

# Employee Selection & Development, Inc.

## Annual Employee Turnover Cost Calculation

### Production Employees

1. Check the items below used in your recruiting/screening process (1) for production employees.
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 production 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 Wage x Avg. # Months Employed \_\_\_\_\_
- Estimate 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 (\$ \_\_\_\_\_)