



#### About Me & PAE...

#### My Why:

To create a meaningful work environment which enhances the lives of others, inspiring them to win at work and at life.

- PAE is a mid-sized MEP firm founded in 1967
- Headquartered in Portland, OR
- We specialize in designing high performance buildings that prioritize sustainability
- Sectors include commercial, education, healthcare, civic, and cultural.



### Who's In the Room?



# 1 in 2 people in the US are actively looking to leave their company

Gallup



# Why is this a Problem?

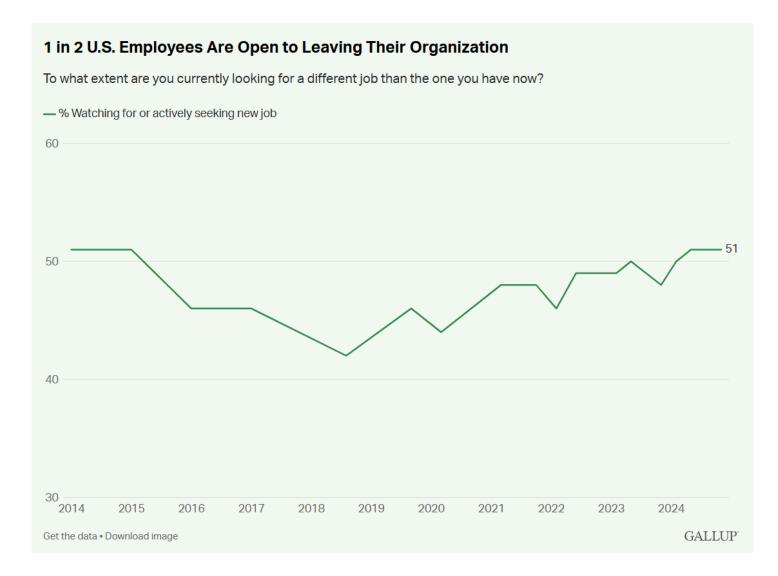
TURNOVER COSTS ARE HIGH

Estimated cost of replacement (% of salary)

MANAGERS/LEADERS – 200%

TECHNICAL PROFESSIONALS – 80%

FRONTLINE EMPLOYEES — 40%







### What is Retention?

Employee retention is an organization's ability to keep its employees engaged, satisfied, and committed over time by creating a work environment that meets their needs, supports their growth, and fosters a strong sense of purpose and belonging.



## The Link Between Retention & Engagement

Organizations with highly engaged employees see differences in:













# Metrics that Matter

Why are they Leaving?



## Retention Reality Check

- Engagement & Culture
- Wellbeing & Work-life Blending
- Pay & Benefits
- Managers & Leaders

#### Primary Reasons U.S. Employees Voluntarily Left Their Company

Which of the following issues best describes your primary reason for leaving your previous job?

	Pre- Pandemic (prior to March 2020)	2021	2022	2023	2024	Change, 2023 to 2024
	%	%	%	%	%	pct. pts.
Pay/Benefits	21	14	20	16	16	0
Personal reasons	8	5	9	9	11	2
Relocation	9	8	9	10	10	0
Direct supervisor/manager or senior leadership	11	11	13	12	9	-3
Advancement, development or career opportunities	15	11	13	12	9	-3
Job fit or work no longer interesting	7	7	6	6	7	1
Unrealistic job expectations and responsibilities	4	7	6	7	7	0
Work-life balance	4	6	4	3	4	1
Not treated with respect	4	9	5	4	3	-1

Note: Results for each year are among employees who voluntarily left their job "in the past 12 months" before they were surveyed. Respondents could choose one response.

