result, they may consider a job at another company that offers a higher base salary but has worse benefits, because they do not understand the full value of the benefits your company offers.

72%
of **18- to 34-year-olds** said they are confused about the benefit options available to them.

What You Can Do

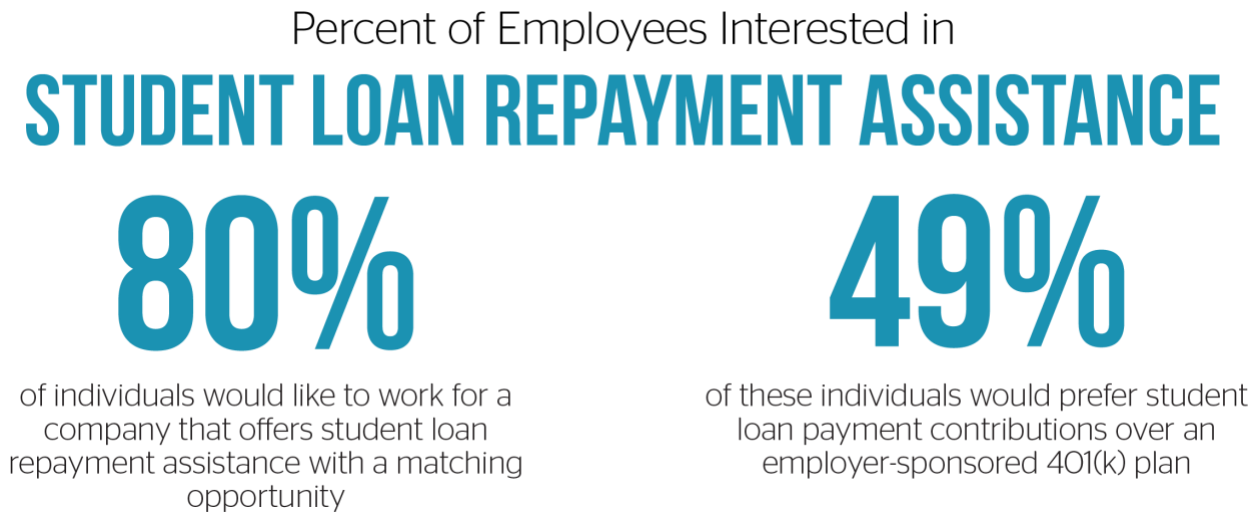
- Use a wide range of communication tools. Older employees are more likely to favor written memos and meetings, while younger employees are likely to prefer blog posts, short videos, podcasts and social media posts.

- Highlight what sets your benefits apart from your competitors—for instance, a dollar-to-dollar 401(k) match with no vesting schedule, employer-paid parking (if in a city), or covering health insurance premiums in full.

- Ask Ohio Plan for articles that can help employees better understand their benefits. In addition, ask Ohio Plan for sample total compensation statements, so you can highlight to employees the monetary value of the benefits you offer.

Providing Student Loan Help

While millennials appreciate (and have come to expect) traditional benefits like health insurance and paid time off, they are also looking for companies that offer non-traditional benefits like student loan repayment assistance. Financial stress affects more than 60 percent of millennials. Employees who struggle with their finances are more likely to be unfocused at work, lead an unhealthy lifestyle and incur higher medical costs, since stress is a known contributor to high blood pressure and heart disease.



Only 3 percent of employers, though, offer student loan aid, according to a study by the Society for Human Resources Management. However, interest in student loan repayment programs appears to be growing. Fidelity recently announced that full-time employees at the manager level or below are eligible to receive $2,000 a year toward their student loans, for a total of up to $10,000. Pricewaterhouse Coopers also announced a similar program that gives employees $100 per month, or $1,200 per year, toward their student loans, for up to six years.

What You Can Do

- Set yourself apart from your competitors by creating a student loan repayment program. For more information, ask Ohio Plan for our "Offering Student Loan Repayment Benefits" article.

Offering Rent Subsidies

Assisting with housing costs is another benefit that can help attract and retain millennials. Depending on where your company is based, housing costs can be a huge expense for entry-level employees. That's why one company, Addepar—an investment management platform—has chosen to offer workers $150-$300 per month in housing assistance (amount depends on how close employees live to the office). Addepar has locations in Mountain View, California and New York City.

CITY	1 BEDROOM RENT
San Francisco, CA	$3,500
New York, NY	$3,100
Boston, MA	$2,230
San Jose, CA	$2,180
Washington, DC	$2,170
Chicago, IL	$1,880
Miami, FL	$1,880
Oakland, CA	$1,850
Los Angeles, CA	$1,750
Seattle, WA	$1,550

What You Can Do

- If rent in your area is high, consider offering rent subsidies to employees to help offset the high standard of living.

