



CALCULATING TURNOVER COSTS	
SEPARATION PROCESSING COSTS:	
Cost of exit interviewer's time	(amount of time spent @ \$ hourly rate x 135%)
+ cost of departing employee's time	(amount of time spent @ \$ hourly rate x 135%)
+ cost of administrative functions relating to the departure	(amount of time spent @ \$ hourly rate x 135%)
+ cost of separation pay associated with departure	(number of hours @ \$ hourly rate)
+ cost of unemployment tax related to the departure	(number of weeks @ \$ amount)
REPLACEMENT HIRING COSTS:	
+ cost of attracting applicants	(annual ad budget / number of positions filled)
+ pre-employment administrative expenses	(number of hours @ \$ hourly rate x 135%)
+ cost of entrance interviews (number of interviews @ time spent on each interview x number of interviewers @ \$ hourly rate x 135%)	
+ cost of aptitude, skill, drug, etc., testing (time spent administering / processing @ \$ hourly rate x 135% + cost of test/instrument + processing costs)	
+ cost of hiring decisions meetings (amount of time spent x 2 interviewers @ \$ hourly rate of each interviewer x 135%)	
+ post-employment information gathering (records, payroll, etc.) (amount of time spent @ \$ hourly rate x 135% for each person involved)	
+ cost of conducting reference checks	(amount of time @ \$ hourly rate x 135%)
+ cost of signing bonus (if applicable)	
NEW HIRE TRAINING COSTS:	
+ cost of information literature (manuals, brochures, policies, etc.) (development time @ \$ hourly rate x 135% + printing costs + distribution costs)	
+ cost of general orientation	(amount of time for each person @ \$ hourly rate x 135%)
+ cost of job orientation	(amount of time for each person @ \$ hourly rate of each person x 135%)
LOST PRODUCTIVITY AND LOST BUSINESS COSTS:	
+ cost of additional overtime to cover the vacancy (number of hours @ \$ hourly rate of each employee x 135%)	
+ cost of additional temporary help (number of hours @ \$ cost paid to agency x number of weeks)	
- wages and benefits saved due to the vacancy (number of hours @ \$ hourly rate x 135%)	
+ cost of performance differential while new employee gets up to speed (number of hours for person to achieve full competence @ \$ hourly rate x 135% x % productivity rate)	
+ cost of low morale-related time wasted due to "water cooler grumbling" (number of hours @ \$ hourly rate x 135%)	
+ cost of lost customers, sales, profits due to the departure (gross profit loss @ \$ cost per day x 3.5 days x % profit margin)	
+ cost of additional employee departures related to the departure (if just one other employee leaves, the cost is equal to the total of these costs)	
TOTAL SEPARATION PROCESSING + REPLACEMENT HIRING + NEW HIRE TRAINING + LOST PRODUCTIVITY/LOST BUSINESS COSTS	

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