

10 WAYS TO IMPROVE EMPLOYEE RETENTION TO REDUCE COSTS



Summary: *The cost of hiring new employees is extensive, especially if you have to hire new employees frequently to replace ones that are always leaving.*

It is estimated that companies in the United States spend over \$126 billion each year on employee learning and development. This is a lot of money that is just wasted if a company has to replace employees frequently.

Experts suggest that it can cost as much as 150 percent of the salary of a management position to be replaced. The average cost to replace any employee is about \$4,000, with blue collar and manual workers being closer to \$2,000 and managerial and professional employees as high as \$7,000. In some positions, such as an information technology employee earning \$60,000 a year, the cost to replace them may be as high as \$150,000. The cost is from indirect costs like loss of training, loss of institutional knowledge, productivity losses, consulting fees, and overtime expense for the other employees to pick up the slack.

Here are ten easy tips to increase employee retention so that you can stop paying high costs to hire and train new employees all the time.

1. Foster a culture that attracts the type of employees you wish to hire and keep around.
2. Hire the right employees by taking your time during the interviewing process to make sure you are hiring ones that will stick around. Look at their job history and pay close attention to their career goals to get a sense of who they are and what motivates them.
3. Provide training to help your employees maintain their credentials. Take their education seriously.
4. Provide guidance to your employees so that they understand their responsibilities and how they are doing in performing those responsibilities. An employee that is confused about what is expected of them and how they are doing will be more likely to jump ship.
5. Compensate accordingly. Consider the costs of constantly hiring new employees and opt to increase their pay 10 to 20 percent to eliminate the number of employees that would be tempted to leave.
6. Don't focus on the struggling employees. Often managers spend their time working with them, completely ignoring the talented employees. The best employees work hard and want to be noticed for their hard work.
7. Be flexible in the schedule expectations. Employees want freedom to work a schedule that works for them and the clients. If clients need your employees at 7pm on a Friday night, allow those employees to come in later some mornings or leave early other evenings to equal out the demands.
8. Benefits can make the difference. You may not be able to compete with Google's level of benefits, but you can provide others that employees will see as beneficial, such as working from home a few days a week, performance bonuses, or flexible vacation offerings.
9. Give fun and unique perks as an incentive. You may not be able to provide free meals every day and nap pods, you can get VIP tickets to special events or discounts at local retailers for your employees.
10. Encourage managers and bosses to be fun. Ones that take themselves and their jobs too seriously will drive away employees.

Read these related articles for more information:

- [Hire and Keep the Best Employees for Your Company](#)
- [6 Ways to Make Your Employees Happier](#)
- [Employee Retention: What Employee Turnover Really Costs Your Company](#)

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