

# Capture the hearts and minds of your employees

The business case behind employee entry and exit surveys

An Insync Surveys white paper

**Keeping talented employees** is a critical success factor given the current skills shortage.

Employers need to devise new approaches to retain younger staff as baby boomers retire. The new generation of workers have high expectations in an employment market that lets them be choosy. It's also important to look at ways of keeping older staff, as the pool of younger resources will not be big enough.

### **The basic process for improvement**

Entry and exit surveys are key inputs to an organisation's strategy to reduce employee turnover and the associated costs. Surveying new employees provides the opportunity to capture fresh ideas to improve work practices. Exit surveys highlight a multitude of issues ranging from clarity of roles, compensation and performance management.

There are significant costs associated with turnover. If your organisation can identify the reasons behind turnover and reduce them, there will be an undeniable cost benefit. Once the cost has been analysed, you'll have a powerful argument for how the money saved can be better be spent on strategies aimed at retaining your hard won talent.

*"Insync Surveys' Entry/Exit Surveys save us considerable administration time. We recently expanded with over 100 new employees in three months. It would've been impossible for our small HR department to cope without this facility. Its online nature allows us to gather accurate statistics about the experience of new and exiting employees. These facts back our improvement initiatives. The prompt assistance and excellent service provided by Insync Surveys is invaluable."*

**Kathy Sdrinis**  
**Human Resource Manager**  
**WISE Employment**

### **Turnover metrics are important to understand**

Try to answer the following six questions.

1. Are employee entries and exits monitored?
2. Do you know why employees join and leave?
3. Does the induction process actually achieve its objectives?
4. What percentage of your work force is leaving?
5. Is turnover connected to length of service?

6. Are there problem teams within the organisation?

If you don't track these things, don't worry – you're not alone. Insync Surveys finds that most organisations don't have valid data around why employees leave. They also lack a way of verifying whether employer perceptions actually match the real reasons behind employees leaving.

**Exit surveys provide the answers**

Answering the six questions outlined above provides the reasons for turnover and the basis for meaningful retention strategies.

When it comes to exit surveys, employees are usually more honest with an impartial third party. They're also usually willing to participate because they believe their opinion will help the company improve and also benefit colleagues who are staying on.

In a competitive talent market, employers regularly lose top performers. Smart HR managers realise that exit interviews promote the company's professionalism and also deliver the knowledge needed to have a chance of winning these star resources back or preventing them from leaving in the future.

Returning employees are attractive because they represent a low hire cost, for example: graduates returning from overseas work experience. HR doesn't need to place advertisements or pay a recruitment agency. These employees get up to speed quickly and represent faster returns. They also bring back outside experience and fresh insights without having to learn about your organisation's culture and history.

**Entry surveys fill gaps quickly**

It is important to look at what can be achieved when new people join your organisation. Real benefit can be derived from their insights and objectivity around things that may have been overlooked by long standing employees.

Entry surveys determine whether there's alignment between the organisation's values and actual behaviours. They reveal if your induction program is effective and relevant, helping new employees perform duties quickly. They also ensure the legal aspects of the induction, such as occupational health and safety, are met.

Entry surveys should be viewed as a positioning exercise as they promote your organisation's processes and commitment to developing staff. They can also ascertain if new employees have a positive perception of your organisation, its culture, values and business strategy. After the entry survey process, you'll be able to gauge initial employee commitment.

### **Some of the current challenges**

If automated systems aren't in place, HR departments generally don't have enough internal resources to conduct surveys. As a result in-house surveys often don't deliver enough return on investment to justify doing them. The benefit is further reduced when the findings can't be externally benchmarked, which is often the case with internal surveys.

In low trust environments, employees may not provide honest feedback, nullifying the value of asking their opinion. If employees' past experiences are that nothing meaningful is done with the results, the value of the survey process is further reduced.

### **The power of benchmarking**

By externally benchmarking the HR department can compare with the competition: where exiting employees are going. This will help by providing clarity around survey results.

