



## THE HIDDEN COSTS OF EMPLOYEE TURNOVER: WHAT IT'S REALLY COSTING YOUR BUSINESS

 talentretriever  
It Takes a Great Team To Build a Great Team

Over 20 Years of Providing  
Premier Recruitment Solutions

### How to Calculate Turnover Costs and Take Action to Build a More Resilient Workforce

The ripple effects of employee turnover can run deeper than most companies anticipate. Beyond the immediate hit to your budget, losing an employee can impact team morale, disrupt workflows, and delay critical projects. Understanding the true cost of turnover—and how to calculate it—puts you in a better position to tackle this challenge head-on.

### The Layers of Turnover Costs

Turnover doesn't stop at replacing a team member. It's a layered expense, often including:

**Recruitment and Onboarding:** From posting job ads to training new hires, costs can add up quickly.

**Lost Productivity:** New employees rarely hit the ground running. It can take weeks or months before they're fully contributing.

**Team Disruption:** The loss of a key player can decrease team efficiency and morale, potentially leading to further turnover.

**Lost Knowledge:** Departing employees take valuable institutional knowledge with them, leaving gaps that take time to fill.

## Calculating Turnover Costs for Your Business

Every company is unique, but the formula to calculate turnover costs remains consistent. Here's how you can break it down:

### Recruitment Costs

**Recruitment Cost = Job Ads + Recruiter Fees + (Hours Spent Hiring x Hourly Salary of Hiring Team)**

This includes expenses like job postings, recruiter time and interview hours.

### Onboarding and Training Costs

**Training Cost = (Training Hours x Hourly Rate of Trainer) + Cost of Materials**

Factor in the time and resources required to get a new hire up to speed.

### Lost Productivity

**Lost Productivity Cost = Annual Salary of Role x Estimated Productivity Loss (%) x Months to Full Productivity ÷ 12**

For example, if it takes 6 months for a new hire to reach 100% productivity and they operate at 75% efficiency during that time, the lost productivity can be significant.

## Intangible Costs

These are harder to measure but shouldn't be overlooked. Consider the potential for delayed projects, team morale impacts, or customer dissatisfaction during the transition.

## What Turnover Could Be Costing You

Let's say you lose a mid-level employee earning \$70,000 annually. Here's a rough breakdown:

- **Recruitment costs:** \$7,000
- **Training and onboarding:** \$3,500
- **Lost productivity:** \$17,500 (50% productivity for 6 months)
- **Estimated total:** \$28,000

Turnover for just one employee can cost upwards of 40% of their salary, and the numbers rise with senior or specialized roles.

## How Talent Retriever Helps Reduce Turnover Costs

Talent Retriever focuses on helping companies not only find the right talent but also keep it. We help businesses:

- Hire the Right Person, Right Seat (RPRS) using our Proven Process.
- Build a seamless candidate experience that fosters engagement from the start.
- Optimize recruitment to save time and reduce inefficiencies.

Turnover is inevitable, but its cost doesn't have to spiral out of control. With the right approach, you can build a resilient team and significantly reduce the financial and operational burden of replacing employees.