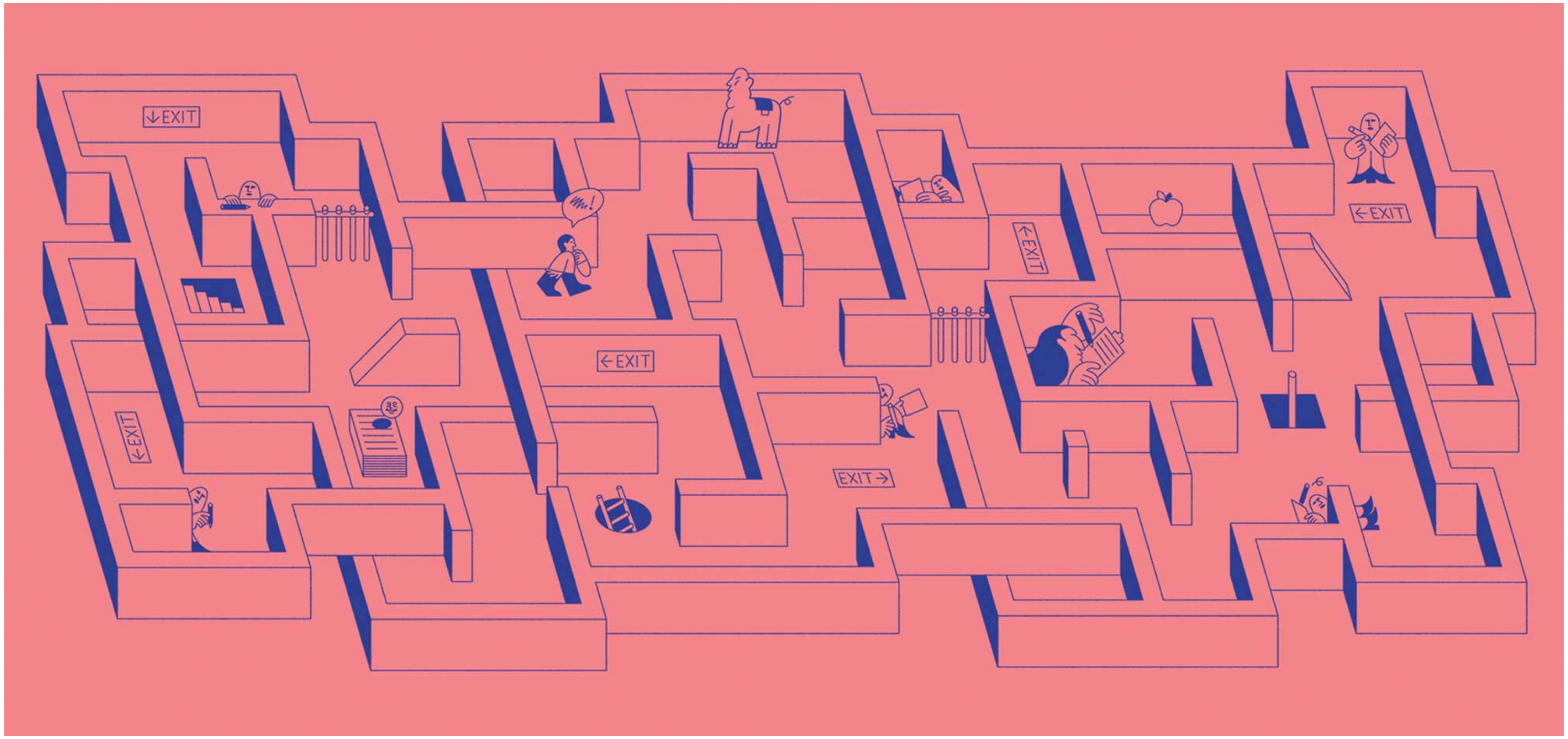
Harvard Business Review



MANAGING PEOPLE

Making Exit Interviews Count

by Everett Spain and Boris Groysberg

FROM THE APRIL 2016 ISSUE

An international financial services company hired a midlevel manager to oversee a department of 17 employees. A year later only eight remained: Four had resigned and five had transferred. To understand what led to the exodus, an executive looked at the exit interviews of the four employees who had resigned and discovered that they had all told the same story: The manager lacked critical leadership skills, such as showing appreciation, engendering commitment, and communicating vision and strategy. More important, the interviews suggested a deeper, systemic problem: The organization was promoting managers on the basis of technical rather than managerial skill. The executive committee adjusted the company's promotion process accordingly.

