exit interviews

HOW IMPARTIAL ASSESSMENTS CAN IMPROVE STAFF RETENTION
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This complimentary ‘whitepaper’ is designed to help you evaluate skill levels in your business and to assist you in your everyday working environment.
Contents

Invest in your people .................................................................2

1. The high cost of employee turnover ........................................3

2. Exit interviews: their vital role in the organisation ....................5

3. The effective exit interview process ........................................7

4. An impartial observer
   - the trend towards outsourcing exit interviews ....................10

5. Benefits of outsourcing the exit interview process ....................12

6. Filed and forgotten? Making full use of exit interviews ............14

Exit Interviews
is published by Drake International
Why is it that so many strong organisations continue to lose excellent employees? High employee turnover costs these organisations hundreds of thousands of dollars and yet most are completely ignorant of the underlying causes.

These contributing factors can be identified by gathering and analysing information in exit interviews with the people who are departing the organisation.

Exit interviews also provide insight into the contributing strengths and weaknesses of the organisation and its management. Remarkably often, it is the management who are the main cause of the high employee turnover.

It is not always easy to uncover these root causes for people leaving without an appropriately conducted exit interview. Unless exit interviews are outsourced to an impartial third party, the exit interview may simply be regarded as a record of negatives from a disgruntled ex-employee with the results filed and forgotten.

This Drake White Paper explains how effective exit interviews provide organisations with the power to increase employee satisfaction and productivity while reducing costs resulting from unnecessary turnover and retraining.

Invest in your people today so they can grow your business tomorrow and into the future.

Ron Urwin
Chairman, Drake Australia Board
Organisations are facing unbudgeted expenses of thousands to hundreds of thousands of dollars by ignoring the costs involved in employee turnover. Departing employees can cost organisations 150 per cent or 18 months of the employee's annual salary\(^1\). On a $60,000 salary that's $90,000 - just for one person.

There are also other less tangible costs: ‘Costs that are more difficult to estimate include customer service disruption, emotional costs, loss of morale, burnout/absenteeism among remaining employees, loss of experience and loss of intellectual capital,’ according to the American Management Association\(^2\). Covering for departing employees, sharing out the workload, then replacing, retraining, recreating the culture, repairing bridges, etc. can cost organisations dearly. In total, exiting costs can far outweigh the costs of recruiting, retention and training.

How can organisations discover the real problems causing high employee turnover? Simplistic as it sounds, the answer is to ask the departing employees in an 'exit interview' and record, analyse and action the information revealed by the interview.

‘Exit interviews’ are structured discussions, preferably conducted by a third party, designed to uncover what is happening in organisation of which management are often unaware.

**The primary outcomes of exit interviews**

The most significant outcome of exit interviews is the improvement in organisational productivity and outcomes to stakeholders. Although this sounds dramatic, exit interviews impact almost all areas of the organisation through their contribution to reducing employee turnover and by definition, increasing employee retention - therefore providing management with the freedom to focus on future business.

Reducing the investment of time and dollars currently channeled into rehiring and retraining new employees because of unnecessary staff turnover could have a highly significant impact on the organisations’ outcomes and the bottom line.

**Most employees don’t want to leave**

A recent study from Leadership Management Australia shows that eighty per cent of employees would like to advance their career with their current employer - but 51 per cent believe they'll have to leave to achieve their career goals\(^3\). It may be that the best and most motivated career-conscious people may be leaving organisations unnecessarily.
What is the likely outcome if organisations don’t conduct exit interviews to identify the reason for high turnover? The situation will slowly but surely worsen with potentially disastrous effects on results.

‘The escalation in the rate of labour turnover is a big concern for business and is clearly impacting on organisational performance. However, it is encouraging to see employers responding to such activity with one in four planning to introduce work/life balance measures and many more planning to use exit interviews and change pay and benefit structures.’

- Nick Page in an annual survey conducted by the Chartered Institute of Personnel and Development (CIPD) 3 October 2001.

The first step, according to one HR Director, is to recognise that staff turnover and retention is an issue. Once that is accepted, it’s time to look at the benefits to the organisation and the manager and to examine an effective exit interview process.
exit interviews
their vital role in the organisation

What is an exit interview?
An ‘exit interview’ is an interview with a departing employee conducted by his or her manager, by another manager or, preferably, by a third party, in which the employee is asked to discuss the reasons for departure and to review his or her history with the organisation.

What is the purpose of exit interviews?
Awareness of the issues that lead to employees departing your organisation provides the opportunity to:

Firstly, address issues related to selection and recruitment and take steps to improve the overall recruitment process. It is possible that the employee wasn’t a good match for the job description in the first place, which means that recruitment and selection systems may need to be reviewed. Alternately, the job description may have changed and the employee may not be a good match for the current position. The employee may not want to leave the organisation so there may be a possibility that the situation can be reversed.

