

Evaluating Turnover

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Q: My Board is concerned that we have a lot of turnover. I'm not so sure it's a problem. How can I evaluate turnover in my organization?

A: Turnover is a measure of the how many people leave your organization. The turnover rate is calculated by adding up the total number of separations (employees who leave your organization) and dividing that by the average number of employees during a given period (typically a month or a year). If fifteen people left your organization last year, and the organization had an average of fifty positions during that period, your turnover rate is $15 / 50$, or 30% annual turnover.

It's important to compare your turnover rate with that of organizations similar to yours. An annual turnover rate of 50% is much better than average for fast food operations, but it's high for educational services. The Bureau of Labor Statistics (at www.dol.gov) publishes turnover statistics that you can use as a comparison.

If your turnover rate is high, it's important to dig into the numbers. Is the turnover across the board, or in just one department? That could indicate a supervisory problem. Do certain jobs have higher turnover? Are "new hires" leaving within their first six months? Is the turnover mostly in upper management, the supervisory ranks or hourly staff?

It's also important to identify the types of separations that add up to your organization's total turnover. [Common practice is to exclude separations due to retirement, death or disability from the calculation of turnover rate.] If most people are quitting voluntarily, you'll need to dig into why and see what can be changed. If your organization lets a lot of people go because of poor performance or absenteeism, perhaps you need to look at your hiring practices and do a better job of screening for fit.