



Case Study...

Example: Turnover cost incurred for a bad hire employee at \$30,000 a year.
 (\$14.42/hr)

Separation Cost:

Exit Interview	1hr @ \$14.42/hr	\$14.42
Termination Cost	3hrs @ \$14.42/hr	\$43.26
Administrative Cost	2hrs @ \$18.00/hr	\$36.00
Separation Pay	1 week	\$576.80
Vacation Pay	1 week	\$576.80
Increase in Unemployment Cost		\$412.87
Total:		\$1,660.15

Vacancy Cost:

Temporary Help (2 weeks)	80hrs @ \$25.50/hr	\$2,040.00
Less 2 Weeks Wages & Benefits/Vacancy		(\$1153.60)
Total:		\$886.40

Replacement Costs:

Pre-employment administration expenses		
	16hrs @ \$18.00/hr	\$288.00
Cost of Online Ad	2 week run	\$950.00
Screening Cost	5hrs @ \$18.00/hr	\$90.00
Entrance Interviews	5hrs @ \$18.00/hr	\$90.00
Second Interview	1hr @ \$18.00/hr	\$18.00
Offer/Paperwork	1hr @ \$18.00/hr	\$18.00
Testing Cost	Background/Drug	\$150.00
Total:		\$1,604.00

Training Costs:

Informational Literature		\$25.00
Orientation	16hrs @ \$14.42/hr	\$230.72
On-the-Job Training	16hrs @ \$14.42/hr	\$230.72
Vacancy Lag/Learning Curve		
	80hrs @ \$14.42/hr	\$1,153.60
Total:		\$1,640.04

GRAND TOTAL: \$5,790.59

Total Turnover Cost for 1 Employee! \$5,790.59