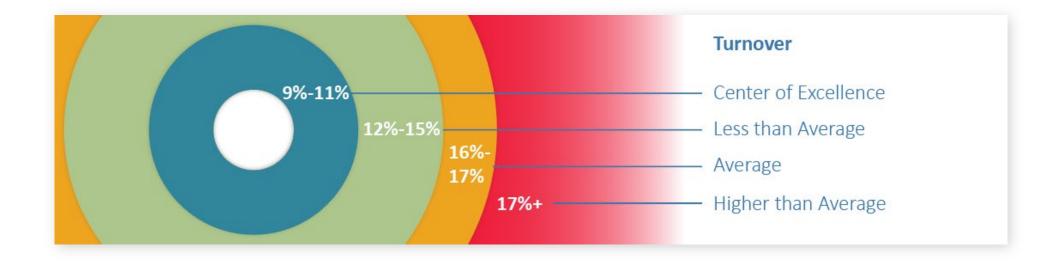
Get the data • Download image GALLUP'



#### Retention Success at PAE

Reduced turnover from 19% - 12% from 2023 to 2024

- Doubled referral bonuses  $\rightarrow$  50% of hires from employees, agency fees down 93%
- Ran an engagement survey → Took meaningful action
- Launched **new vision & mission** → Increased alignment & culture buy-in



### How do employers measure why people leave?

- Market Benchmarking
- Turnover Data & Trend Analysis
- Exit Interviews & Surveys
- KPIs for turnover tracking
  - Average tenure
  - First year turnover rates
  - Onboarding satisfaction
  - Pay equity
  - o PTO metrics & OT hour reports
  - Promotion timelines
  - Program hour usage (i.e. mentorship)

YEAR	PAE Turnover %	PSMJ AVG Turnover % (All Firms)	PSMJ Circle of Excellence Turnover % (All Firms)
2019	11.0%	13.5%	8.6%
2020	17.6%	13.3%	10.3%
2021	15.1%	12.5%	9.4%
2022	16.5%	14.7%	11.9%
2023	19.0%	14.4%	10.6%
2024	12.0%	13.7%	9.7%
Averages	14.7%	13.5%	9.7%



