Don't Let Them Quit!

How to meet the challenges of voluntary termination intention

by David F. Smith, Ph.D., CFP®

Are colleagues at your financial planning firm thinking of quitting? The answer is, on some level, "yes." Leadership studies find that each employed person has a degree of what is called *voluntary termination intention* (VTI), and financial planning firms are not immune to this employee characteristic.

VTI came up during a recent FPA chapter meeting: "Millennials just up and leave," complained a baby boomer planning firm partner. "We hire them, train them, show them a career path, and 'Bam!' they leave." This complaint describes the high end of the VTI spectrum—quitting. Employees who are satisfied have low VTI.

Costs of High VTI

Losing valuable personnel is costly to a firm; planning skills, operational expertise, and marketing talent are hard to develop and replace. Whereas some industries have jobs that are "plug and play" (for example, a union hiring hall), financial planning employers do not have a ready talent pool to tap into.

Losing an employee is an obvious cost of the high end of the VTI spectrum, but other organizational costs also exist. At the high end of VTI, but prior to quitting, an employee becomes less trustworthy, less punctual, exhibits absenteeism, may take drugs or drink excessively, and is disruptive at work. High VTI is correlated with job dysfunction.

Knowing each employee's VTI level allows intervention to avoid these negative outcomes. Anyone who has taken an annual anonymous employee survey will remember a question like, "Have you looked for other work in the past year?" This type of question measures VTI. In social science research, a survey might ask several questions that delve further into "intention" such as: "On a scale of 1 to 5 with 1 being *not at all*, and 5 being *absolutely yes*, please answer the question, 'I believe I will be with the same employer a year from now.'"

Intention in this context has three elements. The first is the likelihood of something occurring, such as leaving employment.

The second is the employee's own perception of the ease of quitting. Perception includes objective factors, such as the presence of immediate alternatives (several available jobs) and acceptable new work conditions (knowledge of an alternative employer's work environment and pay scale). It also includes subjective factors, such as the employee's own calculation of the probability of a successful change.

The third element of intention is a set of environmental norms: is it OK to leave? The employee thinks about what friends at work would think of them, what is normal in the industry or profession, how their parents would react, and whether quitting violates a self-imposed belief about quitters. A lot of psychology is embedded in this intention theory.

3 Challenges

What this means for a financial planning practice is summed up well with that statement made at the FPA chapter meeting about millennials leaving after being hired, trained, and shown a career path. The statement illustrates three challenges:

Understanding the psychology of employees. For example, millennials crave collaboration. If their work-life is not collaborative (think sitting in a cubicle running plans versus participating in team engagement with clients), many will consider moving to a place that is collaborative. Baby boomers are known to value loyalty. Gen-Xers are known as hard workers. Leaders must understand what is important to each employee in terms of personality.

Knowing which rewards each employee values. Recognition comes in many forms from instant to long-term. Successful organizational leaders build in flexibility to accommodate rewards appropriately, based on the value assigned by each employee.

Considering training and career path, given the goals of each employee. One-size-fits-all human resource development may work for the random employee, but successful leaders recognize the importance each employee places on their own desires for their future at work.

How to Meet These Challenges

One way for successful leaders to meet the challenges of VTI in their workplace is based on five specific leadership behaviors, according to research done at Five Star Leadership®. These behaviors are (1) inclusion; (2) respect; (3) reward; (4) improvement; and (5) modeling. These five leader behaviors apply across all generations. Here are some suggestions for success based on research for leaders:

Include each employee in decisions that affect them. Avoid preconceiving a decision; include employees from the start so their input is valued. This applies to the employee's job content, development plans, and potential partnership/ownership possibilities. This inclusion will elicit what is important to the employee. The leader molds the decisions considering that input. Discussions around important decisions are great communication forums that give rise to potential issues before they grow large in the mind of the employee leading to increased VTI.

Respect each employee as an asset to the firm and as a person. A leader who is aware of the personal and work issues an employee is facing and respects that these issues are important can use this awareness to build a trusting relationship. An employee who is respected for their work and as a person is less defensive about change, is willing to go above and beyond, and communicates well with leadership, lowering VTI.

Reward with flexibility by asking employees individually what they find valuable. An extra day off may be more valuable than a month-end bonus, but a leader does not know this without asking. A leader should be generous, but authentic, in private and public praise of work well done. The teamwork generated by the right rewards makes transactional rewards less important than transformational: an employee is less likely to quit for more money if they feel good about their leaders, and this lowers VTI.

Development plans for employees should be individualized through discussions with their leaders. Leaders should respect these desires and try to make them happen. Employees getting the development they desire are less likely to look elsewhere for that fulfillment. The development discussion elicits employee needs and goals; this knowledge is valuable to a leader interested in keeping employees happy, working hard, and in place with lower VTI.

Modeling of expected employee behavior leads to employees acting the "right" way. This applies to character (honesty, punctuality, professionalism) as well as task-related challenges such as the best way to analyze asset allocations pre- and post-implementation. Employees are looking for answers in how to act and how to do their jobs. Leaders who provide this modeling develop the desired one-on-one relationship with each of their followers, lowering VTI.

Complaining about the outcome of millennials quitting leads to asking what a leader can do to mitigate this. Leaders must behave in ways that elicit an employee's voluntary termination intention. Authentic use of the five behaviors of inclusion, respect, reward, improvement, and modeling develops better relationships with each employee. This improved relationship goes a long way to nipping the quitting in the bud by providing the right elements that an employee might seek elsewhere. ■

Author's note: For a fuller discussion of VTI see the 2011 research article, "The Effects of Leader-Member Exchange and Organizational Identification on Performance and Turnover among Salespeople," by James B. DeConinck in the *Journal of Personal Selling & Sales Management* 31 (1): 21–34.

David F. Smith, Ph.D., CFP®, has been involved in financial planning for 38 years. For the past eight years, he has also been the non-paid director of research for Five Star Leadership®, a behavioral-based leadership development and coaching platform run by the non-profit Oahu Adventures Foundation Inc. (oafound.org).