

*Creating workplaces that work... for everyone*

## How to Handle High Turnover? Prevention Is the Best Fix

Everyone has a cross-over point: the point where fixing something costs more than replacing it. But when it comes to employees, companies sometimes rush to replace, forgetting the costs involved. Or they may consider high turnover as the cost of doing business.

The costs are huge. The Kwasha Lipton Group conducted research with 7,031 companies and found that each employee termination cost 150% of an exempt employee's annual salary and 75% of a nonexempt employee's salary.

### **Calculating Your Cost**

How much does it cost you to lose an employee? Take the average hourly rate for the employee and multiply this by: the time you spend without an employee after the firing plus average overtime hours to fill the gap plus time for a replacement to come up to speed plus the trainer's lost production time plus mistakes/damages during training. Then add that figure to your costs to advertise and recruit.

### **Understanding the Problem**

Voluntary terminations have many causes: family or health issues, relocation, retirement, better opportunities elsewhere, general unhappiness with the company. Involuntary terminations may result from the employee's failure to master skills, follow company policies and procedures or meet company standards for attendance, quality or quantity of output.

### **Avoiding the Cost**

A previous newsletter (1st Quarter 2008) discussed steps to follow before you fire an employee. But if you want to *prevent* a termination, take these steps.

1. Find out how many terminations

(voluntary and involuntary) occurred in your company in the last year.

2. Evaluate all terminations and all current employees to find the patterns in your—and their—dissatisfaction. Evaluate current employees with strict honesty so you can start planning for re-training or replacements now.
3. With the pattern(s) identified, change your hiring procedure to increase the likelihood that new hires will know what's expected of them, be able to deliver what's expected and be happy with your company culture.
4. Make sure you have activities in place to make new employees feel welcome and to give them the information and training they need. A good start helps prevent a bad end.
5. Make the first 21 days a true trial period. The reasons for termination usually show up in the first 21 days of employment. The quicker you separate from a bad hire, the better for morale and the smaller your losses.

HR Compliance 101 will gladly help you with any or all of these steps.

### **FROM OUR CUSTOMERS**

"Paula was very helpful in creating specific forms like termination and disciplinary forms. She also helped me improve our Human Resource manual that explains to employees what their benefits are and what our expectations are."

CLAIRE GOWEN, Weeks & Gowen Physical Therapy, Charlestown, NH

This newsletter refers to some of the regulations that may currently apply to small businesses.

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## Compliance Alert

New Hampshire law effective July 2008 requires a 10-hour OSHA training course in Construction Safety & Health Hazards for all on-site employees working on federally supported projects of over \$100,000. If you don't comply, the untrained employees may be removed from the worksite and the company may incur a fine of \$2500 plus \$100 per employee for each day of noncompliance.

You can view the bill at <http://www.gencourt.state.nh.us/legislation/2007/HB0533.html>. Call or email HR Compliance 101 for information on where to get this training.



## Workplace and Training Solutions

- Q. Can my 16-year old summer employees perform all the tasks that my adult full-time employees normally perform?
- A. Absolutely not! Child labor laws are very specific. Both state and federal laws govern child labor. Anyone under the age of 18 cannot perform certain defined hazardous jobs or work in defined hazardous professions. "Hazardous" covers a wide range of activities; for example, 16-year old employees cannot fill propane tanks or operate a meat slicer. If you hire minors (anyone under the age of 18), make sure you know what they can and cannot do. Violations of child labor law provisions cost a company \$10,000 for each violation.

### FOR OUR CUSTOMERS

Do not reply to Faxes that appear to be from the NH Dept. of Transportation and that ask for financial information. This is a scam. For legitimate information, visit the Dept.'s website at [www.nh.gov/dot](http://www.nh.gov/dot).