

# Turnover's Financial Impact

employee

turnover

Here's how to avoid the fiscal pounding that typically accompanies the loss of a staffer.

BY LYNN HOMISAK, PRT

**To Our Readers:** *There are no foolish questions. Chances are if you have a question or concern in your practice, others are experiencing a similar situation. We're here to help. PM [doctor and staff] readers are encouraged to submit questions to lynn@soshms.com which will be printed and answered in this column anonymously.*

**Topic: Turnover's Financial Impact**

Dear Lynn,  
 Staff Turnover is no joke. Is there a way I can determine how much of a fiscal pounding it actually takes on my bottom line every time I lose a staffer?

Yes. As a matter of fact, there is a formula you can use, thanks to consulting firm Kepner-Tregoe Inc. and the Saratoga Institute, that outlines the steps to take to calculate that number per employee. See Chart #1 for the formula.

And Chart #2 outlines the effects of losing just one employee. Since 2021 and continuing at the

same rate in 2022, we are living in what is now known as **"The Great Resignation"**. Certainly, that should give us pause to review some strategies that focus on retention, not loss.

It is said that "money makes the world go 'round'". However, is it the #1 motivator that keeps employees at their jobs? Do not bank on it. While a good wage is a key motivator in retaining personnel, keep in mind that its absence can (and does!) lead to dissatisfaction which in turn can lead to poor performance and discontent, followed by otherwise good employees marching right out the door.

When you consider the overall impact of losing staff, the financial impact is only one measure. The emotional cost (stress, loss of productivity, patient flow disruption, job burden shifted to existing employees, etc.) is equally or more upsetting.

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CHART #1	
Annual Wage of Employee:*	\$
Add in benefit costs to determine gross wage:	x 1.30
	Total: \$
Turnover cost:	X 0.25
Cost per employee:	Total: \$
How many lost employees:	x
Total turnover cost/employee:	\$

\*based on average base wage for that position.

CHART #2	
Annual Wage of Employee:	\$40,000
Add in benefit costs to determine gross wage:	x 1.30
	Total: \$52,000
Turnover cost:	X 0.25
Cost per employee:	Total: \$13,000
How many lost employees:	x 1
Total turnover cost/employee:	\$13,000

*Turnover (from page 41)*

To coin an old phrase, *don't shut the stable door after the horse has bolted* (although you tried to prevent something from happening, it was too late to prevent damage done). Jeff Weiner, Executive chairman of LinkedIn, offers similar advice along these lines. "Start the retention process while the employee is still open to staying", he says, "and not after they've already told you they're leaving." Both propose finding ways to keep staff engaged and maybe the way to do that lies somewhere in these *general* suggestions. Consider:

- Offering them more autonomy and flexibility.



- Providing ongoing educational opportunities. Show that you are interested in expanding their knowledge base, skills, and self-confidence. This in turn could lead to delegating and job sharing. Inject interest and satisfac-

ing received exceptional customer service. Staff receiving these are given the freedom to take a day off for their extra effort.

- Giving them permission to create a "fun", pleasant work environment—one they enjoy coming to every day.

It's difficult to know what motivates your staff unless you first know a little something about them as individuals. And if you

don't, maybe this is a good time to find out. How? Well, just by asking them, of course. What are their hobbies, their likes and dislikes? Sometimes, just a touch of unexpected kindness has the biggest impact. Maybe it's finding an inexpensive gift card on their desk or a hot cup of their favorite coffee or tea or chocolates, flowers, or a unique book waiting for them when they arrive. It could just be your willingness to listen to them or recognize that they have had an incredibly trying week and simply (and genuinely) saying "thank you" for sticking it out. Awareness and appreciation are among the greatest rewards to give out. And best of all? They're free!

Don't take the "fiscal pounding" if there is a better solution. Staff

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## **Awareness and appreciation are among the greatest rewards to give out. And best of all? They're free!**

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- Giving your employees the occasional option of leaving early on a Friday afternoon or arriving late on a Monday morning as a perk for something special they have done.

- If their work allows, permit work from home days, or if there are enough staff to cover, perhaps a more flexible schedule so "mom" can get her little ones off to school, or be there to pick them up afterwards

- Consider approving longer work days (Mon-Thurs) in certain instances in exchange for Fridays off.

- Start patient schedule early and end early.

- Handing them a surprise certificate for a special spa treatment or pre-paid dinner for two at a favorite restaurant.

- Rotating the responsibility among staff to come up with a monthly incentive program, offering everyone a chance to have their idea recognized.

- Offer a bonus for each new idea that is implemented.

- Increasing vacation time. This can offset the minimally associated cost allowing them to return energized and more productive.

tion in their careers. Avoid the B-word—Boredom!—another big reason many employees want to move on.

- Giving birthdays [or work anniversaries] off or celebrating them with a luncheon party and small gifts.

- Catching your staff doing

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things right...and award them with a "caught ya!" card. For the staff that accumulates enough "caught ya!" cards, the award can turn into a pre-determined re-ward.

- Writing a "personalized" sincere thank-you when staff go over and above. Powerful!

- Ordering or picking up bagels and coffee or pizza on a random Wednesday to break up the week.

- Creating "Independence Day" cards...for outstanding performance or when patients comment on hav-

retention starts by building healthy relationships with them. It could be as simple as rolling out the Golden Rule and treating every employee in the same way that *you* want to be treated. Then take it one step further. Be spontaneous. Do something special now and in the days to come that will make your employee smile ear to ear. Because happy employees are satisfied employees. And satisfied employees want to stick around.

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Turnover (from page 42)

**Topic: Take HEART**

Dear Lynn,

*We have this one cantankerous patient, let's call her "challenging", that is driving all of us crazy. It's really hard to*

is interesting is that on the face, their rudeness and complaints would imply that your office is the last place they'd want to be and yet, they keep coming back.

Taking matters into your own hands to resolve the situation instead of blaming or ignoring this patient (and

and apologize; **R**-respond appropriately and **T**-thank them.

You will find that most people, regardless of their personality style, just want to be listened to, empathized and acknowledged. Taking HEART is a very basic approach. It may not ALWAYS work, but it is ALWAYS worth making the effort. All the best! **PM**

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*treat her nice when she never lets up. We tend to just ignore her because she is mostly rude, but when we do, she doesn't hesitate to blurt out snide comments or insults. If there is a "best practices" way to deal with her, we are all ears!*

Interacting with patients who drive us up a wall gets tiring. What

others like her) makes YOU the bigger person. And it's super rewarding when you actually win the more "challenging" ones over. It's been known to happen more times than not!

Next time, try taking a step back and remember to follow this simple acronym—**H.E.A.R.T.** **H**-hear them out; **E**-empathize; **A**-acknowledge



**Ms. Lynn Homisak**, President of SOS Healthcare Management Solutions, carries a Certificate in Human Resource Studies from Cornell University School of Industry and Labor Relations. She is the 2010 recipient of

*Podiatry Management's* Lifetime Achievement Award and was inducted into the *PM* Hall of Fame. She is also an Editorial Advisor for *Podiatry Management Magazine* and is recognized nationwide as a speaker, writer, and expert in staff and human resource management.

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