

THE EXTRA POINT

BY JERRY ROBERTS



367 The High Cost of Replacing Talent

What does it really cost to replace a key worker? Many managers and business owners aren't sure. I'm Jerry Roberts and today, we'll throw out some facts about the true impact of losing talent...next on The Extra Point.

I think today's Extra Point is going to open some eyes and maybe drop a few jaws. The subject of the true costs of replacing workers is very much misunderstood — and I'm going to bet that includes the majority of those in charge of doing the replacing.

Let's get right to it. These are the factors that go into determining the expenses involved in hiring and getting someone ready to perform.

1. The cost of attracting quality job applicants. This is not limited to running newspaper ads or on Internet job boards. This also includes the time it takes for staff to go through resumes and applications to come up with a list of potential candidates. Following that is the vetting process, then interviews which might include chunks of time given by one or more managers. Finally, the decision is made to offer someone a job and you hire them.
2. On-boarding the new worker. This might include orientation, leading them around to meet people in several departments. Perhaps this is done by the HR manager and the direct supervisor.
3. Training. Is this coming from the supervisor or another member of the team, who might have to sacrifice their productivity for a day to conduct the training? Or, must the training go on for multiple days?
4. Productivity cost. It's likely the new worker will require time to match the productivity of the former employee. This number is often in the thousands or tens of thousands of dollars.
5. Mistakes and problems can be expensive

while the new worker is learning.

6. Engagement or relationship cost. This relates to lost production from others who were used to dealing with the departed worker. This is a two-pronged expense. There is often a real dollar cost, and then the frustration factor of getting used to a new employee who may perform differently than they're used to.

The reality is that it's a simple issue to figure what it costs to attract candidates and hire one of them, then conduct the on-boarding and training. However, when it comes to lost productivity, customer mistakes, and the impact on other workers — it's difficult to pin down the real numbers in terms of dollars. Trust me, even though it's harder to count these costs, it's definitely coming out of your wallet.

The tab to replace an experienced worker is easily thousands of dollars. Someone with a specific certification or training could cost over \$100,000. A senior manager might be twice that, and a CEO — even in Guam — could be much, much more.

Yes, I know some companies do it on the cheap, and others don't replace workers at all, forcing the remaining employees to pick up the slack and do more, without additional pay.

For most, the annual cost of replacing talent is stiff and can be reduced with an intelligent retention effort. If you're not doing that now, I suggest you get started.

That's The Extra Point. Get out there and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

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