

TURNOVER COST CALCULATION WORKSHEET

Employee turnover cost is **not** easily identifiable. Instead, it is an elusive figure that can sabotage your bottom line without your ever seeing it. Those who have analyzed the effects of turnover say that as much as 80% of the cost is “hidden,” but most experts agree that turnover in any position costs the equivalent of at least 90 day’s wages and benefits for that position.

To help with your evaluation, we have listed below many of the obvious and “hidden” costs associated with employee turnover. However, the following quick calculation can help you get started with your evaluation:

$$\text{Turnover Cost} = \text{Employees Who Left} \times \{(\text{Annual Wage} + \text{Benefits}) \div 4\}$$

Probable Costs

<p>1. Recruitment/Advertising</p> <ul style="list-style-type: none"> a. Newspaper \$ _____ b. Trade Journals \$ _____ c. Radio \$ _____ <p>2. Administrative Labor</p> <ul style="list-style-type: none"> a. Resume Review Time \$ _____ b. Application Processing \$ _____ c. Interviewing Time \$ _____ d. Telephone Time \$ _____ e. Counseling Time \$ _____ f. Exit Interview Time \$ _____ <p>3. Training (Management Time)</p> <ul style="list-style-type: none"> a. Orientation \$ _____ b. Specific Job Training \$ _____ c. Performance Evaluation \$ _____ 	<p>4. Accounting Labor</p> <ul style="list-style-type: none"> a. Payroll & W-2 Set-up \$ _____ b. Administration of Benefits \$ _____ <p>5. Lost Production</p> <ul style="list-style-type: none"> a. Learning Curve Lost Time \$ _____ b. Quality Defects/Scrap \$ _____ c. Rework Cost \$ _____ <p>6. Wages/Salary (90 days)</p> <ul style="list-style-type: none"> a. Hourly Rate X 500 \$ _____ b. Social Security \$ _____ c. Federal Medicare \$ _____ d. Worker’s Compensation \$ _____ e. Health Benefits \$ _____ <p>7. Unemployment Compensation \$ _____</p> <p style="text-align: right;">TOTAL PROBABLE COSTS \$ _____</p>
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Possible Costs

<p>1. Equipment</p> <ul style="list-style-type: none"> a. Safety Equipment \$ _____ b. Tools \$ _____ b. Uniforms \$ _____ c. Vehicle Cost \$ _____ <p>2. Printing</p> <ul style="list-style-type: none"> a. Business Cards \$ _____ b. Stationery \$ _____ <p>3. Drug Screening \$ _____</p> <p>4. Medical Examination \$ _____</p>	<p>5. Recruitment Agency Fees \$ _____</p> <p>6. Relocation/Moving Costs \$ _____</p> <p>7. Legal Fees \$ _____</p> <p>8. Lost Customers \$ _____</p> <p>9. Sales Not Closed \$ _____</p> <p>10. Reduced Morale Costs \$ _____</p> <p style="text-align: right;">TOTAL POSSIBLE COSTS \$ _____</p>
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