Turnover Turbulence:
Understanding The Impact Of High Employee Turnover

Your business can't hold onto every valued employee forever. However, letting go of too many in a short amount of time can put you at a serious disadvantage. Here are some points regarding employee turnover and how you can mitigate your attrition rate.

UNDERSTANDING EMPLOYEE TURNOVER

WHAT IT IS
Turnover can be measured by the number of employees who leave your business within a given time period. For example, a company with 100 employees that loses 10 people within a year can be said to have a turnover rate of 10 percent for that time frame.

WHAT CAUSES IT
There are numerous reasons why turnover happens. The direct causes typically are employees finding better opportunities, being fired, or quitting due to dissatisfaction. Indirect causes can include mismanagement, personality clashes, and inadequate hiring practices.

WHY IT MATTERS
Continuity is crucial for any business, and turnover can be a huge disruption. The cost to hire and train people to replace those your company has lost can be a real burden. A high turnover rate means your organization is constantly playing catchup instead of serving customers.

THE IMPACT OF HIGH TURNOVER ON A BUSINESS

LOSS OF EXPERIENCE
When employees leave your company, they take their expertise with them. This puts you at risk of having a knowledge gap that your competitors can exploit.

DAMAGE TO MORALE
No one wants to sail on a sinking ship, and a high turnover rate can give your staff the impression that the entire company is failing. The loss of valued co-workers also can change the mood in a workplace for the worse.

DIMINISHED CUSTOMER SERVICE
Being shorthanded or having an inexperienced workforce means you're not firing on all cylinders when it comes to serving your customers. Your clients may not have the patience to stick with you while you adjust to the changes.

INCREASED COSTS
Studies have found that the cost of replacing an employee can be as much as nine months' worth of his or her salary. The price of hiring and training someone to take his or her place cuts into your profitability. *

DECREASED PRODUCTIVITY
If others have to step in to make up for the loss of an employee, even temporarily, it hurts their ability to do their jobs. The cumulative effect is that productivity suffers across the board.

DIFFICULTY ATTRACTING TALENT
Job seekers who do their research may be wary of a company with a high turnover rate. To them, it could signal something troubling about the internal culture or its financial stability. This can hurt your ability to pull in the most qualified people to fill your open positions.

ADDED STRESS
Forcing everyone else to make up for lost productivity caused by turnover means workers can feel burnt out and stressed. This can lead to a vicious cycle in which more people may be motivated to leave for greener pastures.

INCREASED DISTRACTIONS
Most managers would prefer to concentrate on accomplishing goals and innovating, but turnover shifts their focus to treading water. When so much energy is devoted to returning to the status quo, it can be nearly impossible to break through to the other side.

COMBATING EMPLOYEE TURNOVER

STRONGER HIRING PRACTICES
Shore up your hiring process so you're sure that the people you hire will be a good fit for the position and your internal culture. This will help with retention because you'll avoid performance and personality issues.

OUTSOURCING RECRUITMENT PROCESSES
An outside recruitment firm may be able to steer you in the direction of stronger job candidates. The expertise of such firms can help you avoid hiring mistakes that can lead to washouts.

BUILDING CORPORATE IDENTITY
Having a clear sense of identity can make employees feel more satisfied in their positions. It also means you'll have a better sense of which people will be a good fit for your organization.

FOCUSING ON ENGAGEMENT
Employees who don't feel engaged with their work are more likely to walk away from their jobs. Establishing mentoring programs, open communication and employee appreciation initiatives can be effective at bringing disinterested workers back on board.

BETTER LEADERSHIP
In many cases, ineffective management causes employees to become frustrated and clash with their superiors. Development and training for those in leadership roles can be just as vital for success as for the rank-and-file.

CREATING OPPORTUNITIES
Employees who feel trapped in their current positions have fewer incentives to stay engaged with their work. Providing opportunities for advancement internally rather than always hiring from outside can encourage experienced workers to stick around for longer.

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