The greater goal for any company, of course, is to retain valued employees. Research has shown that high turnover predicts low performance and that an organization with turnover lower than its competitors' can be at a considerable advantage—particularly if it retains its top performers. If people are leaving an organization in ever-increasing numbers, figuring out why is crucial. And the most useful tool for doing so is one that too few leaders pay attention to: exit interviews. According to our research, many companies don't even conduct these interviews. Some collect exit interview data but don't analyze it. Some analyze it but don't share it with the senior line leaders who can act on it. Only a few collect, analyze, and share the data and follow up with action. The company mentioned above is in this final group, and it's undoubtedly better for it.

In today's knowledge economy, skilled employees are the asset that drives organizational success. Thus companies must learn from them—why they stay, why they leave, and how the organization needs to change. A thoughtful exit-interview (EI) process can create a constant flow of feedback on all three fronts.

Though we are unaware of research showing that EIs reduce turnover, we do know that engaged and appreciated employees are more likely to contribute and less likely to leave. If done well, an EI—whether it be a face-to-face conversation, a questionnaire, a survey, or some combination of those methods—can catalyze leaders' listening skills, reveal what does or doesn't work inside the organization, highlight hidden challenges and opportunities, and generate essential competitive intelligence. It can promote engagement and enhance retention by signaling to employees that their views matter. And it can turn departing employees into corporate ambassadors for years to come. Indeed, of all talent-management processes, a strategic EI program—one that is designed to yield ongoing, long-term benefits—may be one of the most powerful yet least understood.

The State of Exit Interviews

Too often EI programs fail to either improve retention or produce useful information. We've identified two reasons why. The first is data quality. The usefulness of an EI depends utterly on the honesty and forthrightness of the departing employee. People may be less than candid on their way out the door for many reasons. Some feel pressed for time or unmotivated to explore their feelings. They may not want to say anything negative about a supervisor they like, or anything at all about a supervisor they don't like. As one HR leader at a European mining company puts it, "Are they really going to tell you they're leaving because they don't like their boss? Probably not, because they want references."

The second reason is a lack of consensus on best practices. The goals, strategies, and execution of EI programs vary widely, and the findings and recommendations from empirical studies are often vague or conflicting. But in our view, the deepest problem is that many organizations use EI programs as an excuse not to have meaningful retention conversations with current employees.

To get a clearer sense of the state of EI processes and outcomes, in 2012 and 2013 we surveyed 188 executives and interviewed 32 senior leaders. They represented 210 organizations in 33 industries, headquartered in more than 35 countries. Many interviewees were personally responsible for leading the exit process at their companies, and some reported on their own experience of leaving an organization.

Three-quarters of the companies in our study conducted some type of an EI for at least some departing employees. Of those, 70.9% had their HR departments handle the process; 19% had the departing employees' direct supervisors do it; 8.9% delegated the job to the direct supervisor's manager; and 1% turned to external consultants. About 8.2% of organizations used more than one interviewer. Only 4.4% used questionnaires; 1.9% used a questionnaire accompanied by a face-to-face or a telephone interview, and 2.5% used questionnaires as the sole form of EI.

Regardless of method, the effectiveness of an EI program should be measured by the positive change it generates. We asked the executives whose companies had programs to name a specific action taken as the result of an EI (a policy change or an intervention in HR, operations, marketing, or some other function). Fewer than a third could cite an example. Thus two-thirds of existing programs appear to be mostly talk with little productive follow-up. It's not surprising that many people we spoke with believe that exit interviews have a negative return on investment.

To better understand why so many programs fail to prompt action, we asked a subset of executives what happened to the data collected from exit interviews. Most said their companies consolidated the data, but fewer than a third of those organizations regularly shared it with senior decision makers. In other words, most companies ignore the strategic value of exit interviews.

