



Case Study No. 003 Employee Retention (Professional Services Organisation)

A professional services organization was concerned about the retention of talented mid-level associates in its member organizations. These associates attract high salaries, and often earn large profit-related bonuses.

We examined levels of pay satisfaction and intentions to stay amongst mid-level associates and combined this data with reports of working conditions and with published data on earnings and partnership structure in 250 member firms.

As expected, associates in high-paying firms were most satisfied with their pay, but unexpectedly it was precisely in these firms where the problems of retention were most acute.

Statistical analysis revealed a typology of member firms. *Type A* firms reward their associates well, but demand a high degree of utilization from their associates; these firms set little store by training, and place a strong emphasis on generating substantial billings. In contrast, *Type B* firms, while offering lower salaries, provide opportunities for interesting work and for pro-bono work. They also offer better prospects of partnership status.

The table below shows the striking difference between the two types of firms, using a standardized risk scoring system, in which equality is represented by a risk score of 50 in each cell.

Firm Type	Intend to Stay	Intend to Leave
<i>Type A</i>	32	68
<i>Type B</i>	68	32

The risk of associates leaving is more than doubled in Type A firms. It became clear that the main reason for the drain of high-value talent from Type A firms is the excessively high job-demand. This reduces the quality of life to such a degree that even exceptional salaries (averaging \$750,000 per annum) are often inadequate to compensate.