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Software says who's leaving

By VICKI LEE PARKER, Staff Writer

Imagine if your boss could click a few buttons and discover that there is a 74 percent chance that you will leave the company within a year.

Thanks to new software developed by SAS Institute in Cary, this technology-improved tracking of "human capital" could soon be standard practice for employers.

Managers won't have to blindly guess who is going to jump ship or assume that someone wearing a new blue suit has been out on a job interview. Instead, they could crunch data such as the number of days absent, salary, age, performance evaluations and other job-related information to more accurately predict whether an employee is considering leaving the company.

SAS, which sells analytical software to help corporations, retailers and government agencies make sense of large collections of data, in May started selling a software package, called Human Capital Management Predictive Modeling, that could do just that. Early customers include the U.S. Census Bureau, International Finance Corp., the Department of Defense and a few Fortune 500 companies.

Corporations may soon confront a huge wave of turnover as the economy rebounds. Replacing workers can be quite costly. If companies know ahead of time who is most likely to leave, they can take extra steps to try to retain them or prepare someone else for the position, said Daniel Minto, director of human capital management strategy at SAS.

SAS executives say the new predictive modeling software is designed to provide employers, and especially human resource managers, with lots of information to help explain why workers leave. Using data it gets from the company's employment and financial records, SAS' software can determine whether employees are leaving for more money, lack of child-care provisions, conflict with supervisors or dozens of other reasons.

Ideally, once a company knows why workers switch jobs, it can make adjustments to keep them, Minto said. "This empowers the vice president of the HR division to sit down at the board meeting with real facts, not just gut feeling about the costs," he said.

SAS develops predictions first by analyzing a company's past turnover rate. For example, if a company had 20 workers leave last year, SAS's program would review the company's personnel data and create a model that shows why those 20 people left. The company could use that model to predict future departures.



Using this predictive model, employers can determine the profile of employees most likely to leave, the risk to the organization if specific workers depart, which departments have the greatest risks and whether "top performers" will stay.

The product, however, is not without critics. Some human resource experts worry that this sort of detailed analysis of employees' behavior could cause a backlash among workers.

"I would not be interested in that tool," said Trisha Whelan, senior director of human resources at Cato Research in Durham, which provides research services for pharmaceutical companies. "The only thing that could do is demoralize my management. Everyone would be on pins and needles."

Whelan, who helps manage about 140 workers in Cato's Durham office, said she prefers one-on-one communication with employees. She said relies a lot on pre-hiring interviews and exit interviews to identify how to attract and keep employees.

"Maybe I'm old-fashioned, but I don't think you are going to get that information unless you actually talk to people," she said.

Whelan said she once had an employee tell her he was leaving because he was having trouble juggling work and caring for a sick family member. The company allowed the worker to take several months off to deal with that situation.

"You can't put a predictability on that," she said.

But some human resources consultants say that with employers about to face another volatile job market, technology to help identify vulnerable areas will become more valuable.

"Based on the studies I'm seeing, 30 to 40 percent of employees are ready to ... [leave their jobs] in the next six to nine months," said Roger Herman, chief executive of the Herman Group, a personnel management consulting firm in Greensboro.

During the early 1990s, people were able to change jobs when they wanted, he said. But at the end of the decade, as the economy slowed, employees found that they couldn't move.

"There is a lot of pent-up energy out there. More and more employers are going to get a wake-up call because they are not doing enough to hold on to their people," Herman said. "SAS' product is going to become more important as employers begin to see how much it cost to replace those workers."

Most studies show that the cost to replace a worker averages 25 to 35 percent of that worker's annual salary. That figure doesn't include the amount the company spends to train and educate new employees. If the person was a top-level worker, the replacement costs are even higher because of extras such as headhunter fees, moving costs and other costs.

"In 2004, employers will see things shift back to an employee market," Herman said. "If they don't find ways to identify their vulnerabilities ... then their people are going to be on someone else's payroll."