



Turnover: The Most Expensive Data Point You Aren't Tracking

Presented by: Martha Stephens, PHR, CA-PHR
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Today's Agenda

- 01.** What is Turnover?
- 02.** Why is Turnover Important?
- 03.** What Contributes to Turnover?
- 04.** What is the Cost of Turnover?
- 05.** Benefits of Healthy Turnover
- 06.** Strategies to reducing Turnover
- 07.** Benefits of Exit Interviews



What is Turnover?

What is Turnover?



- › A calculation of the percentage of employees who leave your company over a certain time period
 - Voluntary
 - Involuntary

A woman in a white blazer and glasses stands at the front of a meeting room, pointing at a flipchart. She is addressing a group of seven people seated around a table. The room has large windows and a bookshelf in the background. The entire image is overlaid with a semi-transparent orange filter.

Why is Turnover Important?

Why Should I Monitor Turnover?



01.

Provides insight about the health of company overall.

02.

Determines the effectiveness of your people management strategies.

03.

Gain a deep understanding of who is leaving and why.

04.

Helps retain the employees you want.

Reasons Employees Leave

Involuntary Terminations



01.

Unsatisfactory
Performance

02.

Attendance

03.

Violation of
Company Policy

04.

Reduction
in Force

Reasons Employees Leave

Voluntary Terminations:
Outside of Company Control



01.

Care for Family

02.

Return to School

03.

Relocation

04.

Retirement

Reasons Employees Leave

Voluntary Terminations: Push Reasons

- › Within Company Control
- › Work/Life Balance
- › Feeling Undervalued
- › Inadequately Paid
- › Lack of Training
- › Poor Communication
- › Poor Relationship with Boss
- › Unchallenged by Workload
- › Few Opportunities for Growth
- › Overall Total Compensation Package

Reasons Employees Leave

Voluntary Terminations: Pull Reasons

- › Outside the Company Control
- › Educational Opportunities
- › Better Working Conditions and Facilities
- › Higher Standard of Living
- › Other Employment Opportunities



Calculating Turnover



Step 01.

$$\text{Average employees} = \frac{(\text{\# of employees on Jan 1} + \text{\# of employees on Dec 31})}{2}$$

Step 02.

$$\text{Turnover rate} = \frac{\text{People who left the company}}{\text{Average \# of employees}} \times 100$$

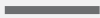
Step 03.

$$\text{Turnover rate} = \frac{10}{(80 + 100) / 2} \times 100 = 11.1\%$$

Average Turnover



01.



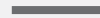
Average Turnover 11%.

02.



Varies by Industry, Region
and Occupation

03.



The Great Resignation

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What Contributes to Turnover?

What Contributes to Turnover?



01.

How You Hire

02.

How You Treat
Employees

03.

How You Develop and
Nurture Talent

04.

The Attitude of
Management

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What is the Cost of Turnover?

Turnover Costs

- › Average \$11,000 to Fill One Position
- › 30% - 250%+ of a Person's Total Annual Compensation

Annual Turnover

| | 15% | 30% | 50% | 80% | 100% |
|-----------------|-----------|-------------|-------------|-------------|-------------|
| Employee Salary | \$68,000 | \$135,000 | \$203,000 | \$270,000 | \$383,000 |
| \$15,000* | \$135,000 | \$270,000 | \$405,000 | \$540,000 | \$765,000 |
| \$30,000 | \$203,000 | \$405,000 | \$608,000 | \$810,000 | \$1,100,000 |
| \$45,000 | \$270,000 | \$540,000 | \$810,000 | \$1,100,000 | \$1,500,000 |
| \$60,000 | \$383,000 | \$765,000 | \$1,100,000 | \$1,500,000 | \$2,200,000 |
| \$85,000 | \$450,000 | \$900,000 | \$1,400,000 | \$1,800,000 | \$2,600,000 |
| \$100,000 | \$675,000 | \$1,400,000 | \$2,000,000 | \$2,700,000 | \$3,800,000 |
| \$150,000 | | | | | |

*Federal Minimum Wage

Note: The above calculates replacements costs only and ignores other costs.

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Benefits of Healthy Turnover

Benefits of Healthy Turnover



- › Helps You Stay Competitive
- › Can Improve Your Talent Potential
- › Shedding of Lower Performers
 - Top 20%
 - Middle 70%
 - Bottom 10%
- › Allows Business to Run Smoothly
- › Staves Complacency

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Strategies to Reducing Turnover

Surefire Tips to Reduce Employee Turnover



- › Know Your Culture and Hire To It
- › Keep Compensation and Benefits Current
- › Recognize and Reward Employees
- › Pay Attention to Engagement
- › Prioritize Employee Happiness
- › Employee Engagement Surveys
- › Comprehensive Benefits Review
- › Review Your On-boarding and Off-boarding Experience
- › Employee Reviews/Career Development
- › Training

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Benefits of Exit Interviews



Benefits of Exit Interviews

- › Promotes Engagement
- › Insight into Recruiting, On-boarding and Training Needs Revealed
- › Enhances Retention
- › Risk Management
- › Fosters Positive Relationships
- › Opportunities for Management Development

A group of people are gathered in a meeting room. A woman in a white blazer is standing and pointing at a whiteboard on the right. Several other people are seated around a table, looking towards her. The scene is overlaid with a semi-transparent orange filter. The word "QUESTIONS?" is written in large, white, bold, sans-serif capital letters across the center of the image. A white square outline is positioned behind the letter "Q".

QUESTIONS?

Thank you for your time.

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