HUMAN CAPITAL
MANAGEMENT INSTITUTE

Scofield 1:
Turnover, Retention, & Hiring

Background

Scofield Financial is a 20-year-old, mid-sized, regional financial services company with retail banking, residential lending, and commercial business lending divisions. The company employs approximately 8500 U.S.-based workers at 110 locations.

Historically, it has outperformed peers and larger competitors during recessionary or challenging economic periods due to its conservative lending practices and top quality loan servicing and risk management groups.

Scofield was going through a period of growth and expansion, but it was unclear how they could recruit and retain the best talent. High turnover rates were reducing much of the company's recruitment efforts to replacement efforts, and there was little information on how to acquire those employees who would remain with the organization and perform at high levels.

This is the first of three case studies that outline the Human Capital Management Institute's analysis of Scofield's turnover drivers, recruiting sources, and employee success indicators that ultimately helped the company recruit top talent and reduce turnover. This case study focuses on the Retention and Turnover analysis.

Retention and Turnover

Scofield Financial

Key Questions:

What are the main drivers of employee turnover?

How can we improve employee retention?

What types of employees should we be hiring?

Data Model and Analysis:

- Statistical analysis of Scofield's employee data to determine the major drivers of turnover and retention
- A large number of variables, including recruitment source, commute distance, and pay, were included.
- Effects were broken down by workforce category to see where each factors had the largest impact.

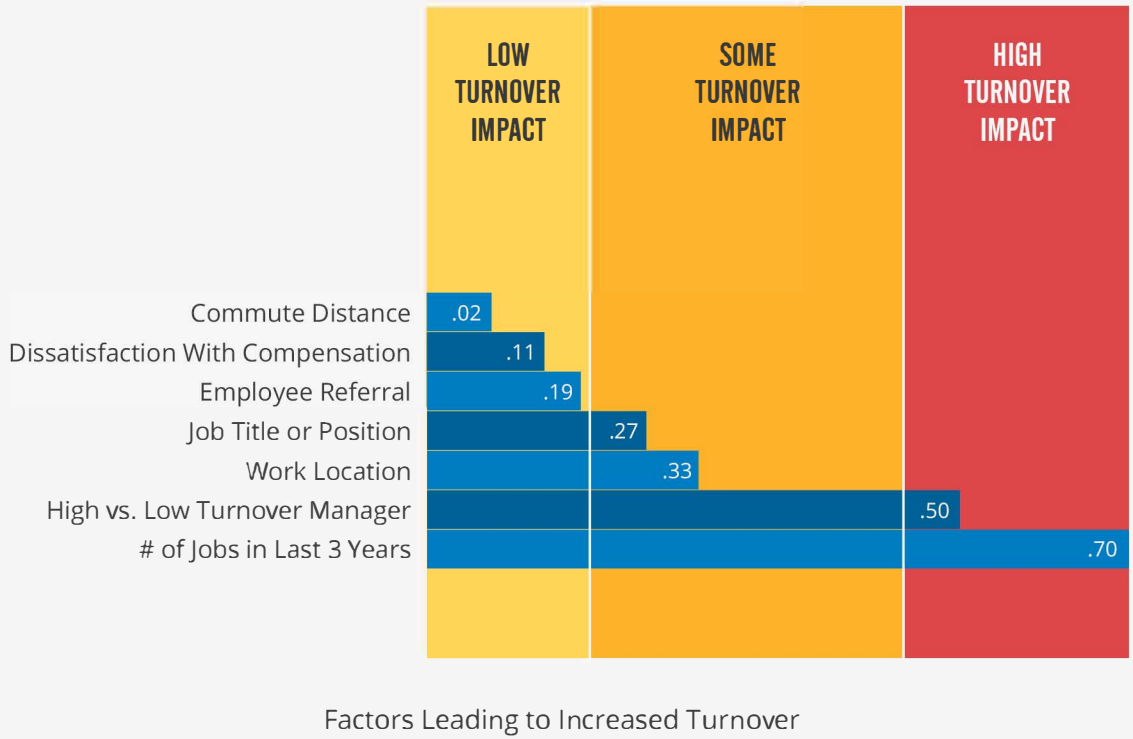
Retention and Turnover

Scofield Financial

Results: Key Drivers of Turnover

- Contrary to conventional wisdom, commute distance and compensation were not major factors related to turnover.
- Employees with frequent job changes prior to joining Scofield, had the highest risk of turnover.
- One third of managers were responsible for **80% of company turnover.**
- It was further discovered that compensation was only a major factor if employees were seriously underpaid. Once pay reached about 80% of the market rate, it was unrelated.

