

Turnover - The Impact and Costs

Is there “healthy turnover”?

Studies show that a turnover level of 10 to 15% is healthy, provided the people who leave are not high performers. Turnover can be voluntary (employees choose to leave) or involuntary (company terminates employees). Every company will know the ideal ratio for their business.

When there is no “churn” it can be a symptom of:

- poor performance management (the wrong people are staying)
- the company could be stagnating
- tunnel vision

The benefits of turnover are:

- It creates opportunity for advancement
- Keeps the company vibrant and creative
- Poor performers are managed “up or out”
- Stronger culture of performance

The costs of turnover are:

- The organization is always hiring and has no time to spend on training and other retention strategies
- The work-force is never at full capacity as there is a large percentage just starting out and another large percentage who are not yet up to full capacity
- Morale can be low
- The organization has a tough time positioning itself as a “great place to work”
- Loss of competitive edge

Impacting turnover through Thomas behavioral assessment

The Thomas PPA System enhances an organization’s ability to “hire and retain more of the right people more of the time”. It is an interview/coaching aid that adds rigor, objectivity and accuracy to both talent acquisition and performance management.

The Human Job Analysis (HJA) is a tool that allows a company to identify the ideal behavioral competencies required for the role, within the corporate culture and based on the business goals for the position.

The Personal Profile Analysis (PPA) is a valid and reliable assessment which takes 10 minutes to complete on line. The results can be compared to the ideal job requirements (HJA) for “goodness of fit”.

The Person to Job Comparison assesses goodness of fit, which is a scientific measurement of how closely the individual’s work style matches the job requirements. The “goodness of fit range” is from 1 to 5. A fit 1 is a natural fit and a fit 5 is the least natural fit.

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The benefits of behavioral job fit

- Job satisfaction
- Feeling “in flow” in the role
- Less behavioral modification is required to do the job, as the company has defined the role behaviors
- Reduced training and support is needed to close the gaps against the job requirement
- Natural productivity as the individual's unique behavioral style is being recognized and valued in a role where he/she naturally fits

Case study to demonstrate the management and reduction of turnover through the PPA System

The Challenge

A North American Call Centre selling insurance wanted to decrease turnover and reduce the associated costs. They also wanted to position themselves as a preferred employer in their city.

The Plan

They introduced the Thomas PPA System and trained both recruiters and operational managers on how to use the system effectively. They tracked their turnover at the start, which was 45%.

They calculated all their costs for hiring their CSRs. In their organization there was significant training and a “productivity ramp up period” of 8 months to get the CSR to a level of 100% proficiency. Many CSRs were leaving within the first 6 to 8 months. The organization needed to recruit better.

The PPA System was integrated into their Recruitment and Selection Process and then once hired the “How to Manage” reports were used by managers both in the onboarding and performance management processes. The enhanced integration and retention of new hires and also created a nurturing work environment.

The Results

- Reduced turnover from 45% to 22%. The 45% turnover represented \$2.8 million.
- Increased productivity
- Created a work environment that valued employees, who in turn gave customers great service
- More time and money was available to invest in training, team building and celebrations

Tracking Cost of Turnover

This is critical for demonstrating the cost of turnover. There is a huge return on investment (ROI) attached to utilizing the Thomas PPA System and training both HR Professional and Operations Managers to work together, to optimize on behavioral assessment tools to help them to deliver business results and competitive advantage to their business.

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