For example: based on internally compiled results, HR believes employees are leaving because they're paid enough. However, by externally benchmarking the organisation's results, HR is able compare results to similar organisations and might discover a need to offer better career paths for employees.

Comparing your results against an industry benchmark is very important. Fortunately, Insync Surveys has an entry/exit database with over 1000 results from large Australian organisations so you can ensure you're identifying the real reasons behind attrition.

### **The advantages of outsourcing**

Outsourcing the entry and exit survey process frees HR or line managers to focus on core business activities. External providers bring quality assurance benefits to the table. These include greater consistency because the process doesn't depend on internal skills. More rigorous data is also gained by using a proven methodology.

Highly valuable feedback is often drawn by using a third party to conduct your entry and exit interviews. Employees can feel more comfortable and tend to be more honest talking to an impartial service provider. Additionally, third party surveyors can guarantee the confidentiality of the process to your employees.

A good external provider will train internal staff in basic interview based research techniques. No HR manager wants a folder full of information that's never actioned because the interviews haven't been interpreted. A good survey process will give HR managers immediate and meaningful evidence needed to support process improvements.

The flow on effect from obtaining entry and exit information is a reduction in recruitment costs. Employers are better able to understand and meet employees' needs and are more likely to attract long term commitment once a willingness to invest in employees is demonstrated.

### The road to reducing turnover

To plan the way forward and retain your best staff, organisations need to first get serious about reducing turnover. Start conducting entry and exit surveys to determine employees' goals when they start and find out why people are leaving. Entry and exit surveys are best outsourced to a third party to maximise value and efficiency. Once some data has been collected you can begin to understand the key reasons behind employees leaving and begin to address the problems. Over time these changes will save money and help keep the best staff.

### Understanding turnover costs

1. Calculate **turnover percentage**. Divide the number of departures over a year by the total number of people employed and multiply by 100. For example, if you've had 18 people leave and employ 110 people your turnover rate is just over 16%.

The turnover percentage allows you to benchmark against other organisations in your industry.

2. Calculating **turnover cost per person**. Cost factors can be both direct and indirect. Direct costs are the money spent every time you have to advertise, attract, select, and induct a new employee.

Indirect costs include overtime payments due to absenteeism and opportunity costs such as what your organisation might have earned if the resources in question were there.

**Typical example**

- Based on an employee's hourly rate of \$24.04 (or an annual salary of \$50K)
- HR specialist's time charged at \$30 per hour
- Overtime rate of \$36.06 used

<b>Direct costs</b>	
HR time spent on job description, selecting and briefing recruiter	10 hours @ \$30ph = \$300
HR interviews	3 X 1.5hr interviews x \$30 per hour = \$135
Recruitment fees	15% of placement's annual salary = \$7,500
Induction costs	1 week training \$961.54, plus 25 hours for new employees' face-to-face introductions = \$1,562.29
<b>Indirect costs</b>	
Overtime payments to cover the loss	6 weeks of overtime payments x 2hrs per day = \$2163.60
Opportunity cost (lost productivity)	\$5000 over 6 weeks= \$30,000
<b>Total</b>	<b>\$41,660.89</b>

3. Calculate **total turnover costs**. Multiply the turnover cost person by the number of staff who left last year.

**If your turnover rate is over 10% it is hard to deny the value of entry/exit surveys as a part of your employee retention and cost reduction strategy.**

**To find out more please contact:**

Insync Surveys Pty Ltd

**Perth:** 76 Wittenoom Street, East Perth WA 6004

Phone: (+61 8) 6461 6485

**Sydney:** Level 2, 110 Pacific Hwy, North Sydney NSW 2060

Phone: (+61 2) 8081 2000

**Melbourne:** Level 7, 91 William Street, Melbourne VIC 3000

Phone: (+61 3) 9909 9222

info@insyncsurveys.com.au

www.insyncsurveys.com.au