Secondly, exit interviews help identify underlying organisational issues and facilitate the process of developing solutions to address them. End result: reduced employee turnover and increased productivity.

What are the main benefits of exit interviews?
Exit interviews in themselves may accomplish little, except an opportunity to create a ‘warm fuzzy’ indication of corporate concern - or an opportunity for a complaint session. However, it is how the information from the exit interview is processed and actioned that is important.

This information can be used to improve employee retention/reduce employee turnover with both immediate and long-term effects. Immediate effects include reducing costs of replacement, saving time and improving organisational performance. All of which contribute to the long-term effect of improving profitability and returns to stakeholders. To consider the benefits in detail:

Reducing costs of recruitment and retraining. As discussed, research shows that employee turnover can cost organisations 1.5 times annual salary, which, with average turnover at approximately 11 per cent, can have a considerable impact on the bottom line.

Saving time. Unnecessary time spent dealing with replacing and re-training is reduced - as well as the flow-on effect of time spent re-creating the corporate culture, patching up the dynamics of the team and redistributing the workload left by the departing employee.
**Saving time and money on potential productivity losses.** What happens when a key person leaves - with a major job due for delivery next week? Lost time, lost productivity, and possibly lost orders and lost customers can be the long-term result of this situation.

**Determining the real reasons for people leaving.** Exit interviews are a useful diagnostic tool for uncovering underlying hidden agendas - and may contribute to reversing the employee’s decision if appropriate.

**Minimising the risk of litigation.** It is increasingly important to ensure that all possible processes have been covered in the termination process to minimise any risk of future litigation by the departing employee.

**Collecting key information for the job description.** The person who has hands on experience can be the best source of information for improving and clarifying the job description and required skills and capabilities. This improved understanding will in turn contribute to reducing future employee turnover and improving induction and succession planning.

**Future business concentration.** Management saves time to concentrate on the organisation’s current and future business rather than spending time with departing employees or recruiting and retraining.

**Identifying and managing trends and underlying organisational issues.** Exit interviews are an excellent source for identifying underlying organisational issues, which may be the cause of high employee turnover, and then managing the outcomes.

**Reviewing overall recruitment and selection process.** Exit interviews may identify that the departing employee was not the right person for the job in the first place or that the manager may not have good management skills and may need more training.

**Quantifying measurement systems.** An organisation may be convinced it has expert performance measurement and feedback systems in place. But exit interviews could identify that these are not as good as they think. Exit interviews can help quantify where improvements have had a positive impact as well as identifying where other improvements are needed.

**Enhance morale and staff satisfaction.** Other staff know that the organisation is concerned about the departing employee’s welfare and perceive that as concern for the welfare of employees in general - a very positive effect. The exit interview can also confirm that the employee is departing on good terms and will carry a favourable attitude towards the organisation in the future.
How not to conduct exit interviews

One of the many reasons organisations have not understood the significance of exit interviews in the past, is that they have used unstructured, informal processes - with negligible or even negative results. Using an immediate manager to conduct an exit interview, assuming responses, being too casual and uninvolved or conducting exit interviews on the employee’s last day with the company, are not conducive to a useful outcome. The organisation is most unlikely to gather information that can help improve future productivity.

How to implement the exit interview process effectively

What questions should you ask?
The questions asked in an exit interview should be as soul-searching as possible. Merely enquiring where the departing employees are going to work and how they’ve enjoyed their time with the organisation will hardly provide insightful information.

A well-structured exit interview relates to all aspects of the situation - for example, the organisation, the management, working conditions and hours, the position itself, the supervisor or manager, career opportunities and progression, training, benefits and compensation and the departing employee’s future direction. The interview should include knowledge-revealing questions such as:

- **What level of support did you receive from your direct manager?**
- **Do you feel recognised for your job achievements?**
- **Do you feel your job contributed to the organisation’s overall business objectives?**
- **What did you like and dislike?**
- **What could be improved?**
- **Would you recommend our organisation to friends as a company to work for?**

As the results of the exit interview analysis are reviewed, it may be found that some new questions need to be included and some questions may no longer be relevant. It is recommended that exit interview proformas are reviewed regularly to be certain that all the questions are still applicable to the ongoing needs of the organisation.

Exit interviews are an excellent tool for documenting knowledge of what is actually required to fulfill the job function effectively - particularly if the job description was originally written by someone who had not performed the role...
tasks. The exit interview is a valuable opportunity for finding out which skills are critical, how the person would change the role if appropriate and if any extra training would improve efficiency.

