



TURNOVER CALCULATOR:

How Employee Experience Investments Can Save You Money

bonfyre

As more research connecting the dots between employee engagement and bottom line outcomes become available, we can begin to assess the value of employee experience investments.

To help you understand the impact of investing time and money into employee experience strategies, we've created a calculator that demonstrates how reducing turnover by even a few percentage points can lead to significant savings for your organization.



Prefer a video tutorial?

[Click here](#) for video instructions.

1 How to use the calculator

Before we get started, you'll need to gather some data to input into the calculator spreadsheet included in your download.

To get started, you'll need to gather the following data:

- ☐ Total number of employees in your organization
- ☐ Current annual turnover rate
- ☐ Average cost of hiring one new employee

If you don't have the average cost of hiring one new employee, the [Center for American Progress](#) states the typical (median) cost of turnover is 21% of an employee's annual salary.

Once have those numbers, it's time to add them to the spreadsheet.

- ☐ Your total number of employees goes in **Cell B3.**
- ☐ Your current annual turnover rate goes in **Cell B4.**
- ☐ Your average cost of hiring one new employee goes into **Cell B6.**

Once those are in, you'll see your results.



Misplaced your spreadsheet?
That's okay, download another one here!

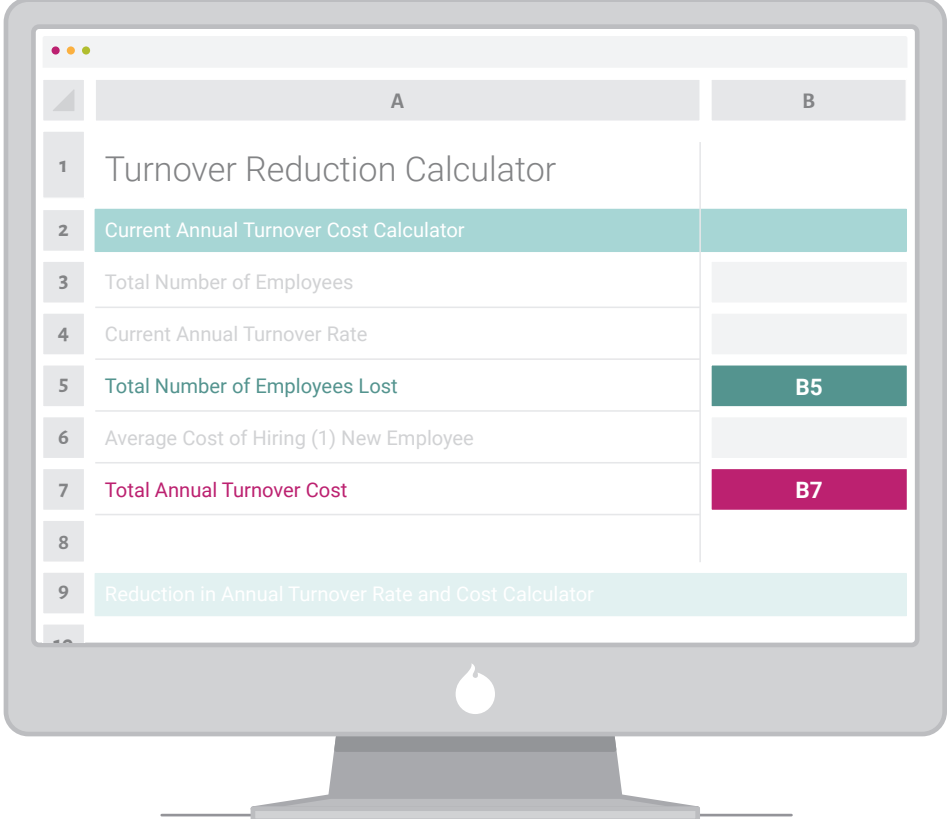
[Turnover Calculator Spreadsheet](#)

2 Reading your results

As you read down column B, you will begin to see the impact employee engagement strategies can have on business expenses.

Cell B5 will show you the average number of employees lost per year, based on your total number of employees and your annual turnover rate. This number is multiplied by the average cost of hiring one new employee. The amount found in **Cell B7** is a rough average of the annual cost of employee turnover.

