

Hiring Calculator

This tool can help you *dollarize* the value of hiring the right employee the first time—and is a useful exercise to lend urgency to your selection process. Following is a simplified cost calculator:

	Salary Costs	Hard Costs	Soft Costs	Vacant Roles
Direct Costs	<ul style="list-style-type: none"> ✓ Salary. ✓ Signing bonus and training expenses. ✓ Benefits. ✓ Taxes and other costs for a total salary. 	<ul style="list-style-type: none"> ✓ Separation processing—including coaching, counseling, managing and other direct expenses. ✓ Recruiting costs, ads, resume screening, interviewing, reference and background checks, testing and other on-boarding costs. 	<ul style="list-style-type: none"> ✓ Bad Public Relations, impacts on internal, customer & vendor relations, and other key relationships. ✓ Lost productivity of the executive and management teams (what they could have produced while dealing with these issues). 	<ul style="list-style-type: none"> ✓ Lost income or benefit while this position is vacant.
Productivity Costs	<ul style="list-style-type: none"> ✓ Time it takes to get up to speed in this position, <i>extended by</i> total direct salary costs for the period. 	<ul style="list-style-type: none"> ✓ Burden placed on co-workers or direct reports <i>extended by</i> the average salary of all the people affected for the period. 	<ul style="list-style-type: none"> ✓ Lost productivity on key projects and initiatives. ✓ Good employees who left because of this person's management style—and the cost to replace them. 	<ul style="list-style-type: none"> ✓ Lost income or benefit due to the unnecessary departure of valued employees.

What is the Total Salary (top left box at the intersection of **Salary Costs** and **Direct Costs**)?

\$ _____

What are the Total Costs (sum all the other boxes, *except* Total Salary)?

\$ _____

Calculate the ratio of **Total Costs/Total Salary** (typically 100%-200%):

Turnover Cost Ratio _____%

Now consider the full impact on the bottom line. Multiple the above ratio by the salaries of everyone you replaced (or should replace) this year.

Total Turnover Cost \$ _____

I am confident in our ability to generate a significant reduction in your hiring costs, boost the number of top performers on staff, and grow your bottom line.

—Art Boulay, MBA, CMC CEO