Overall Goals

A strategic EI program provides insight into what employees are thinking, reveals problems in the organization, and sheds light on the competitive landscape. In shaping their programs, companies should focus on six goals:

1. Uncover issues relating to HR.

Companies that conduct exit interviews almost always pursue this goal but often focus too narrowly on salary and benefits. To be sure, people need a certain level of financial compensation to remain with an organization, but unless their salary is out of alignment with their peers', money doesn't usually drive them out the door. Plenty of other HR practices can play into an employee's decision to leave. One leader from a food and beverage company told us that exit interviews inform his company's succession planning and talent management process.

2. Understand employees' perceptions of the work itself.

This includes job design, working conditions, culture, and peers. This can help managers improve employee motivation, efficiency, coordination, and effectiveness.

3. Gain insight into managers' leadership styles and effectiveness.

This equips the organization to reinforce positive managers and identify toxic ones. One executive at a major restaurant chain told us that several exit interviews she'd recently conducted revealed that micromanagement was a big problem. The conversations, she said, "led to some very tangible outcomes," such as establishing training and development initiatives to create better managers.

4. Learn about HR benchmarks (salary, benefits) at competing organizations.

"We use exit interviews to see how competitive we are against other employers: time off, ability to advance, different benefits, and pay packages," an HR executive at a global food and beverage company told us. "And we want to see who is poaching our people."

5. Foster innovation by soliciting ideas for improving the organization.

EIs should go beyond the individual's immediate experience to cover broader areas, such as company strategy, marketing, operations, systems, competition, and the structure of his or her division. One emerging best practice is to ask every departing employee something along the lines of "Please complete the sentence 'I don't know why the company doesn't just ___.'" This approach may reveal trends.

6. Create lifelong advocates for the organization.

Treat departing employees with respect and gratitude. That may encourage them to recommend their former companies to potential employees, to use and recommend the companies' products and services, and to create business alliances between their former and new employers. "You want [a departing employee] to leave as an ambassador and customer," said one North American financial services executive.

Tactics and Techniques

Our most troubling finding is that, as noted earlier, EIs are wholly an HR function at most companies. Indeed, HR often conducts the interviews and consolidates the data, sharing it with management only when directly asked. But this approach marginalizes the process and suggests that it is an operational duty rather than a strategic opportunity. Human resources may administer the program day to day, but it is imperative that the right line leaders participate in the interviews and that the executive committee oversees the program's design, execution, and results. Our research suggests that the committee should meet to discuss this topic at least annually.

After defining goals and assigning ownership, organizations can focus on tactics and techniques. Here are the main factors to consider:

The interviewer.

We found that interviews conducted by second- or third-line managers are most likely to lead to action. Second-line managers (direct supervisors' managers) typically receive more-honest feedback precisely because they're one step removed from the employee. Also, these managers are in a position to follow up immediately and effectively. Their participation signals that the company cares about the opinions of departing employees.

If your company institutes a second interview post-departure, consider hiring a consultant to conduct it. An external consultant typically has several advantages over an internal interviewer, including expertise in exit interviewing and a complete lack of bias, so he or she is more likely to produce reliable data. (You might not want to use a consultant for the first EI, because you'd lose the value of the line manager's participation.)

The interviewee.

Some organizations interview everyone who leaves, and some interview only professional employees, executives, or high potentials. We recommend making EIs mandatory for at least some employees, because research has shown that doing so increases the odds that some specific action will be taken. Our study revealed that the organizations with the most-progressive programs prioritized high potentials and stars over others—a sensible course, given that they're harder to replace. Furthermore, high potentials are generally knowledgeable about the company and also likely to know more about competitors, because they are often recruitment targets. Those who leave can be the most valuable organizational ambassadors, because they're likely to wield plenty of influence in the future. One global telecommunications executive told us that when a high potential leaves, "we want to know everything about it."

Different Results for Different Kinds of Companies

When exit interviews are mandatory, the probability that they will lead to specific action generally increases. But our results varied significantly by geography, industry, and size.

For example, 92% of the Asian-Pacific companies we studied conduct mandatory EIs—probably as a result of the exceptionally tight labor market in Asia—but those companies are the least likely to take action after EIs. We also found that EI questionnaires don't work as well in Asia's relationship-based cultures. Only 64% of Central/South American companies conduct mandatory exit interviews, making them the least likely to do so. Mandatory EIs lead to specific action more often in the United States than elsewhere.

