

EMPLOYEE TURNOVER: *Are They Really a Dime a Dozen?*

When you analyze it, the cost is actually considerably higher.

BY LIANNE LARSON

How often have you heard the old adage “Don’t worry, employees are a dime a dozen”? There is significant cost associated with employee turnover. The Department of Labor’s national employee turnover rate for the year 2000 was greater than 10 percent, and the rate for golf courses is frequently much higher.

Most operations can save a substantial amount of money by retaining employees and avoiding turnover, because turnover expense is costly. The direct and indirect costs associated with employment termination and replacement, and the training of new employees, can easily cost a small organization upwards of \$50,000 annually.

A Rutgers University School of Management study states the average cost associated with the turnover of a management position to be 1.5 times a full year’s salary. For example, a \$55,000-per-year position could end up costing an organization \$82,500 to replace it. This number may be very conservative in the case of a golf course superintendent, when different maintenance objectives, goals, and programs, along with different equipment and labor needs, are taken into account. Just as surprising is the high cost of replacing the average \$9.50-per-hour employee, which occurs much more often. Cumulatively, turnover of these employees can cost your operation thousands of dollars annually.

As a superintendent, it can be frustrating to experience high turnover, and rates as high as 65% annually are



The investment of time, energy, and direction in training new employees before turning them loose on the golf course is worthwhile.

not unheard of. Employee turnover affects all aspects of the maintenance operation, and no one is immune. Management spends an inordinate amount of time on the hiring and training processes. Mechanics will be affected by the new employee’s learning curve, producing broken equipment, bent reels, incorrect fuel mixtures, and various other errors by inexperienced equipment operators. The veteran crew members might experience longer work weeks, heavier workloads, monotony, and less time for their own advanced training. Oh, and did I mention turf damage? How often have you seen the *rookie stripes* in front of scalped collar edges, gasoline spills from forgotten gas caps, or oil leaks that went undetected for hundreds of feet or possibly even several holes? These are just some of the simple mistakes that new, inexperienced maintenance staff make, and rest assured, the mistakes can be far more serious.

Calculating your facility’s turnover cost is a good first step in fully understanding the importance of effective employee training and the value of

retaining good employees. The University of Wisconsin Cooperative Extension Center for Community Economic Development has developed a formula to calculate employee turnover cost. The formula consists of four different categories:

1. Separation Cost
 - Cost of exit interview
 - Administrative cost
 - Separation pay
 - Increased unemployment compensation rates
2. Replacement Cost
 - Attracting applicants
 - Entrance interviews
 - Pre-employment screening and administrative cost
 - Acquisition cost
3. Training Cost
 - Formal training
 - Informal training
 - Performance differential
 - Added wear and tear on turf and equipment as a result of training new employees
4. Intangible Cost
 - Uncompensated increased workloads
 - Stress and tension
 - Decreased productivity due to loss of work group synergy
 - Reduction in quality of product

Note: Intangible costs are very real. They are, however, difficult if not impossible to measure.

Use the accompanying Turnover Cost Formula with reasonable cost estimate numbers inserted. Adjust these numbers to fit your situation to obtain an accurate turnover cost estimate for your operation.

TURNOVER COST FORMULA

Separation Cost

Exit interview (15 minutes preparation, 30 minutes interview, 15 minutes follow-up)	\$ 18
Cost of termination time	5
Cost of administrative functions	24
Separation pay (one week)	320
Increased unemployment (based on the Department of Labor)	272

Vacancy Cost

Overtime (20 hours per week for 3 weeks)	855
Additional labor at 20 hours regular time for 3 weeks	440
Wages saved for 3 weeks	(1,140)

Replacement Cost

Pre-employment job advertising	750
Pre-employment administrative	36
Cost of entrance interviews (5 at 1 hour and \$20 each)	100
Staff cost (meetings necessary to keep morale up)	30

Training Cost

Cost of information literature (handbooks, employee policies, job descriptions, etc.)	15
Formal training (5 weeks at 40 hours per week at \$9.50 per hour)	1,900
Informal training (i.e., mentors)	1,000
Uniforms	250

Performance Differential

Differential in performance (vacancy lag, reduced productivity, learning curve)	1,000
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TOTAL TURNOVER COST PER EMPLOYEE **\$5,875**

reduce employee turnover in the long run. *No surprises* should be your goal!

Be open-minded and creative in the type of person you target; do not exclude retirees, homemakers, or other part-time candidates. They can be dedicated and reliable employees who can fill vacancies in a productive and congenial manner.

When you think you have found the person who best fits your team's needs, check their references. This is a way to legitimize information obtained during the interview, and references are not to be taken lightly. Effective background checks can avoid turnovers.

Once the new employee is on board, spend time to adequately introduce the employee to the team, review the club's expectations, and begin the training process. While training employees, look for signs of confusion or stress. Address these feelings and concerns early on. Make the new hire feel an important part of the team as quickly as possible.

Employees are largely responsible for the success or failure of any operation. Remember, the lowliest staff member can make the golf course superintendent look like a genius or a goat in a heartbeat. It is important to spend time with your employees and listen to their ideas and concerns. Keep them informed, challenged, and empowered. It is worth investing the time and effort to hire, train, and develop a competent staff, because employees are not a dime a dozen. If you put a pencil to it, you will see that employees more likely are \$70,500 per dozen! And what club could not use an additional \$70,500?

For more information, visit the U.S. Department of Labor at www.usdol.gov, the University of Wisconsin's Cooperative Extension Human Resource Center at www.isquare.com, and 2002 Bureau of Labor Statistics at www.bls.gov/jlt.

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TURNOVER IS NOT ONLY COSTLY . . .

In reality, employee turnover is costly and it can wreak havoc with the turf management program from a quality standpoint. While the intangible costs are sometimes impossible to calculate, they are very real and very significant. The emotional and physical effects of a high turnover rate can create decreased levels of employee morale and employee synergy, decrease productivity, and create higher employee tension and stress. Simply put, high turnover takes much of the fun out of work! It is very important to try to manage the remaining employees with an upbeat, positive management style, but in the rising tide of declining morale and increased turnover, this can be all but impossible.

UNDERSTANDING WHY

Understanding employee turnover is the first step towards learning ways of preventing it. Involuntary turnover is the result of well-known factors such as local economic and labor market conditions. These causes may be impossible

to manage directly. Voluntary turnover causes, such as non-competitive compensation, high stress, monotony, and poor guidance and supervision, are easier to identify and easier to manage. One way to address the issue of voluntary employee turnover is to correct the causes. You may not be able to correct them all, but eliminate as many as possible.

Make sure there are no surprises when an employee is hired. It is essential to be up front in the interviewing process. Let prospective employees know both the positive and negative aspects of the job. Let them know that early morning starts are required, weekend work is necessary, weather extremes are part of the job, and any other negative aspects that might cause an employee to leave. Let the prospective employees read and review the job description for the position, the position's necessary training programs, and a solid review of your company's handbook. These tools, and allowing enough uninterrupted time to properly interview prospective employees, will help