

# THE REAL COST WHEN GOOD EMPLOYEES QUIT

It's very distressing when good employees quit since your company has invested a lot in them in terms of training, attention, and commitment. Most of your outlay is difficult to measure, which is why losing a good employee is a significant blow to your business.

When employees resign, you lose the working relationships that the employee has developed with their coworkers, their contact and interworking success with your customers and vendors, the

knowledge the employee has accumulated about how to best accomplish work in your company, and the energy and dedication that the employee brought to the job.

You will invest additional untold hours (and dollars) in replacing the good employee when they quit. An additional one dollar to their hourly rate only equates to about \$2,000 per year. The **true cost** to your business by losing the employee is usually much more than the \$2,000 – but we often don't look at it that way because we can't "see" the actual cost to our bottom line. (It's estimated that the cost to replace an employee costs a company about \$10,000). And, during the recruitment process, your remaining employees will be stretched to cover the extra work, or the work won't happen until a new employee comes on board.



There are many reasons why an employee leaves, but often it's because their compensation package is below market pay. When they can get more money by changing jobs – (the latest stats claim an employee who changes employers receives an average of a 10 percent increase for going to a new job) many employees are going to go to the new employer. Especially for hard-to-fill positions you need to stay on top of the competition, or you'll lose skilled employees.



Your best employees are highly talented, driven, and motivated individuals, and they know it. Even though as owners we don't realize it, but many dedicated employees LOVE their employer and what they do! If they aren't being compensated fairly, they'll be looking for a new job faster than you can ask why. Top performers know their value and use that to their advantage when job searching. This also prompts them to start looking for new work faster than other employees, as they feel more confident in their ability to get another job.



Compensation isn't just about money. A lot of times the company's budget truly doesn't allow for a significant increase in salary, so it's important to think about other factors that add value to the employee. This can be a title change that comes with increased responsibility, access to senior leadership for mentoring, or rewards like bonus vacation days or a flexible schedule.

Too often, employers set rigid work rules and procedures. That could include only one week of vacation, when two weeks wouldn't hugely affect the financial position of the company but would be a very valuable perk for the employee. A survey by a major university in December 2018 found that out of 11,055 people surveyed, 89% would rather have an additional week of vacation than a cash raise.



In today's world of heightened health insurance awareness, offering some form of health insurance is almost mandated if you want to keep a viable and valuable staff. Another recent survey (2019) of over 5,500 Millennials found that 81% of them won't consider a job that does not offer some form of

health insurance! If your company doesn't have a health insurance plan (even a basic one), likely you are losing out of the opportunity to hire many very good people.

In the disaster restoration and recovery industry, finding and keeping skilled and successful sales and marketing people, as well as restoration technicians are the two biggest challenges. These positions are also the **two most critical positions** for ongoing success and profitability.

What it really comes down to is that you can't take your top talent, or any employees, for granted. If you want people to stay at your company, you need to make sure that you're meeting their needs and giving them a reason not to leave.

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