Exit interviews can also be used positively to encourage the employee to reconsider his or her decision to leave. This would save replacement and retraining costs for the organisation as well as preventing the employee from making a traumatic and unnecessary career change. Eliciting positive feedback by asking for creative suggestions for the future could help uncover previously unairied grievances and disputes which may be able to be resolved with further training and even organisational structure changes.

**Who should do the exit interviews?**
It is preferable that someone other than the immediate manager does the interview. Presumably the manager has reviewed the situation with the employee when he or she actually resigned but if the manager is in fact the problem, no amount of further discussion will have any effect and may only make things worse. One recent study showed that fifty per cent of the typical employee’s job satisfaction is determined by the quality of his/her relationship with the manager.

If the current manager were the interviewer, it would be difficult to be confident that the information is correct and unbiased.

Another manager should do the interview or the Human Resources Department could do it. This is certainly preferable to the direct-report manager although there are still areas of concern about the integrity of the information - the employee may feel that information will ‘get back’ or may have repercussions on former workmates.

Outsourcing exit interviews to an impartial third party ensures confidentiality and the integrity of the facts because there are no ‘hidden agendas’ or ‘organisational filters’ involved.

**When should exit interviews be done?**
Exit interviews should be conducted as soon as the employee has decided to leave. This provides an opportunity to encourage the employee to review his or her decision to leave, if that is appropriate. Conducting the interview immediately also sends a positive message throughout the organisation that the employer is concerned and is shown to be reacting as positively as possible.

**Recording and analysing exit interview data**
If the exit interview process is carefully constructed with behaviour-based probing questions organisations should achieve the primary objectives of efficacy in the recruitment and selection process and identifying underlying organisational issues; as well as ensuring the reasons given for leaving are the ‘real’ reasons.
However, by compiling reports and analysis of exit interviews, the organisation receives excellent insights into its trends in turnover with an indication of what organisational issues need to be addressed in the longer term.

**Which medium should you use?**

It is important to add a multi-dimensional viewpoint by collecting information through multiple mediums, depending on the organisation’s needs. For example, information can be gathered in at least three ways:

1. **Face to face interview** - the traditional and extremely valuable exit interview methodology.

2. **Telephone interview** - slightly more impersonal which may encourage people to be more forthcoming.

3. **Online** - making use of new technology. Automated interviews can gather information electronically in a confidential standardised format which is again, less personal but is sometimes more conducive to encouraging participation, for example with someone who has already left the company or is not likely to be forthcoming in their contribution.

There is no single best medium for collecting information: the process and medium/s should be determined by the needs unique to each organisation. Each medium has its own advantages and singly, two combined or all three.

Best practice shows that using multiple mediums for the same organisation may provide the most meaningful information. The important aspect is that organisations have access to multiple mediums because they then have greater flexibility for developing solutions for their own particular needs.
A middle-level employee is about to leave a company - possibly because of a series of issues such as lack of career path, dissatisfaction with the direct report, general boredom, lack of training, need for change etc. The employee basically respects the organisation but feels there are many areas that could be improved which would increase work satisfaction. In fact, if certain things changed he/she may even consider staying.

The employee is asked to take part in an exit interview within the organisation. However, he/she is most unlikely to speak up. Why? Because he/she doesn't want to rock the boat with current workmates or may fear that negative comments may reach the future employer.

Today's organisations are increasingly realising that the most effective exit interviews are those done outside the organisations with impartial interviewers and formally analysed results. Here are just some of the reasons why people prefer an impartial interviewer:

- **Emotional issues.** Departing employees may perceive talking to someone they know as too 'up close and personal'. Career transition is an emotional time and the last thing they want is possible recriminations or further emotional involvement.

- **Fear of retribution.** They may be concerned about 'burning bridges', perhaps fearing potential retribution if they are too specific or that negative information may reach their new employer. They may also fear that that retribution may fall on remaining fellow employees in their departments.

- **Lack of confidentiality.** There is also the possibility that their comments may get back to the wrong people and be used inappropriately.

- **Lack of action.** Conversely, departing individuals may believe that nothing whatsoever will be done with their comments so there is little point in being honest. Any comments which could be seen as criticism could be withheld to protect other managers, or they may be ‘lost’ or filed and simply forgotten. This cannot happen with a properly structured exit interview process in which information is recorded and trends analysed.

Best practices indicate that the most effective way to ensure the integrity of the information is to have the interviews conducted by an objective third party who has the skills, methodologies and mediums available to collect and analyse the data and present it in a meaningful, timely and objective format.
Experts agree that the impartial observer, someone with whom the departing employee can be open, is the person best placed to conduct exit interviews to ensure the integrity and thoroughness of the information collected.

