

February 24, 1988

What to Do When a Valued Employee Quits

TO: Vice Presidents and Managers

FROM: T.J. Rodgers

I have not been called on to save a valued employee for some time. Last week, I became involved in two such situations – both were successful – but my job was made more difficult because we did not follow some basic rules.

I realized I have never formally stated our policy on resignations. Here it is:

1. *React immediately.* That means within five minutes. Nothing takes priority over working with a valued employee who has resigned. Delays such as “I’ll talk to you after our staff meeting” are unacceptable. Cancel the next activity you have scheduled.

This demonstrates to the employee that he or she takes precedence over daily activities. It also gives you the best chance of changing the employee’s mind before he or she makes an irreversible decision.

2. *Keep the resignation quiet.* This is important for both parties. If other employees don’t know about the resignation, the employee does not face the embarrassment of publicly changing his or her mind. The company also gets more latitude. In one recent case, the resignation was disclosed. After I convinced the employee to stay, there were multiple rumors (all untrue) that we had “bought back” the employee. Cypress does not negotiate the salaries of employees who have resigned. We may communicate information about upcoming raises and evergreen stock options if that information is available at the time.

3. *Tell your boss immediately and me within an hour.* There is no excuse for not informing me (and everyone in the chain of command between the individual and me) as soon as a resignation occurs. I expect instantaneous communication and can be interrupted in meetings, called out of meetings in outside locations, or called at home. (I am listed in the telephone directory.)

4. *Listen carefully to the employee.* Once a resignation has occurred and the proper people know, the employee’s manager and vice president should sit down with the employee and listen carefully to the reasons behind the resignation. Any attempt to retain the employee will be severely impaired unless management listens to *exactly* what the employee says and accepts it. That message should then be transmitted up through the chain of command without any changes, even if it is unflattering to the manager involved.

You should also make an exact determination of the employee’s options at the other company. Is he or she looking at a better job, more money, slower pace, faster pace, or fundamental career change? These issues will obviously be imperative in constructing an argument to change the employee’s mind.

5. *Construct your arguments.* Once you’ve gathered accurate data, sit down with your vice president and put together a plan to convince the employee to stay. The only possibly effective argument is one that validly claims the employee’s best interests are served by staying at Cypress. Once you and the vice president have formulated your employee-retention arguments, you may want me to become involved to help set the overall strategy. This strategy should be defined and refined on the very same day the employee resigns.

Typically, an employee will have quit because of a “push” of some sort involving long-standing frustration at Cypress and a “pull” from another company where the grass looks greener. In some cases, realism will dictate that we can’t keep the employee. Ninety percent of the time, however, we can make a good argument that it is in the employee’s best interest to stay at Cypress.

6. *Use all the horsepower at your disposal to win.* With a carefully constructed strategy, we can proceed to win back the employee. Think of what we've already done on day one. The employee got the message that quitting was a big deal because of our rapid reaction to the resignations. We reminded the employee that the company was truly interested in him or her because we took as long as needed *to listen* to what was wrong.

On the second day, the employee should get the message that quitting was a mistake, that the company knows it was a mistake, and that we will single-mindedly try to rectify that mistake. Cypress will accept only two answers to our proposal to stay: yes, or we'll talk about it some more.

On the second or third day, as we present our position, the employee should continue to understand that this is not business as usual. We will interrupt our schedules. If appropriate, we may meet over meals during off hours. If the employee's spouse is a major factor in the resignation, the spouse should be involved in the discussions. Bring in any level of management required to get the job done. If it takes the president (and it does in half the cases), then I have nothing more important to do than to sit down with the employee. Many middle managers mistakenly assume that I am too busy to interrupt my schedule to keep a good person in the company. Nothing is further from the truth.

7. *Solve the employee's problems.* If we correct the problems that caused the employee to start looking around, we will succeed more than 80% of the time in changing the employee's mind. Most often, resigning employees like Cypress, its benefits, and the people with whom they work. They usually, however, do not like some of the particulars of their jobs or their direct supervisors. Their resolve to leave is further strengthened because they have found jobs (typically) at companies that are poor seconds to Cypress but that appear to offer some relative benefits. By alleviating the root problem at Cypress, and by stressing the fundamental differences between us and the other company, we can usually persuade the employee to stay.

8. *Wipe out the competitor.* Two objectives are important here. to shut down them competitor so firmly that it will conduct no further negotiations with our employee, and to shut down the competitor in such a manner that it believes it has wasted its time trying to hire away from Cypress. The employee should call the competition and turn down the offer and, in doing so, make it clear that he or she does not want counter offers and continuing negotiations.

A model response goes something like this: "There was no counter offer, I just want to stay at Cypress. I think my long-term interests are served by being here. The same hour that I told my boss I was thinking about leaving, I had meetings with my boss, the vice president, and T.J. Rodgers. When they made the comparisons between my career at Cypress and at your company, it was clear that I made a mistake in thinking about leaving. I really do not want to take any time to come over to talk to you; my mind is made up. It would not be helpful to change your offer monetarily; I am fairly paid and have a good stock-option package. Money is not the issue."

9. *Prevent the next problem.* The last step in the process is really the first step: sit down, think about your people, try to anticipate where you might have a problem in the future, and fix it before it starts.