

learningm!nds

THE REAL COST OF EMPLOYEE TURNOVER & HOW YOU CAN FIX IT



INTRODUCTION

A Brief Summary of What You'll Find In This Booklet

“You can’t afford to lose too many people. It’s not cheap, and that’s where a lot of your profit goes.” - Gallup

People are the most important asset of an organization, we hear that repeatedly, but how many organizations actually pay attention to this age-old saying?

The rise of technology and the information age has resulted in more organizations that compete with each other based on their people. Nevertheless, despite the fact that most organizations are well-aware of the fact that their long-term advantage resides in their people, most of them do not critically think about how to create a culture of employee engagement.

The booklet has been written with the intention of helping business leaders understand the devastating impact of high employee turnover if left neglected.

And it runs deeper than just the dollars. In this booklet, we cover the three core ways employee turnover costs you and what you can do about it.

THE IMPACT OF HIGH EMPLOYEE TURNOVER

Impact # 1

Your Recruitment Costs are Going Up

When you decide on your recruitment budget for the year, you must have added a section for recruitment related costs. Have you monitored the trend in this section? If the costs have gone up or has increased from avoidable turnover instead of business growth, it's time for you to worry.

For every extra dollar you spend on recruitment, you could be losing the amount you could be spending on proactively expanding your business.

Losing people costs money, especially your star employees. Whether it is money paid to the recruiters, or the opportunity cost of your own team spending time in sifting through resumes and checking profiles, interviewing and onboarding.

You can begin by identifying what employee turnover costs you. To calculate the cost, you can use either of these methods.

Rule of Thumb:

- For entry-level employees – It costs 30-50% of their annual salary to replace them
- For mid-level employees – It costs 150% of their annual salary to replace them
- For top executives – You're looking at 400% of their annual salary

Or you can use specialized calculators that take various factors into consideration, including recruitment, training and onboarding, to name only a few.

Drake Calculator:

<https://au.drakeintl.com/hr-news/cost-of-turnover-calculator.aspx>

Now that you have the dollar cost of the employee turnover, let's move to the next point.

Impact # 2

You Lose Focus and Get Distracted from Your Strategy and Goals

You have a clear vision of your strategy and goals, and you know where you are headed, everyone is putting in their best efforts and then bam! Two of your best employees leave! You didn't see it coming.

Now suddenly, you lose focus and stop doing all the things and start thinking about all the ramifications.

Now if you're distracted:

- You're not able to connect well with your team because you get so busy finding replacements.
- You're are not able to celebrate the big wins.
- If your focus is elsewhere, the focus of the entire team shifts.

Impact # 3

Your Employer Brand Gradually Becomes a Threat to Your Customer Brand

When you are facing issues with employee engagement and some of your best employees leave, the disengagement is reflected in your turnover rate.

While employee disengagement may not seem like a pressing issue to you, at least not in the short term, it may hurt your business in the long-term.

- Disengaged employees don't go above and beyond
- Disengaged employees spread negative word of mouth
- Disengaged employees don't take interest in their jobs

NOW WHAT?

If you feel like you're going through this situation right now, you can start doing these 5 things to foster a culture of employee engagement and retention.

5 THINGS YOU NEED TO START DOING RIGHT NOW!

1. Always Hire for Cultural Fit

Hiring based on cultural beliefs and shared values leads to winning results.

An organization's culture can be viewed as a personality created by its values, attitudes and behavior. In order for you to inculcate these values in your organization's DNA, you need to make sure everyone in the organization respects and follows these values. Additionally, to avoid new hire nightmares, it is important that you hire for cultural fit.

2. Get to Know Your People

There is no substitute for knowing your people.

Getting to know your people is important, especially the new hires. Host a new hires' lunch, make it all about their lives outside of work. To build an organization on the pillars of mutual trust and respect, this step is essential. Knowing your employees and showing a real appreciation for them will build a sense of trust and community within the organization.

3. Buddy Up for Great Onboarding

Buddy Programs not only help new joiners become productive, they also help create that connection.

Starting a new job can be exciting but it can be stressful and overwhelming at the same time. For new joiners to transition into their new roles, they need to understand your organization's processes and work culture and that's where buddy programs come in. When a new hire has a buddy, they have that friendly face or voice that they can connect with. While you may think that buddy programs are meant for schools, you'll be surprised to know that they are amazingly well for organizations.

4. Perfect your Employee Onboarding Process

Your Employee Onboarding Process Can Make or Break Your Company's Success

If you don't have a good onboarding process in place, it can cost your business in the long term. The way an organization onboards its new joiners says a lot about the organization as a whole. A new joiner may take their time to reach their full productivity in an organization, nevertheless, a good employee onboarding program can make it happen faster, offering employees with the right tools and information they need to be successful.

5. Understand the Unique Strengths of your Employees and Give them Development Opportunities

Offer Development Opportunities to your employees

It is important for you to know that everyone has different strengths. Offering development opportunities to them is what will make them stay with your organization for longer. An employee's perception of internal growth and development opportunities is one of the most important predictors of employee engagement.

IF YOU DO ALL THESE THINGS AND DO THEM WITH DILIGENCE:

- You will be well on your way to joining the league of best employers
 - Your employees will become your brand ambassadors
 - Your retention rate will improve
 - You'll achieve the targets you've set
 - Your team will go the extra mile to achieve targets and as a result organizational commitment will improve
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Learn More

Visit www.learningmindsgroup.com to learn more about our programs and services. Our website also provides a wealth of information and insights on the most important issues facing leaders and professionals at all levels. We continuously update our website with news, stories, opinions, videos and research.

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