Figure 1. Scofield Factors Associated with Turnover



Correlations measure the relationship between each factor with turnover with 0 meaning they are completely unrelated and 1 meaning a perfect relationship

Retention and Turnover

Scofield Financial

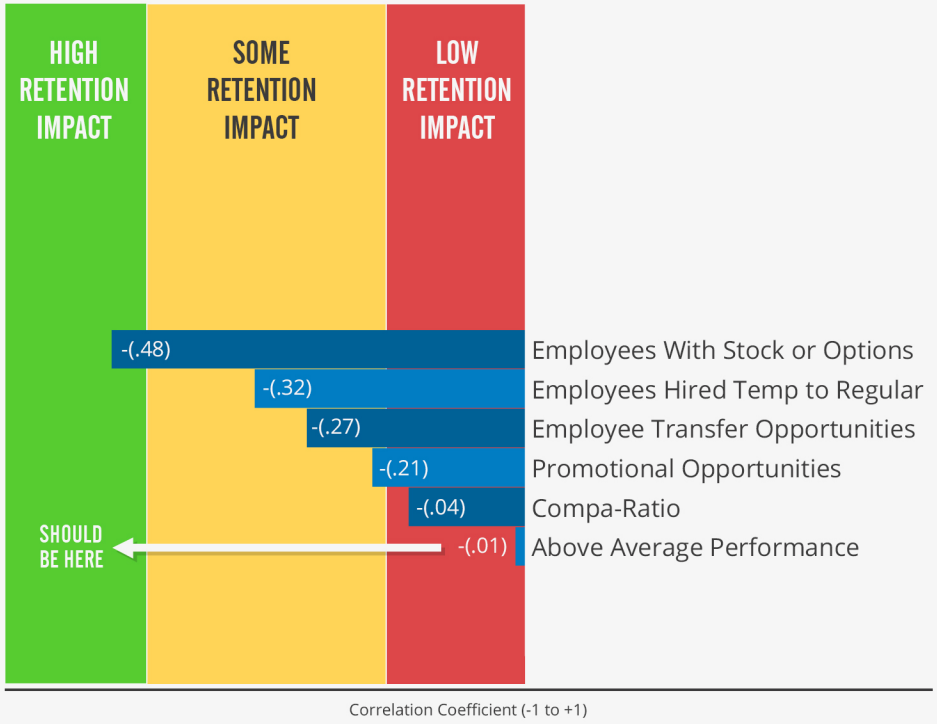
Results: Key Drivers of Retention

So how could Scofield increase retention? HCMI's analysis found that the most related factors were:

- Across all workforce categories, restricted stock grants and stock options were significant drivers of retentions
- Filling open positions with existing temporary staff.
- Opportunities for promotions and transfers

These factors had a negative relationship with turnover, indicating that the presence of these factors was associated with lower turnover (higher retention)

