

Employee Selection & Development, Inc.

Annual Turnover Cost Calculation

Management Employees

1. Check items below used in your recruiting/screening process (1) for management positions.
2. Calculate the average cost of each item (2) in your recruiting/screening/hiring process. (Include the cost to process and screen unsuccessful candidates.)
3. Total all recruiting/screening costs and related payroll costs to determine total hiring replacement cost per employee (3).
4. Determine annual hiring replacement cost for management positions using the formula below (4).

(1) Recruiting/Screening Process

(2) Avg. Cost/Hire

- Advertising _____
- Recruiters - internal/external _____
- Applications/resume review _____
- Drug test _____
- Medical exam _____
- Interviews _____
- Mental aptitude test _____
- Personality test _____
- Skill test _____
- Integrity test _____
- Background investigation _____
- Reference check _____
- Credit check _____
- Driving history check _____
- Workers' compensation claim check _____
- Other: _____

Related Payroll Costs

- Avg. Monthly Salary x Avg. # Months Employed _____
- Estimate Benefits, COBRA, Bonding, Misc. Costs _____
- Estimate training cost _____
- Estimate lost productivity during transition _____

(3) Total Hiring Replacement Cost Per Employee _____

(4) Annual Turnover Cost (ATC) = (# of employees turned over) x
(replacement cost per employee)

ATC \$ _____ = (# _____) x (\$ _____)