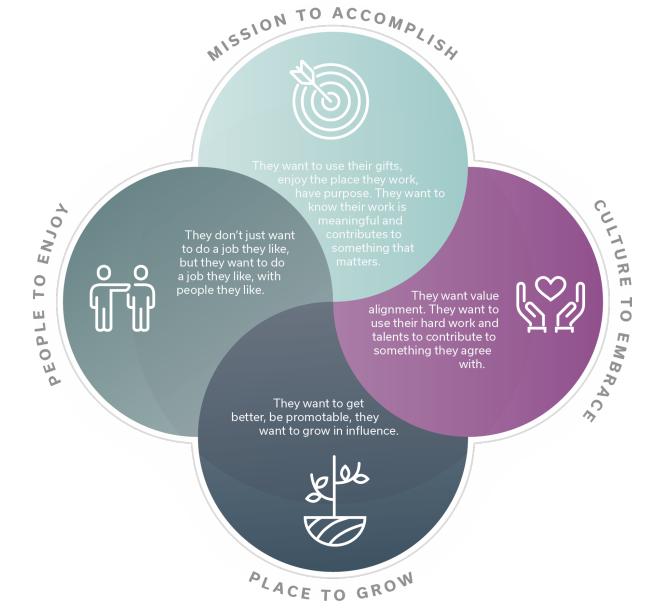


# Strategies that Stick

Building a Culture Where People Stay



Creating a
Workplace Your
Team Doesn't
Want to Leave





### Core Components of Retention

THREE C'S OF RETENTION

#### **CULTURE & BELONGING**

Creating an environment of belonging and trust

#### **COMPENSATION & BENEFITS**

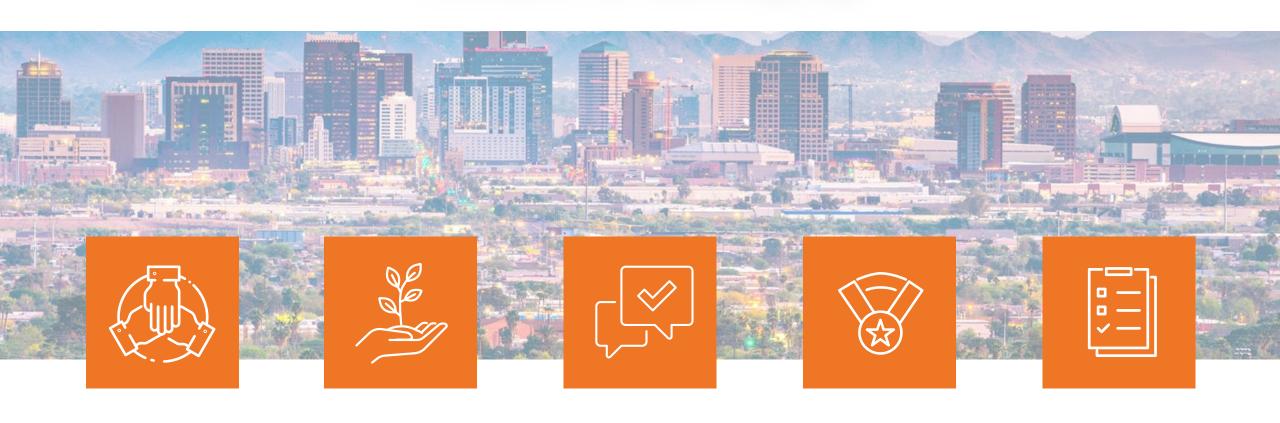
Fair and transparent rewards

#### **CAREER DEVELOPMENT & GROWTH**

Clear paths for growth



### Culture & Belonging



Community & Connection

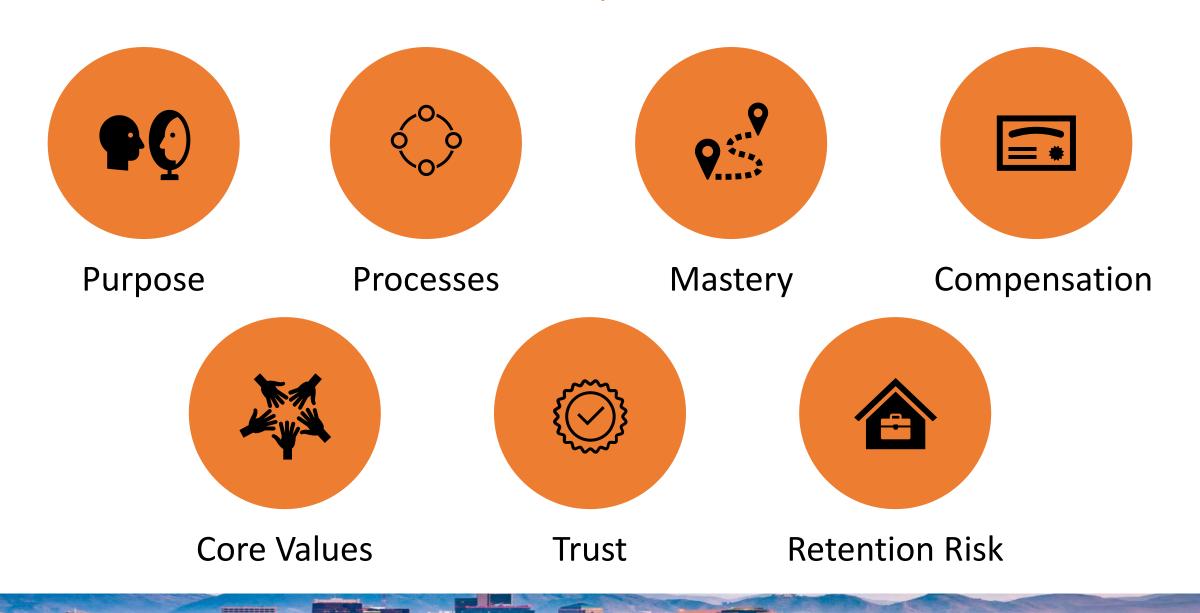
Onboarding Impacts

**Stay Interviews** 

Recognition and Rewards

**Engagement Surveys** 

### Power of Stay Interviews



### PAE High Fives – 360 Recognition Program









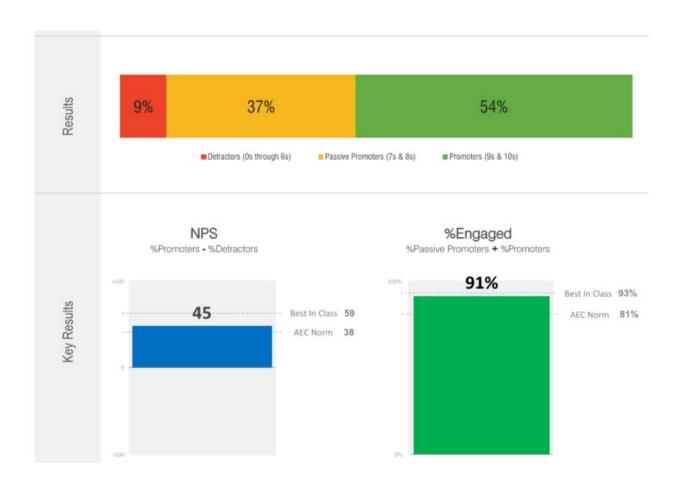


#### **TOP 10 OUTCOMES**

- L. Helps to attract and retain employees
- 2. Motivates employees to perform at higher levels
- Increases employee productivity
- 4. Increases healthy employee competitiveness
- Increases company revenues and profitability. Improves business quality and service
- 6. Lowers employee stress
- 7. Reduces absenteeism and turnover costs
- 8. Fosters employment longevity
- 9. Encourages employees to continue education and training
- 10. A short term need that has to be satisfied on an ongoing basis

### Engagement & Satisfaction Surveys

 $ASK \rightarrow ANALYZE \rightarrow SHARE \rightarrow ACT \rightarrow REPEAT$ 



- 1. Leadership Buy-In and commitment
- 2. Measure it and act on it!
- 3. Communication plan
- 4. Find the easy wins, and a long-term gains
- 5. FOLLOW UP IS KEY

### Compensation & Benefits



**Compensation Structure** 

**Salary Surveys** 

Referral Bonus Strategy **Compensation Statements** 

## The Importance of Structured Compensation

- 1. Attracts and retains top talent
- 2. Ensures internal equity and fairness
- 3. Aligns employee performance with organizational goals
- 4. Keeps employers competitive and successful in business





### Compensation Structure – Start Somewhere!

#### **Compensation Philosophy**

- 1. How do we determine pay levels?
