

Template – Workforce turnover checklist and analysis

This template provides three steps to analysing and addressing workforce turnover:

STEP ONE – MEASURE YOUR TURNOVER PERCENTAGE

1. What's your average number of employees?	Example	Your figures
Add the number of employees at the beginning of a nominated period (e.g. financial year) with the number employed at the end of the period and divide by two.	$(30 + 42) / 2$	<insert figures>
Average number of employees = $(\text{no. at beginning} + \text{no. at end}) / 2$	36	<insert figure>
2. What's your turnover percentage rate?		
How many employees left during the same nominated period?	6	<insert figure>
Multiply the number who left by 100 and divide by the average number of employees in that same period. This gives you your turnover rate as a percentage.	$(6 \times 100) / 36$	<insert figures>
Turnover percentage rate = $(\text{no. of employees who left} \times 100) / \text{Av. No. of employees}$	16.6	<insert figure>

STEP TWO – CALCULATE THE APPROXIMATE COST OF YOUR TURNOVER

This framework uses the estimate that suggests that the cost of replacing employees is around 1.5 times an employee's salary.

1. Approximately, how much does turnover cost your business per exiting employee?	Example	Your figures
What's the average annual salary of an employee in your workforce?	\$35 000	<insert figure>
Multiply this by the cost of replacing one employee in a year (approx 1.5 times an employee's salary).	$\$35\,000 \times 1.5$	<insert figure>
Cost of replacing one employee per year = av. salary for one employee \times 1.5	\$52 500	<insert figure>
2. Approximately, how much does turnover cost your business?		
How many people left during the nominated time?	6	<insert figures>
Multiply this by the approximate cost of replacing one employee a year.	$\$52\,500 \times 6$	<insert figure>
Approximate cost of turnover = Cost of replacing one employee \times no. of employees who left	\$315 000	<insert figure>

Compare the total annual cost to you of losing an employee with the costs of providing some extra training and/or professional development.

STEP THREE – EXAMINE WHAT THE CAUSES OF YOUR WORKFORCE TURNOVER ARE AND ADDRESS ANY ISSUES THAT ARISE

1. Ask employees who leave or who are leaving why they are exiting. Exit interviews can reveal some of the common reasons.
2. Ask ongoing employees why they think employees may leave. Ask employees to complete an employee attitude survey that will gauge general satisfaction levels.
3. Address any issues that arise so that employees know you take their views seriously and that you are committed to reducing workforce turnover.