As for industry variation, even though professional services firms, for example, are the least likely to have formal exit interview programs, they are the most likely to take specific action as a result of them. This may be because their competitive advantage lies in their people, so these firms strive to be responsive to employees' requests. Also likely to act on the basis of EI data are management consulting firms (65%) and nonprofits (57%), whereas only 20% of utilities and 11% of educational entities do so.

Finally, our research indicates that an organization's size matters. Among midsize companies, 87% make EI programs mandatory, as do 77% of large ones and 66% of small ones. Small organizations are highly likely to follow up if they use questionnaires, but large ones are not.

When leaders understand how the effectiveness of EI design factors can vary according to these three characteristics, they can customize their programs to be as productive as possible.

Timing.

Some experts argue that the most productive moment to conduct the initial EI is halfway between the announcement of an intention to leave and the actual departure—after the initial rush of emotion has died down, but before the employee has checked out mentally. Unfortunately, most exit interviews are conducted during the last week of an employee's tenure, which is probably long after he or she has disengaged.

Another effective approach is to wait until after the employee has left the company. "We typically do the exit interview about a month later, and it's much more relaxed," says one leader in the auto industry. "This is especially if the person who left was a high potential. They normally tell us very honestly why, and often we respond with programs to work on the problems."

> Most exit interviews are conducted long after an employee has disengaged.

Recommendations about the optimal length of an EI vary. Some executives believe it should be kept to an hour, with the option of continuing should the conversation merit it. Others recommend up to 90 minutes. You may want to let departing employees choose the setting and timing of their exit interviews.

Frequency.
Should you conduct one, two, or three exit interviews? Companies can get rich feedback by scheduling several interactions—an interview, a survey, a phone call—before and after an employee departs. Many experts advocate conducting one interview while the employee is still there and one a few months after departure as an effective way of getting forthright responses. In one study, by Joel Lefkowitz, of Baruch College, and Myron Katz, of BFS Psychological Associates, 59% of former employees who answered a questionnaire mailed several months after their exit gave reasons for leaving that differed from those they'd offered during their initial exit interviews. And every employee who had initially failed to cite causes for leaving mentioned specific reasons on the questionnaire. Many company managers feel that three to six months between the initial interview and a follow-up is optimal.

Method.

Most experts believe that a face-to-face interview is the best way to create rapport, though some consider telephone interviews just as effective. Scholars who have found that telephone interviewing may elicit greater honesty than face-to-face meetings argue that the additional cost of in-person interviews is not justified. We generally prefer face-to-face interviews for the most valued employees. But depending on the individual who's leaving, the questions to be asked, and other factors, telephone interviews may be preferable.

If the program calls for more than one interview, varied approaches can help elicit candid responses and test for consistency. We believe that telephone interviews and web surveys are typically best used as complements to face-to-face interviews, and that at least one in-person interview is essential to promote long-term ambassadorship.

Structure.

An unstructured interview can yield unexpected and helpful responses, but it makes consolidating the information more difficult, especially when turnover is heavy. The strength of standardized interview questions is that they make it easier to spot trends. However, they rarely deliver surprising insights and may come off as perfunctory, unintentionally signaling that employees' ideas are not important to the organization. By combining the two approaches companies can more effectively probe areas of frequent dissatisfaction while also leaving room for unanticipated responses.

Manner.

Interviewers should be trained to listen more than they talk and to avoid displays of authority. They should be patient and friendly, occasionally asking open-ended questions and speaking only enough to prompt the interviewee or steer the discussion toward an important topic. They should refrain from discussing fixes for any problems that surface. For example, if a departing employee says that the company requires too many signatures for contract approval, a skilled interviewer will ask him or her to recommend a solution but won't talk about possible company responses. "Don't try to fix issues then," a European telecommunications executive recommends. "Allow the employee to vent. Don't draw it out. Don't second-guess management." Again, training is critical, given the emotional nature of most resignations. It takes skill to reach the heart of the matter.

Standardized interview questions rarely deliver unexpected insights.

Interviewers should also frame questions positively and avoid embarrassing interviewees or delving into their personal lives. They might ask how an employee liked the job (was it rewarding, challenging, too easy?) and how working conditions could be improved. Sometimes interviewers ask departing employees how their colleagues feel about their work, because someone who's reluctant to offer a candid opinion might be comfortable ascribing his or her feelings to coworkers. Regardless of whose feelings are shared, useful insights may result.

