

# How Much is Staff Turnover Taking Out of My Back Pocket?

## What is the Cost of Staff Turnover?

Actual Cost to Hire One Person	Number Hours	Hourly Rate	Total Cost
<b>Recruiting, Selection and Hiring Costs</b>			
- Salaries and other benefits of staff involved in hiring process			
- Third party recruitment fees			
- Employee referral bonus			
- Design and running of job ad			
- Correspondence, telephone calls, fax transmissions, travel expenses of recruitment, medical exam costs, company literature, selection tests			
- Reference checks			
- Negotiating and finalizing employee contract			
- Cost of relocating new employee			
- Signing bonus			
<b>Orientation and Training Costs</b>			
- Orientation (new hire processing, orientation materials and briefing)			
- Uniforms and equipment issued			
- Training (in-house training/coaching, training materials, external training)			
- Performance assessment costs			
<b>(A) Total Actual Costs to Hire One Person</b>			

Cost of Hiring the Wrong Person	\$ Costs
- Termination (processing, exit interviews, severance and/or legal)	
- Loss of productivity of employee, co-workers or supervisor prior to departure	
- Loss of productivity of co-workers or supervisor during vacancy	
- Loss of productivity of co-workers or supervisor during orientation and training	
- Loss of productivity of new hire during transition period	
- Increased defects/operating errors during vacancy	
- Dissatisfied or lost clients	
- Misused material or damaged equipment	
- Decrease in morale due to high turnover	
<b>(B) Total Cost of Hiring the Wrong Person</b>	\$
<b>(C) Total Cost of One Employee Turnover (A + B = C)</b>	\$

## Employee Turnover Calculation

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# of positions in company over one year period ÷ total # of employees on the payroll over same period = Employee Turnover

## Measuring Turnover

### Purpose:

Turnover rates can give the company an indication of a possible morale problem that is causing employees to leave. By comparing your turnover rate with other agri-players or with companies in your community, you can gauge how well you are doing in the area of hiring and retaining staff.

### Indication of Problems:

While every instance of high turnover may not be an indication of a problem that management is responsible for or capable of solving, there are many instances of increasing turnover indicating a problem within the workplace. As we have calculated, high turnover greatly affects the company's bottom-line.

## Key Turnover Analysis Questions

When analyzing turnover in depth, look "behind" the numbers for differences and similarities, such as:

- What is the difference between the turnover rates of men and women? What is the turnover rate among various age groups? Are there significant differences? If so, why?
- How does the rate compare over time? If the rate has changed, why?
- How does the rate compare to other local employers? Within the same industry?
- Are there work units within the company whose turnover is significantly greater than the norm? Why?