



Quantifying the Costs of Staff Turnover

What is your cost of Staff Turnover?

- Employee turnover costs your organisation money
- So does retaining staff
- The question is...
 - How much does it cost you when you lose employees and have to replace them
 - How much can you afford to spend in order to keep them, develop them and increase the contribution they make to your organisation's performance
- This presentation identifies the cost areas you should be aware of in relation to staff turnover

The Three Phases of Staff Turnover

- The staff turnover process divides into three phases
 - Separation
 - Acquisition
 - Orientation
- Tangible and Intangible costs are incurred during each phase

Separation – The departure of the employee

- Separation starts from the moment the employee decides that they no longer wish to work for the organisation and then starts to look for another role
- Or, when the employer decides that they no longer wish for the employee to remain employed and begins the process of separation (e.g. performance warnings)
- Separation Costs may include;
 - Tangible Costs
 - Exit interview time
 - Contractual buy-outs e.g. holiday pay
 - Redundancy
 - Legal costs
 - Administrative costs
 - Intangible Costs
 - Productivity reduction from the departing employee through disengagement
 - Productivity loss from their colleagues as a result of the employees disengagement
 - Loss of key knowledge

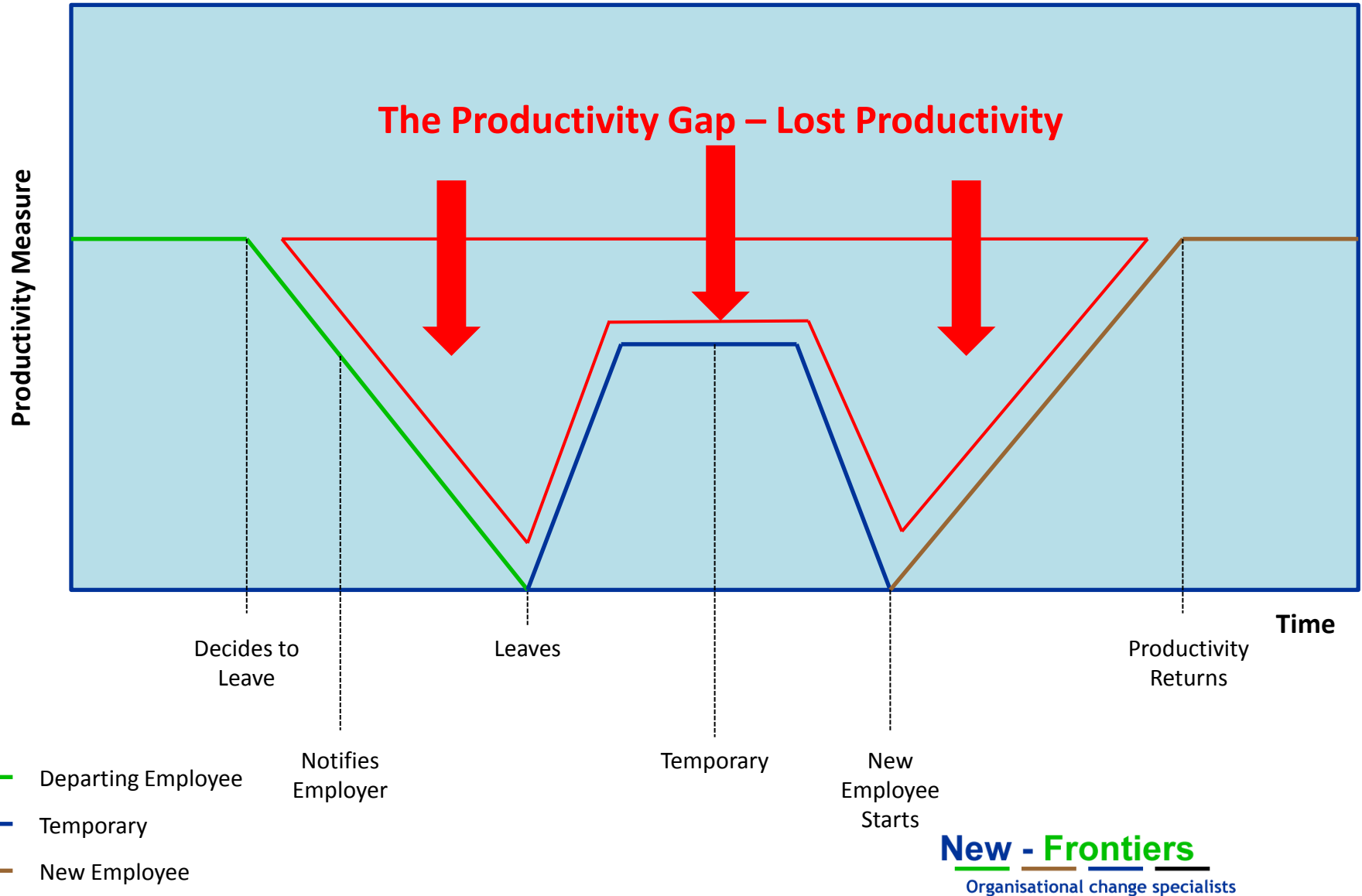
Acquisition – Finding and recruiting a new employee

- Acquisition is the process of recruiting, selecting and placing a new employee
- Acquisition Costs may include;
 - Tangible Costs
 - Job advertising
 - Recruitment agency/Headhunter fees
 - Costs of recruitment processing by staff e.g. HR staff time
 - Time costs of those staff involved in selection and interviewing
 - Interviewing costs e.g. travel
 - Reference checking and medical tests
 - Assessment centre costs
 - Relocation allowances and costs
 - Administrative costs associated with employment process e.g. contract handling
 - Costs of temporary staff hired to do the job until it is filled less staff costs saved due to vacancy
 - Intangible Costs
 - Loss of productivity during the period the role is vacant

Orientation – Bringing the new employee up to speed

- Orientation is the process of inducting, coaching and learning until a new employee reaches the expected standards of performance and productivity
- Orientation Costs may include;
 - Tangible Costs
 - Induction training
 - Other training and coaching
 - On the job training – time costs of those required to undertake this
 - Intangible Costs
 - Lower productivity
 - From the new employee, until they reach the expected standard
 - From their colleagues and manager, who have to divert resources and time away from other tasks
 - If the employee fails to achieve the expected standard and performs at a lower level

Quantifying Intangible Costs – Lost productivity



What are the costs for your Organisation?

- When you multiply up the costs of replacing individual departing staff by your actual levels of staff turnover, you may well come to a frightening conclusion...
- Staff turnover has a big impact on your profitability, corporate sustainability and organisational capacity
- If you reach that conclusion and want to;
 - Analyse the impact further
 - Explore the implications
 - Consider the options
 - Do something about it
- Then we are here to provide some input, ideas and proven ways to lower staff turnover and increase your profits

Please contact us to obtain a copy of our Cost of Staff Turnover Calculator

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