‘How can an organisation ensure that it receives open, honest feedback from employees, both while they are working and when they leave? A simple yet effective method has probably already been used for other human resource tasks: outsource it. The work can be completed consistently, in a timely manner and less expensively to the organisation,’ says organisational behaviour specialist Dr Sallie Moniot Lilienthal.

There are many benefits to be gained from outsourcing exit interviews; some are listed overleaf.
Outsourcing exit interviews improves the integrity and quality of information gathered. Other benefits include:

**Impartiality increases objectivity**

A neutral or third party interviewer immediately increases objectivity and brings an impartial perspective to the process.

Firstly, there is a non-threatening environment away from the workplace. Secondly, employing the expertise of specialists means that the interviewers are skilled in creating rapport with interviewees so they are far more likely to produce honest and less-distorted information.

The interviewers are also emotionally neutral and unlikely to pass judgment on people or organisATIONAL processes. This means departing employees can discuss sensitive issues in detail so that the interview can identify very specific problems.

Confidentiality is critically important and an external resource is committed to maintaining confidentiality and privacy.

**Save time (and costs) of managers and Human Resources staff**

Exit interviews can take vast amounts of time. ‘Exit interviews are incredibly time consuming,’ reported one university HR Director. He said that it became impossible for his department to conduct exit interviews for all faculties, document them and then analyse and act on the results.

The time, and subsequent costs involved in administration, management time and/or time with Human Resources Department staff can also mount up considerably. Many small and medium sized organisations who don’t have HR departments may welcome the opportunity to outsource such an onerous task. As well as that, many larger organisations may find the HR departments can conduct the interviews but, because this function is not part of their core business, simply do not have the time or resources to analyse the results to provide reports for management.

Timeliness is another issue - it’s important that exit interviews are conducted as speedily as possible so that possible turnarounds can be made and actions implemented immediately. Inhouse facilities often have a backlog of work which prevents them completing exit interviews in a timely manner.

**Reporting helps improve productivity**

It is a pointless operation to conduct exit interviews unless the information is recorded and analysed.

However, despite the HR department’s time constraints, analysing and reporting is essential. It is also essential that the reporting be consistent,
objective and timely. A dedicated external resource can focus on identifying trends in employee issues so that management is continuously alerted to potential problems. It also seems that findings from an external, unbiased party are often better received by management than an internal report.

The overall result is that because an organisation is using the exit interview analysis tool to identify themes and trends, it has a more committed and capable workforce striving for productivity improvement and to achieve overall organisational objectives. The ultimate result is that the improved staff retention/lowered turnover also helps improve productivity and returns to stakeholders.
There is little point in conducting exit interviews unless the information is used effectively. Without action and follow-through, exit interviews are valueless.

**Record the information.** Having an inhouse ‘friendly chat before you leave’ is a far cry from today’s exit interview. A professional exit interview service will record all answers scientifically. What’s more the questions will be selected to suit each organisation and to identify employee turnover trends and to highlight organisational strengths and weaknesses.

**Analyse the data.** Ploughing through forms is not the easiest way to get a view of the big picture. The recorded information needs to be analysed and presented in a management report that is consistent, objective and timely.

A dedicated external resource can focus on identifying trends in employee issues so that management is continuously alerted to potential problems. The report should be customised and sufficiently specific to demonstrate trends within particular work groups or departments.

**Disseminate the results.** Because exit interview reports can provide surprising clues to possible organisational stagnation of which the organisation may not have been aware, senior management should be aware of all employee turnover trends. The HR department and individual managers, however, may need more detailed information. Confidentiality and privacy issues may come into play when deciding who should receive the data and this can be confirmed in advance.

**Act on the results.** Exit interview reports can uncover trends, specific findings and recommendations for improvement. However, reports mean nothing without action. It is critical to facilitate Action Plans to make full use of these reports for improving organisational effectiveness and long-term productivity. Every organisation is aware that there is nothing more constant than change. But if the organisation is not even aware that it needs to instigate change to improve employee turnover trends, it cannot grow and develop into the future.

**Review and measure regularly.** Summary reports should be provided quarterly or as often as required to validate comparisons. Measuring the results of firstly, the exit interview program and secondly, the action plan provides organisations with platforms for going forward to greater competitive advantages in the marketplace. Long-term, implementing and measuring the results of exit interview reports can be built in to the organisation’s productivity improvement plan.
As the figures indicate employee turnover can cost organisations 150 per cent per cent of each employee’s annual salary - think how that could translate to results for the organisation’s stakeholders!

*Invest in your people today so they can grow your business tomorrow and into the future.*

For more information about Drake Exit Interview Services, contact Drake today on 13 14 48.

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1 Leadership Management Australia, 30 July 2003.
5 For example, using Drake web@ssessor online service.
6 Dr Sallie Moniot Lilenthal, writing in Workforce.
Australia’s Companies, we achieve results.

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