



The Real Cost of Turnover*

(150% of employee's annual compensation; up to 200 – 250% if managerial or sales position)

Costs due to person leaving

- Temp or other person who fills in (including overtime)
- Lost productivity of departing employee
- Exit interview time and costs
- Cost of manager who arranges to cover work
- Impact on departmental productivity
- Severance and benefits continuation
- Lost knowledge, skills and contacts
- Unemployment insurance premiums (+ time for hearing)
- Lost customers

Recruitment costs

- Advertising; agency; Internet postings
- Internal recruiter's time
- Reviewing resumes
- Conducting interviews
- Drug screens, educational and criminal background checks, other reference checks
- Pre-employment tests

Training costs

- Orientation
- Departmental training – trainer, trainee, materials and equipment
- Supervisory time in assigning, explaining and reviewing work

Lost productivity costs

- 75% of salary for first 2-4 weeks
- 50% of salary for weeks 5-12
- 25% of salary for weeks 13-20
- Time of co-workers and supervisors coaching
- Mistakes
- Lost department productivity
- Reduced productivity of manager

New hire costs

- Administration: payroll, benefits, computer identification and passwords, business cards, external and internal communications, telephone hookups, e-mail accounts, credit card accounts, equipment leasing
- Manager's time developing trust and building confidence

Lost sales costs

- Calculate for sales position as percent of lost revenue while position is vacant or person is in training

**Adapted from William G. Bliss, Bliss & Associates, Inc., Wayne, NJ*