Most employees have other jobs lined up by the time they announce their departure. An interviewer should consider asking about the new job, but not about how the two positions compare; it's important not to make the employee feel he has to defend his or her choice. The point is to gather benchmarking information. Also, the interviewer should ask for suggestions for improving the job, the work group, or the entire company. Finally, interviewees should have an opportunity to talk about any other pressing matters or thoughts.

Information gained.
How will the company consolidate, share, and act on the EI data? First, any distribution plan should respect the sensitivity of the data and protect interviewees' candor, particularly about their bosses.

Second, the distribution of data should be timed according to the executive decision cycle. A company might require senior line managers to present their subunits' EI data in detail at an executive committee meeting, including specific actions that will be taken in response to feedback or specific reasons for not taking action. When the EI process identifies performance or opportunity gaps, the committee can demand solutions and provide the needed resources.

Leaders often ask if they should share EI data with current employees. That should be up to the executive committee; many executives argue that the company is not obligated to share the data.

Recognizing the uniqueness of each employee, organizations can create an "exit interview menu" that allows him or her to customize the EI experience by choosing the interviewer(s), location, method, length, follow-up, and so on. This design honors departing employees by letting them leave on their own terms, and can lead to better data and stronger ambassadorship in the future.

A Continuing Conversation

For too long, exit interviews have been considered a discrete event focused on organizational failure. We believe that's a mistake, especially in the current world of big data and data analytics, where the potential impacts are most likely amplified. The EI should be the culmination of a series of regular retention conversations with employees focused on organizational learning and relationship building. It should not be the first conversation a company has with an employee about his or her feelings and ideas.

Employees should be asked individually in regular conversations why they choose to stay with the company and what might make them consider leaving. The head of a governmental organization recommends that these conversations cover three questions: Are we helping you be effective in your current job? Are we helping you build a successful career? Are we helping you have a fulfilling life? Retention conversations can surface professional and personal issues before they lead to turnover. For example, high potentials often leave if they feel the company isn't giving them enough development opportunities.

Of course, even the most diligent retention efforts fail with some employees. But they do tend to strengthen the bond between employees and the organization. Employees who believe that the

company has demonstrated authentic concern for their professional well-being are more apt to offer valuable information during the EI. As one global consumer products executive told us, “The exit interview reinforces the values of the organization. If it becomes part of your organization’s DNA, it becomes hugely beneficial.” At the best companies, the retention process starts at the time of hiring and continues well past the employee’s last day of work in the form of vibrant corporate alumni programs.

An effective EI process creates a needed mechanism for companies to systematically learn about and from what is their most important resource: their human capital.

The views expressed herein are those of the author and do not represent the U.S. Military Academy, the Department of the Army, or the Department of Defense.

A version of this article appeared in the April 2016 issue (pp.88–95) of *Harvard Business Review*.

Everett Spain is an academy professor in the Department of Behavioral Sciences and Leadership at the United States Military Academy at West Point.

Boris Groysberg is the Richard P. Chapman Professor of Business Administration at Harvard Business School, Faculty Affiliate at the HBS Gender Initiative, and the coauthor, with Michael Slind, of Talk, Inc. (Harvard Business Review Press, 2012). Twitter: @bgroysberg.

This article is about MANAGING PEOPLE

⊕ FOLLOW THIS TOPIC

Related Topics: EMPLOYEE RETENTION | PERSONNEL POLICIES | COMMUNICATION

Comments

Leave a Comment

POST

11 COMMENTS

Drew Starr a year ago

Your 'most troubling finding' is that EI's are owned by the HR function. Surprising to see an ad hominem argument in HBR. If your HR function isn't strategic enough to handle EIs, you have bigger issues to address than exit interviews!

REPLY 1 0

JOIN THE CONVERSATION

POSTING GUIDELINES

We hope the conversations that take place on HBR.org will be energetic, constructive, and thought-provoking. To comment, readers must sign in or register. And to ensure the quality of the discussion, our moderating team will review all comments and may edit them for clarity, length, and relevance. Comments that are overly promotional, mean-spirited, or off-topic may be deleted per the moderators' judgment. All postings become the property of Harvard Business Publishing.