According to a [Gallup's State of the American Workforce](#) study, in high-turnover organizations (those with more than 40% annualized turnover), highly engaged business units achieve 24% less turnover. In low-turnover organizations (those with less than 40% annualized turnover), the gains are even more dramatic: Highly engaged business units achieve 59% less turnover.



	A	B
1	Turnover Reduction Calculator	
2	Current Annual Turnover Cost Calculator	
3	Total Number of Employees	
4	Current Annual Turnover Rate	
5	Total Number of Employees Lost	B5
6	Average Cost of Hiring (1) New Employee	
7	Total Annual Turnover Cost	B7
8		
9	Reduction in Annual Turnover Rate and Cost Calculator	

2 Reading your results Continued

For our purposes, your reduction in turnover goal will be based on your turnover rate aligned with Gallup's data. If the turnover rate you enter is under 40%, **Cell B11** will show a 59% rate. If your turnover rate is over 40%, it will show 24%. However, if you would like to use your organization's goal for turnover reduction, feel free to replace **Cell B11** with your own goal.

Cell B13 shows the reduction in turnover rates you could achieve and **Cell B14** shows what your annual turnover rate could drop to after improving employee engagement according to Gallup's data. **Cell B15** shows what your annual cost of turnover could be with a more engaged workforce.

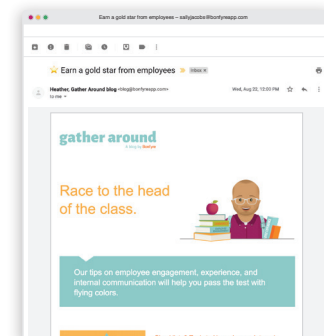
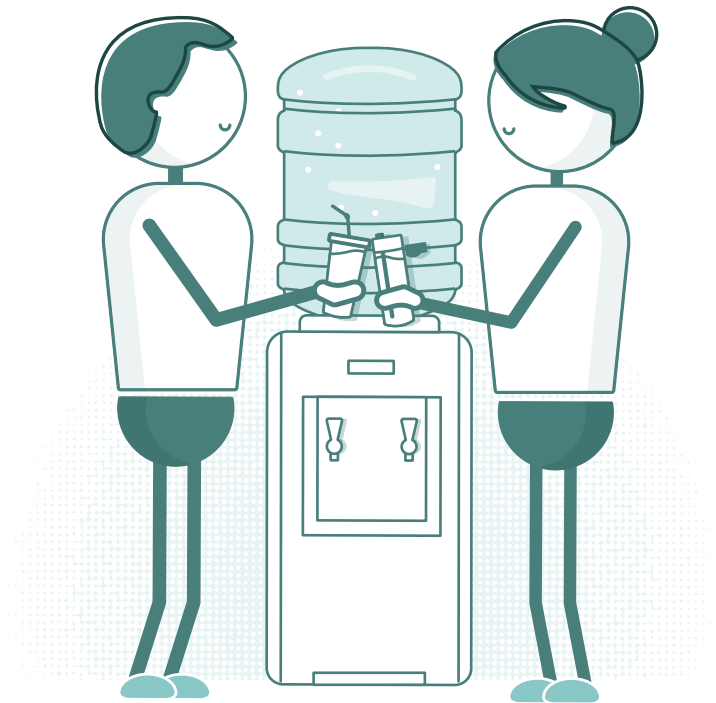
To sum it all up, **Cell B17** shows the potential savings to your organization when you invest in employee engagement strategies.

	A	B
9	Reduction in Annual Turnover Rate and Cost Calculator	
10		
11	Expected Reduction in Turnover with Engaged Employees	B11
12	Current Turnover Rate	
13	Reduction in Turnover Rate	B13
14	Turnover Rate with Engaged Employees	B14
15	New Annual Turnover Cost	B15
16		
17	Reduction in Annual Turnover Cost with Engaged Employees	B17

Conclusion

These projections are based on [Gallup's State of the American Workforce](#) study on how engagement can reduce employee turnover. While they are not guarantees, these numbers can be used to begin conversations about the value of employee engagement with key stakeholders within your organization.

Your unique results can demonstrate how much your organization could save if you invest in employee experience as a strategic priority.



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