

High turnover is often a given in the hospitality industry. The partnership of Talent Plus and The Ritz-Carlton has gained momentum and developed a culture with some of the lowest turnover in the industry.

In hospitality, the cost of turnover (including hard and soft costs) is estimated to be six months of salary and benefits for non-professional positions and at least 12 months of salary and benefits for professional and executive-level positions.\* The cost of losing employees can unknowingly erode revenues and profits as well as negatively impact an organization's culture. Published data indicates the industry average for luxury hotels is 45 percent across all jobs, with hourly averaging 60 percent and management at 25 percent. Data suggests the average cost of turnover per employee in the luxury market is \$12,136.\*\*

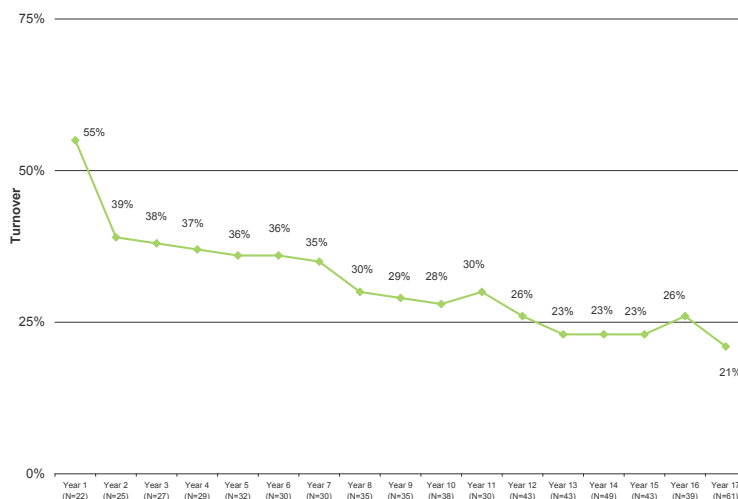
A testament to the success of the Talent Plus/Ritz-Carlton partnership is the ROI derived from labor turnover savings over the longevity of this 17-year relationship, with turnover currently at 21 percent. When Talent Plus began working with The Ritz-Carlton Hotel Company in 1991, turnover was at 55 percent, typical for a luxury hotel.

Total integration of Talent Plus' QSP<sup>®</sup> across all positions, from executive committee to service staff, has resulted in overall turnover reduction of 62 percent over 17 years. In the longitudinal graph, there is an ongoing significant decrease in turnover from 55 percent in 1991 to 21 percent in 2007, a 62 percent reduction, while growing from 22 hotels to 70 locations and 11,000 ladies and gentlemen to over 32,000. In the end, a business relationship must create measurable financial results for the company investing. The benefit of this reduction has saved The Ritz-Carlton a tremendous amount during the past 17 years. Analyzing an industry average for turnover of 45 percent and The Ritz-Carlton's current turnover at 21 percent:

In this industry:	Industry Average	The Ritz-Carlton
Number of Associates		32,000 associates
Average Turnover Rate	45%	21%
Cost Per Person	\$12,136	
Total Cost	\$174,758,400	\$81,553,920
Difference (Savings for The Ritz-Carlton Hotel Company)		\$93,204,480 annually

Talent Plus' research to date across all clients shows that top performers stay longer and reduced turnover is a direct outcome of the selection and development of talent. Retention of top talent has also significantly increased performance metrics. Retention has been positively correlated to guest engagement and employee engagement.

The cost for Talent Plus' services is .000636 of The Ritz-Carlton Hotel Company's total annual revenue (based upon Calendar Year 17 utilizing The Ritz-Carlton Hotel Company's published revenue of \$2.6 billion for that same calendar year).



The longevity of the partnership between Talent Plus and their clients has exponentially increased the return on investment each year for such long-term clients. Building a Talent-Based Culture<sup>SM</sup> pays off over time. With an increase in turnover cost of nearly \$4 million per 1 percent increase in turnover for a company with an employee base such as The Ritz-Carlton, the return on investment experienced through reduced turnover is undeniable. Furthermore, these results have been sustained at a significant level over the years.

\*Fitz-enz, Jac, The ROI of Human Capital, 2000.

\*\* Labor Turnover References:

Tim Hinkin, Ph.D. and Bruce Tracey, Ph.D., Development and Use of a Web-based Tool to Measure the Costs of Employee Turnover: Preliminary Findings, *CHR Reports*, Vol. 6, No 6, May 2006 Tracey and Hinkin, The Cost of Employee Turnover: When the Devil Is in the Details, *CHR*, Vol. 6, No 15, December 2006). R. H. Woods, W. Heck and M. Sciarini, Turnover and Diversity in the Lodging Industry, East Lansing, MI: American Hotel Foundation, 1998 Smith Travel Research, J.B. Tracey and M.J. Tews, Hospitality Compensation and Benefits Survey, New York: American Hotel and Lodging Educational Foundation, 2002