

Profit Hunters International

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 exams _____
- Interviews _____
- Mental aptitude test _____
- Personality test _____
- Skill test _____
- Integrity test _____
- Background investigations _____
- 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 (\$ _____)