

The real cost of employee turnover

The average length of tenure for one person in a job is 5.6 years.¹ Of course there will always be a degree of employee turnover – in larger corporations this is on average between 18% and 28% p.a.; however when this starts to climb it becomes a management headache. We can compute a ‘no less than’ figure for the cost of employee turnover; the main considerations are:



Admin of the resignation



Recruitment costs



Cost of cover during interim period
(overtime, temp etc)



Induction training



Advertising, agencies or assessment
centre costs.

As a guide, The Chartered Institute of Personnel and Development (CIPD) put the average total cost of filling a vacancy at £7,750.

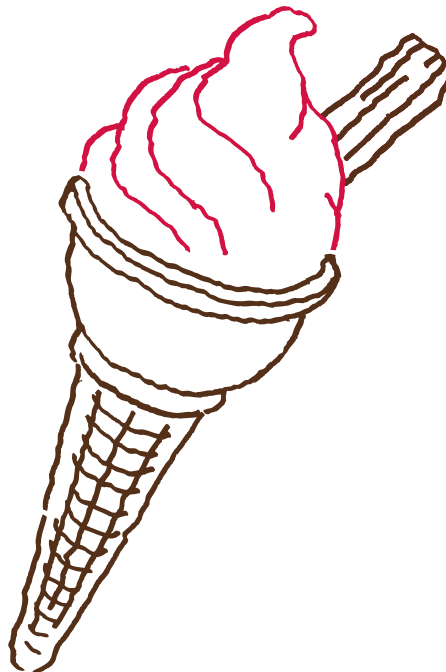
On top of this expense you could find that skills are actually relatively scarce and that recruitment takes much longer than you anticipated – putting additional strain on the remaining workforce who may then themselves start looking elsewhere. You could soon find yourself in a vicious circle.

It's also a fact that the goodwill of a company is maintained when employee attrition rates are low. Higher retention rates motivate potential employees to join the organisation – high attrition rates give an employer a bad reputation, which in turn makes it harder to attract good candidates.

Reducing employee turnover is becoming a key priority at top UK organisations. Victoria Georgalakis, Customer Service Director at AXA PPP healthcare, says,

“Over the last few years we've reduced our staff turnover and increasing employee engagement has definitely been a factor. Regular communication is vital in ensuring employees understand what's going on and the valuable part they play in the organisation. We also encourage employees to contribute their ideas and ask them regularly how they're feeling. Their engagement in the business is a key factor for our company's success and employee retention is crucial to our call centre environment where there's no substitute for experience.”

