Working late again?

Yes.😔 I work so hard and never get recognized.

I don't know why you stay there.
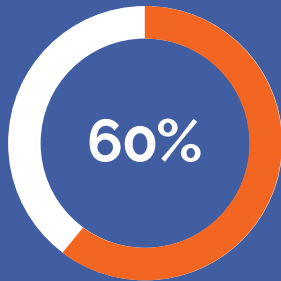
TURNOVER IS KILLING US!

online-rewards

What is
employee turnover
costing your company?

Gallup[1] reports that only about **1/3 of U.S. employees are "engaged."**

60%

The *majority* of Millennials in particular are open to new job opportunities at any given time.

New hires **don't intend to stay** at your company **longer than two years.** You will on-board them and train them, then they'll take what they have learned elsewhere.

Progressive Companies are implementing programs to *reduce turnover, increase engagement, attract key talent, and drive business outcomes.* They recognize that their people are their Competitive Advantage.

THE COST OF TURNOVER

It's expensive to attract, train, and replace employees. The Bureau of National Affairs estimates that turnover costs U.S. businesses over $11 billion annually.[2] The non-profit workplace improvement organization Catalyst[3] estimates it costs between **50–60%** of an employee's annual salary to replace them, with total costs* as high as **150–200%**, depending on their position in the company — and it will take an average of **52 days** to do it.

Turnover costs U.S. businesses *over*

$ **11 billion annually.**

–The Bureau of National Affairs

This is what's happening:

25% U.S. employees who voluntarily quit their jobs each year

37% Those who are currently thinking of leaving their jobs

Organizations are often aware of the fact that turnover is a problem, but they do not attach a dollar figure to this problem. When calculated, this cost can be staggering, especially when considering both soft and hard costs. (Use our worksheet at the end of this guide to calculate your own turnover costs.) It can vary greatly by industry.

Sample turnover costs in healthcare:

RN turnover rate:	17.2%[4]
Average RN salary:	$71,000[5]
Estimated cost to replace RN*:	$48,050[4]
Estimated annual cost of turnover for hospital*:	$6.6 million[4]
Percentage of hospitals not tracking costs:	91%[4]

*The costs of replacing an employee include advertising or search firm fees, administrative processing, drug or personality testing, training, etc. This includes all of the costs that are harder to measure, such as coworker burden, increased overtime or added shifts, lost productivity before and during replacement, employees that follow managers to other companies, etc.

WHY DO EMPLOYEES LEAVE?

Lack of recognition shows up on almost every list of reasons why employees leave organizations. Could it be that management just isn't listening? Branham reports this critical disconnect:

PERCEPTIONS REGARDING IMPACT OF PAY ON TURNOVER

89% of Management say turnover is because of pay.

88% of Employees say turnover is for reasons other than pay.

In **The 7 Hidden Reasons Why Employees Leave**,[6] author Leigh Branham conducted exit interviews with over 20,000 employees from 17 different industries and found that these reasons were the most common after pay and benefits:

Lack of recognition

Lack of opportunity

Lack of teamwork

Lack of training

TURNOVER FACTORS

Lack of tools and resources

Poor communication

Excessive workload

Bad management

IT'S RARELY ABOUT THE MONEY

Comparable pay and benefits are expected in order to attract and retain employees. **Companies that are proactively addressing turnover issues are using structured reward & recognition programs to drive results.**

THE LINK BETWEEN RECOGNITION AND RETENTION

Today's prospective employees[7] say that the culture of the company and recognition for their accomplishments outweigh compensation and benefits, provided they are on par with the industry.

Companies with **professionally-designed, performance-based recognition programs attract skilled employees, retain** them for longer, and see **higher engagement scores.**

Since Gallup[8] reports that companies with highly-engaged employees out-perform their competitors by as much as **147%,** employee engagement strategies are no longer considered a "nice" thing to offer — they're critical to a company's survival.

WINNING THE TURNOVER BATTLE

Turnover is disruptive, it's expensive, and it makes the employees left behind question their employment choices. If it's not about comparable compensation and benefits, and it's not about making the work environment more fun, what can you do to keep employees? **Building a corporate culture of inclusion and recognition is the best defense against high turnover.**

STRATEGIES TO REDUCE TURNOVER

You can't change the specific duties that some jobs entail, but there are ways in which employers can make the work environment more pleasant and satisfying.
Focus on these three areas and watch turnover rates drop:

1 **Improve the Culture of the Organization.** Many HR managers now use culture as a hiring tool: describe the culture of the organization in interviews and make sure each interaction with candidates is consistent with that description. Remember that your current employees are a prospective employee's best barometer of the culture of the organization.

2 **Improve the relationship between managers and employees.** A little leadership and recognition go a long way. Employees are much less likely to leave a company if they feel valued by their immediate boss.

3 **Respect and recognize hard work.** Structured Reward & Recognition programs help to define the culture and communicate what is important to management. Prospective employees want to be sure that they'll be appreciated for their accomplishments. Don't assume that your managers know how to recognize employees. Design an effective plan and train managers on the process.

Employees today want to spend their time on something of value, and feel that they are making a contribution. A performance-based recognition program can help address this need. If your employees don't feel recognized for their contributions, they will leave, and your company will pay the price.

Use our worksheet on the next page to calculate how much turnover is costing your organization.

A qualified, experienced partner can help you design a performance-based employee recognition program that generates results. Effectively recognizing and rewarding employees' contributions towards building a positive Culture and reaching and business goals will increase engagement, reduce turnover, and significantly impact your company's bottom line!

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COST OF TURNOVER WORKSHEET

This worksheet is designed to provide a rough aproximation for the cost of turnover, per employee at your organization.

HARD COSTS

Processing departing employee	
Cost of ads and/or hiring staffing agency	
Creating content for ads	
Absorbing and delegating tasks	
Hiring (qualifying, interviewing, and selecting)	
Miscellaneous hard costs	
Total Hard Costs	

SOFT COSTS

Lost productivity of employee pre-departure	
Lost productivity of manager pre-departure	
Lost time to discussion of employee	
Lost time during training	
Lost productivity before new hire	
Miscellaneous soft costs	
Total Soft Costs	

Total Hard Costs: _____ **+** Total Soft Costs: _____ **=** **Total Costs:** _____

NOTES

[1] Adkins, Amy. *Millennials: The Job-Hopping Generation*. 12 May 2016.
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[4] NSI Nursing Solutions. *2016 National Healthcare Retention & RN Staffing Report*. March 2016.
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[5] Registered Nurse. *Registered Nurse Salary and Wages by State*.
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[7] Online Rewards. *What Millennials Want*. 15 December 2016.
  <https://online-rewards.com/blog/entry/what-millennials-want>.

[8] Gallup. *The Engaged Workplace*.
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