- If you live in an area where rent is more reasonable, consider providing information on home ownership to your employees. Employees who own a home are less likely to accept a job in different city or state, which may aid in your retention efforts.

Promoting Workplace Wellness

In general, millennials are more receptive to workplace wellness efforts. They grew up hearing about the obesity epidemic, and understand more about the importance of exercise, eating well and not smoking than previous generations did.

Percent of Employees Open to Having Their Managers

PLAY AN ACTIVE ROLE IN ENCOURAGING THEM TO BE HEALTHY

53% of millennials

47% of Generation X

What You Can Do

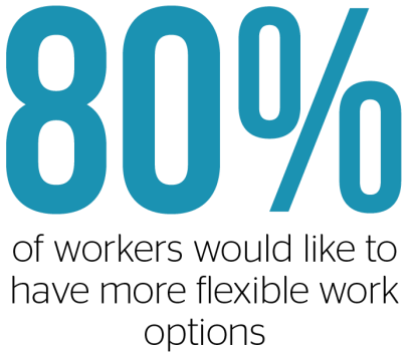
- Create or fine-tune your workplace wellness program. Even if your company doesn't have a lot of money to dedicate to wellness, small steps like offering healthier vending machine options and holding walk-and-talk meetings can help promote wellness.

- Survey employees to understand what wellness initiatives would resonate most with them. For more information on workplace wellness, contact Ohio Plan.

Offering Flexible Schedules and Remote Work

Another benefit that many millennials value is the ability to work remotely and have a flexible schedule. Flexible scheduling allows employees to more easily manage work, personal and family obligations and encourages a better work-life balance.

Telecommuting is another great way to improve retention at your company. Telecommuting helps reduce commuting time and can improve employee morale. It can also lower workplace expenses, such as monthly water and sewage bills, and studies have shown that remote workers are often more productive.



What You Can Do

- Establish flexible scheduling at your company. Require employees to be available during core hours of the day (for instance, 10 a.m. to 2 p.m.), but vary the times they can arrive in the morning and leave in the afternoon.

- Offer summer hours or compressed workweeks (for instance, four 10-hour days).

- Allow employees to work remotely once a week or a few times a month, depending on the needs of your company.

Creating a Positive Work Culture

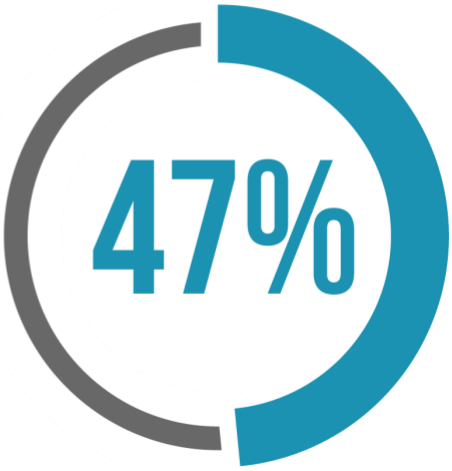
In addition to the benefits listed above, millennials value working in an environment that promotes transparency and gives back to the community. Social media and the internet have forced companies to communicate more with their consumers, and millennials have come to expect the same from their employers. Millennials want to be kept in the loop and understand the goals and successes of the company.

In addition, millennials (like most people) are searching for a purpose in their work. They want to understand the "why" behind what they do, and they appreciate being given the opportunity to give back to the community.

VOLUNTEERING AND MILLENNIALS

50% of millennials reported that the charitable causes companies support influence them when they are deciding where to work.

47% of millennials have volunteered through their workplaces in the past month.



What You Can Do

- Be transparent about your company's goals. Encourage employees to set individual objectives that align with these goals, so they see first-hand how the work they do contributes to the company's success.
- Offer employees a certain number of paid volunteer days off each year or organize department or company-wide volunteer events to show that you care about the community.

Position Your Company for Success

By considering the strategies mentioned above, you can improve retention efforts at your organization for not only millennials, but all employees. At the end of the day, what millennials want is the same as what most workers want—to be well compensated, to feel a sense of purpose, to have good benefits and to be able to maintain a healthy work-life balance.

By taking steps to increase retention, you can reduce turnover-related costs and continue to build talent from within. This, in turn, can improve your reputation within the community and increase employee morale—all of which can boost your bottom line.

For more information about retention strategies, contact Ohio Plan today.