¹Adecco Paycheck Survey 2008

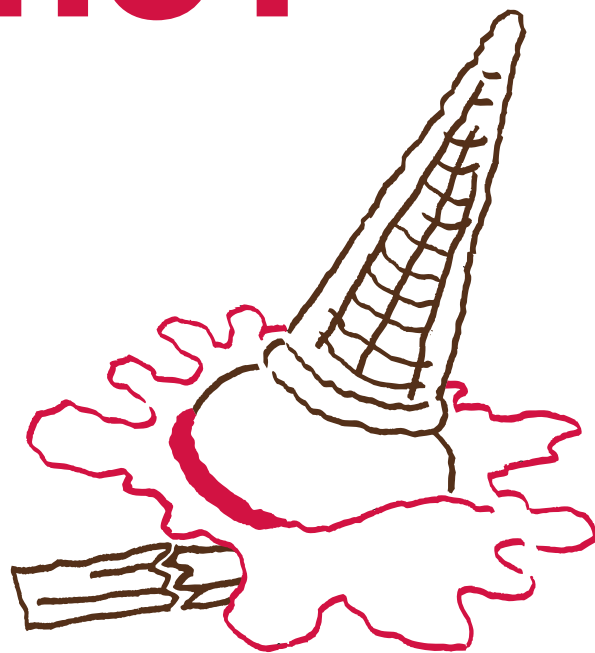


woodreed

inside out
thinking
for brands

49 The Pantiles, Tunbridge Wells, Kent TN2 5TE
t: 01892 515025 f: 01892 527868 e: hello@woodreed.com w: www.woodreed.com

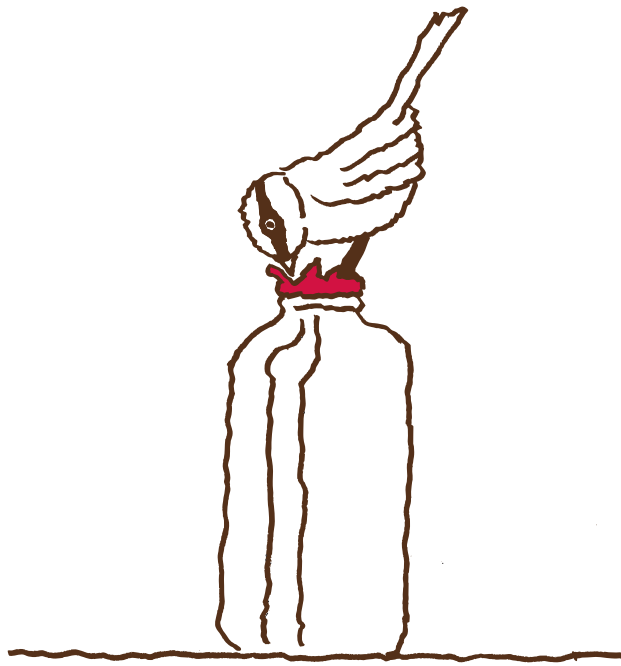
**Fed up with
saying au
revoir to the
crème de
la crème?**



Employee engagement helps you hold on to your best people

Seeing your best and most experienced employees leave the company is disappointing and costs considerably more than another visit to the ice cream van. The truth is, many people move jobs simply because they aren't engaged with the company, feeling undervalued and unappreciated. Investing in engagement strategies can turn brand cynics into brand evangelists: employees who understand the brand and its values and share them with their customers, creating increased loyalty and profits. Engaged employees stay with companies longer – and you avoid the considerable cost of recruiting and training their replacements.

When an employee leaves a company, they take their expertise and experience with them. But they also take their personality and the place they held in the team, which can have a bigger impact on the remaining staff – let alone direct customers who have developed strong relationships with individual employees. **By adopting a company-wide engagement strategy, you could achieve better staff retention levels in all areas of the business – which impacts directly on your bottom line.**



Keep the poachers from your doorstep

Employee engagement programmes are even more important in times of economic uncertainty. You might think your best people are less likely to move because of fears over their job security in a new position. However, with less top people on the market, your competitors are more likely to try to fill vacancies by poaching the cream from your organisation. By keeping your employees on-board and engaged you will be taking effective steps to prevent the loss of your best people – who may not be looking to move but may have greedy employers looking at them.

The value of keeping the cream

The cream of your company represents a significant investment – their collective experience and expertise is invaluable to your future growth and the colleagues they themselves train and help rise to the top of the organisation.

Companies who keep hold of their best people through effective employee engagement programmes enjoy significant business benefits:



Employee turnover rates drop dramatically in companies that have high levels of employee engagement



The organisations at the top of this year's 'Best Companies to Work For' list are doing really well with retention – the top two record an average of 15% turnover compared with 19% for those who didn't make it on the list



A company of 1,000 employees, just on the absenteeism and retention issue alone, can save more than £1m a year if they deal with employee engagement²



Engaged employees = retained workforce = less spent on recruitment and induction = increased profits.

Don't let your competitors skim the cream from the top of your company

If you'd like to find out how to protect your organisation from losing its best people, call Lisa Thipthorp on 01892 515025, email hello@woodreed.com or visit www.woodreed.com

² Dr Pete Bradon, Head of Research at Best Companies Ltd