- 2. Who do we compare ourselves to in the market?
- 3. Do we pay for performance, tenure, skills, or role?
- 4. How transparent are we about compensation?
- 5. How do our benefits and culture support total rewards?

#### **Compensation Assessment Components**

- 1. Role/Job Description (internal)
  - Starting Point
- 2. Market Benchmarking (external)
  - Consider firm size, location, firm revenue
- 3. Pay Structures (external)
  - Salary Ranges
- 4. Pay Analysis (internal)
  - Pay compression, range spread, role positioning, internal equity



### Industry Salary Surveys for Benchmarking



#### The A/E Industry's Most Trusted and Comprehensive:

- KPIs for Superior Business Performance
- Decision Data for Resource Allocation
- Proof of Best-Practices and Industry Standards

#### **Examples of Benchmarking Surveys:**

- PSMJ
- Zweig White
- ACEC
- EFCG
- SMPS
- Milliman (west coast)

https://www.psmj.com/benchmark-surveys



### Referral Bonuses & Total Compensation Statements

Cash Bonuses

#### Table 13 Referral Bonus

·	25th Percentile	Median	Mean	75th Percentile
Overall	\$1,000	\$2,000	\$2,310	\$3,000
Staff Size 1 to 20	500	750	770	1,000
Staff Size 21 to 50	1,000	1,500	2,129	2,250
Staff Size 51 to 100	1,000	2,000	3,095	3,000
Staff Size 101 to 250	1,000	2,000	2,045	3,000
Staff Size 251 to 500	1,500	2,500	2,731	3,720
Staff Size over 500	1,000	1,876	1,902	3,000
Architectural	500	1,500	1,833	3,000
Architectural/Interiors	1,000	1,000	1,812	2,500
Engineering Prime	1,000	2,000	2,301	3,000
Engineering Subconsultant	575	1,000	1,963	2,000
Engineering/Surveying	1,000	1,938	2,005	2,500
A/E	2,000	3,000	4,190	4,500
A/E/P/I	1,000	1,500	1,884	2,500
Environmental	1,250	2,000	1,875	2,375
All U.S.	1,000	2,500	2,584	3,000
Northeast	1,000	2,000	2,488	3,000
South	775	1,000	1,819	1,500
Midwest	1,000	2,000	2,221	2,500
Southwest	875	1,500	2,875	3,500
Mountain	500	2,000	2,855	3,000
West	1,000	1,500	2,136	3,000
Canada	750	1,000	833	1,000
Private	1,000	1,500	2,115	2,500
Government	1,000	2,000	2,264	2,500
Mixed	1,000	2,500	2,682	3,000

