



What is TURNOVER Costing You ?

by John P. Casey

Twenty three years ago, we started tracking some important numbers. After assessing over 10,000 leaders, we collected a list of 1,000 of the top-performing leaders, and we asked them: ***What would you leave your company for?***

- 96% said they would leave their current company for a new leader that inspired them more or added more to their development. That's 24 out of every 25!

People leave bad managers, not bad companies.

Multiple reports say that roughly 60% of all employees change jobs or leave because of their current manager. Personally, I think that is low, because if someone is intimidated by their manager, they are unlikely to say anything bad about them. In the organizations

that we assess, we find that upwards of 80 % of all leaders operate as autocratic leaders. Think “command and control.” At least that’s based on what the people who work for them say. Assuming their opinion counts.

OK, people are disgruntled and want to leave. So let them, right? Wrong.

If you have more than 3-4% turnover, the financial cost is burdensome to your company. If you ONLY have 3-4% turnover then, feel free to continue reading on simply for entertainment purposes. The rest of you are losing WAY too much money.

There are several core factors that contribute to this massive loss.

Consider: the cost to **hire**. The cost of lost **productivity**. The cost of **training**, the loss of the **investment** in the outgoing employee,

and the additional cost of training a new employee on what the outgoing employee was already trained in. The **loss of productivity by other employees** caused by their having to pick up some of the duties of the outgoing person and the subsequent loss of morale. The loss of **innovation opportunities**. (who has time for that with all of the above going on ?!)

The cost of the hire is frequently overlooked. For a professional leader, such as a Plant Manager, it is in excess of \$100,000. Interviewing. Relocation. Headhunter fees. It all adds up. And that's just the cost of hiring.

Productivity. The person leaving was doing a job. And hopefully producing. That job by design then, is temporarily not being done. Basically, your productivity should go down. Directly costing you MONEY.

Training. So, you spent all of that time training and paying for someone to train the outgoing employee. Because we all know that training is not free. In fact, it's quite expensive, especially since the person being trained is not producing during that training time. Now, you get them trained and...they leave. So you must start this expensive process all over again. Yikes!

As I mentioned, every employee by design does a job that is irreplaceable. So, others need to step in and do the job. What happens? If it is an hourly position you will incur overtime cost. And if it is a salary position? Then you are asking already busy leaders to pull their attention away from what you are paying them to do to fill in. NOW, burnout becomes a factor. So your good leaders, who were looking to stay, are now looking to leave.

Innovation? I will spend the least amount of time here. We speak with organizations that have 20, 30 and 40% turnover and are asking

their leaders to "think outside of the box." Yeah, right. No time and no energy to do so, boss.

Turnover is likely costing you \$1 million to \$6 million annually.

What is turnover costing you? We have done studies in the past and found that a small manufacturing site of less than 100 employees with 30% turnover, costs about \$1,000,000 annually. Every year.

A larger site of say, 400-500 employees, it is close to \$6,000,000 annually. Every year.

If it is higher than that? Not sure you have time to read this article.

LET'S MAKE 2021 THE YEAR WE BEGIN TO SAVE MONEY. REAL MONEY.



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