Figure 2. Scofield Factors Associated with Retention



Factors Leading to Increased Retention

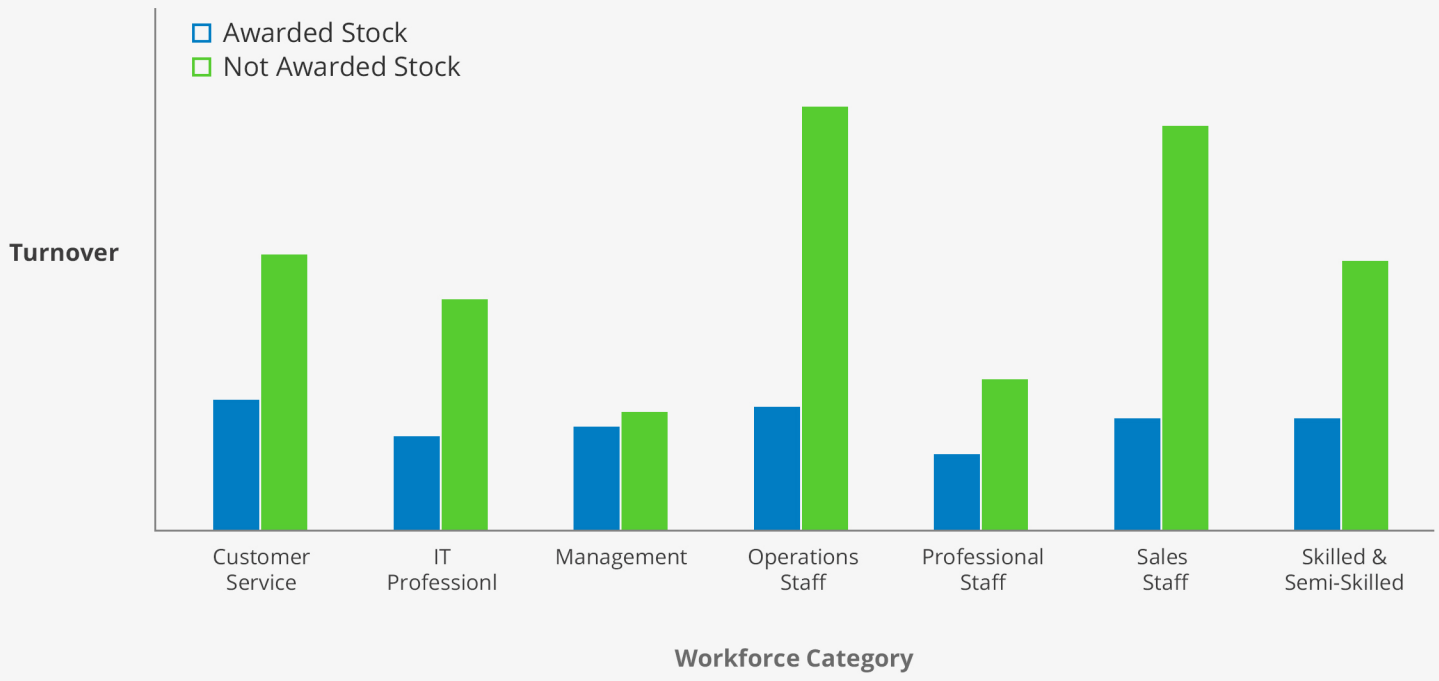
Retention and Turnover

Scofield Financial

HCMI further broke these factors down by job category, demostrating that stock ownership had a particularly high impact on operations, sales, and skilled staff

This would allow Scofield to be strategic about where to focus its investments.

Figure 3. Stock Ownerships Effect on Turnover



Conclusion

HCMI combined multiple data sources and conducted a series of simple statistical analyses for Scofield and was able to discover key drivers for turnover and retention. Most importantly, they were able to make strategic, data driven decisions for recruitment and retention that were targeted to each workforce category. The findings resulted in a number of changes that Scofield implemented. It was found that managers with high and low turnover rates were evenly distributed throughout the company, not just among sales managers. To hold managers accountable for turnover rates, a manager turnover scorecard was implemented that was also incorporated into manager incentive programs to help reduce and penalize the worst offenders. Changes were also made around award programs and hiring practices. Scofield launched a service award program for stock options and hiring practices were changed to consider the number of jobs prior to joining Scofield and temporary staff were hired to fill select positions.

These improvements lead to a **40% reduction in voluntary turnover** and increased performance to an annual savings of approximately **$12 million.**

Read more about Scofield Financial in the second case study that focuses on Optimizing Recruiting Sources

About Human Capital Management Institute

HCMI (Human Capital Management Institute) is a workforce analytics software and services firm that provides organizations with powerful software, actionable intelligence and deep analytics expertise to deliver better business results through smarter workforce spending. Since our founding in 2008, HCMI continues to lead in human capital analytics capabilities with our SOLVE™ workforce intelligence platform, unique Human Capital Financial Statements HCF$™ and the world's largest workforce productivity benchmark database. Our mission is to enable organizations to leverage their workforce as a source of transformational value creation.

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For more information about HCMI's products and services, visit our website: www.hcminst.com