PSMJ Bonus & Benefit Plan Benchmark Survey Report



#### SAMPLE TOTAL COMPENSATION VALUE: \$XXX,XXX.XX

COMPENSATION		
Annual Earnings		\$ x,xxx.xx
Overtime Pay		\$ x,xxx.xx
Year-End Bonus		\$x,xxx.xx
Paid Wellness Leave		\$0.00
Total Earnings		\$XX,XXX.XX
BENEFITS - INSURANCE	EMPLOYER	EMPLOYEE
Medical	\$ x,xxx.xx	\$0.00
Dental	\$xxx.xx	\$0.00
Vision	\$xx.xx	\$0.00
Life Insurance	\$xx.xx	\$0.00
Long-Term Disability	\$x.xx	-
Short-Term Disability	\$xx.xx	-
Total Insurance Benefits	\$X,XXX.XX	\$0.00
BENEFITS - FEDERAL AND STATE MANDATED	EMPLOYER	EMPLOYEE
Social Security	\$x,xxx.xx	\$ x,xxx.xx
Medicare	\$ x,xxx.xx	\$ x,xxx.xx
State Unemployment Insurance	\$xxx.xx	-
Federal Unemployment Tax Act (FUTA)	\$xxx.xx	-
Total Mandated Benefits	\$XX,XXX.X	\$XX,XXX.XX
RETIREMENT	EMPLOYER	EMPLOYEE
401K Contribution	-	\$0.00
PAE Profit Sharing	\$x,xxx	-
Total Retirement	\$X,XXX	\$0.00
FRINGE BENEFITS	EMPLOYER	EMPLOYEE
Commuter Transit Stipend	\$x,xxx.xx	-
Cell Phone Stipend	\$xxx.xx	-
Fitness Reimbursement	\$xxx.xx	-
Total Fringe Benefits	\$X,XXX.00	
OTHER PAID TIME		HOURS PER YEAR
Paid Time Off		xxx.xx
Holidays		XX.XX
Community Service		XX.XX
Community Service Jury Duty		XX.XX X.XX

### Career Development



Performance Reviews

#### Performance Reviews - Cadance

Table 132
Performance Review Frequency

- Performance reviews annually
- Aligned with salary increases
- 3 structured performance check-ins

Percentage of firms that schedule:	Annually	Semi-annually	Other Timing	Not Scheduled/As Boss Sees Fit
Overall	73%	13%	11%	4%
Staff Size 1 to 20	56	21	15	9
Staff Size 21 to 50	79	11	8	2
Staff Size 51 to 100	71	17	12	0
Staff Size 101 to 250	81	11	4	4
Staff Size 251 to 500	74	0	22	4
Staff Size over 500	67	8	8	17
Architectural	65	13	17	4
Architectural/Interiors	69	7	21	3
Engineering Prime	76	18	4	2
Engineering Subconsultant	73	13	10	5
Engineering/Surveying	72	7	17	3
A/E	69	15	12	4
A/E/P/I	80	10	5	5
Environmental	78	22	0	0
All U.S.	68	6	21	6
Northeast	77	13	3	7
South	68	13	16	3
Midwest	75	11	11	4
Southwest	67	17	8	8
Mountain	79	16	5	0
West	72	18	8	3
Canada	88	13	0	0
Private	73	11	13	3
Government	71	14	9	6
Mixed	75	14	8	4

PSMJ Bonus & Benefit Plan Benchmark Survey Report

### Resource Toolkit



#### Retention Revolution - Evaluation



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