

Imagination: Your Best Tool for Retention?

By Sarah Schafer

Ask chief executive Candace Bryan how her company, Kendle, manages to have such a low turnover rate, and she won't mention its excellent health benefits or its highly competitive wages. Instead she'll point to the black-and-white photos that line the hallways of the \$13-million company, which designs clinical tests for drugs.

The pictures of her 288 employees--posing happily with symbols of their favorite outside activities, from scuba gear to grandchildren--were originally part of an ad campaign. But Bryan found that keeping them up not only boosted morale but also made the company more inviting to prospective hires. Battling the tightest labor market since 1989 (at 4.5%, Cincinnati's unemployment rate falls a full point below the nation's average), Bryan and her neighboring entrepreneurs agree that only one weapon works consistently: imagination. "I'd like to think I'd motivate myself to try innovative things in better times," she says. "But I don't know if I would."

Bryan hears similar sentiments from other CEOs, who swap ideas during roundtables at chamber of commerce meetings and during seminars at the University of Cincinnati. The tactics often strengthen companies in lasting ways. "The labor shortage," notes Bill Fioretti, director of the University of Cincinnati's Small Business Development Center, "can force companies to do great things."

At Leonhardt Plating Co., for example, a \$1.5-million company that makes steel plating, CEO Daniel Leonhardt has become an accidental progressive. Last year, instead of attempting to replace his polishing foreman, he resorted to a desperate, if cutting-edge, strategy: he let the polishing department rule itself by committee. Since then, revenues have risen 25%. After employees had access to company information, such as material prices, their decisions began paying off for the entire company. "The workers are showing more of an interest in the company as a whole," says Leonhardt, who plans to introduce committee rule in other departments.

Not far from Leonhardt Plating, at the Cincinnati/Northern Kentucky International Airport, close to 50 businesses, many of them competitors, recently banded together around an issue they all felt strongly about: extending public transportation to the airport. They thought better transportation would help them attract more employees. But they ended up achieving a broader goal: by attracting residents of outlying neighborhoods, they gained a more diverse workforce. "The airport companies always wanted to hire a more ethnically diverse workforce," says Debby Combs, assistant human-resources manager for the Kenton County Airport Board, a nonprofit group that oversees airport operations, "but the Ohio River had always been the barrier to recruiting in more diverse neighborhoods."

Donald Fay, operations manager for the Payne Firm Inc., a \$3-million environmental consulting firm, has begun to tap another underused labor source: stay-at-home moms. To do so, Fay introduced telecommuting--reluctantly, at first. "Six years ago," says Fay, "it would have been hard for me to get past the idea of paying someone who's not in the office." But he realized that the flexibility of telecommuting enabled

him to keep valuable employees, including his secretary. Fay intends to provide the option to more employees.

Changes in technology have played an unexpected role at Kendle, too. The company recently won an award for some automation software it developed, which allows it to get by with fewer employees.

"Maybe," says Bryan, surrounded by her employees' perpetual smiles, "the low unemployment rate has been a blessing in disguise."

Sarah Schafer is a contributing editor for Inc. Magazine. This article first appeared in the August 1997 issue of Inc. Magazine.