

**Management time** — The time that management has to spend going over resumes, scheduling and conducting interviews, evaluating candidates, and making job offers not only costs the business more wages, but also means that the business is losing productivity because the manager is not on the floor.

**Training costs** — This includes all the costs associated with ensuring that new staff members have all the skills and tools they need to do the job, like the wages of a trainer and time spent assessing the new hire.

**Learning curve** — The time it takes the new employee to perform at an optimal performance level. During the training phase, an employee's productivity and skill set is obviously less than a fully trained employee, and it will take different amounts of time for different new hires to catch up.

**Knowledge replacement** — Much like the cost of the training phase, your new hire lacks the refined skills that come with months or years of practice. Seasoned employees are extremely valuable to your business, and the cost of losing one has far reaching consequences.

As a rule of thumb, research has shown that calculated **turnover costs can run anywhere from 25% to 150% of the position's salary and benefits**, depending on how many of the above costs are applicable to the position.

## So Exactly How Much Does Turnover Cost Your Business?



turnover might be costing you per employee.

While the majority of turnover's impact on your business is difficult to measure<sup>2</sup>, some negative factors can be quantified. Try to fill in all the fields in the chart below to estimate to cost of turnover for one employee. Do your best to accurately approximate some of the fields that are difficult to pin an exact figure on. If any fields don't apply to your business' practices, just leave them blank. When the chart is filled out, add up the costs and you'll have a low ballpark approximation of what

<sup>2</sup> Price, William H; Keikbusch, Richard; and Theis, John (2007). Causes of employee turnover in sheriff operated jails. In *Public Personnel Management, Entrepreneur*. Retrieved October 20, 2010 from <http://www.entrepreneur.com/tradejournals/article/161597752.html>