Consultant Presentation

Audience: The target audience for this presentation is the executive group of an HR consulting firm. This information may be distributed to lower-level directors and managers in another form, but the primary group is the senior leadership team. This group will lead discussions about changes needed to address the gaps identified by the data.

Purpose: The purpose of this presentation is to describe what I found in my data analysis. I want to clearly convey the information without making any specific recommendations unless requested to do so. My job is to explain the patterns and correlations, not dictate what to do with them.

Script:

The cost of turnover is much higher than most companies conceptualize. In my experience, the number people discuss is the cost of training. It cost X amount to train a new/replacement Y. there are many pieces that most people in operations don’t account for and almost certainly don’t quantify. There is money spent on hiring. Posting on Indeed, LinkedIn, and various other job hosting sites isn’t free despite what the ads in podcasts tell you. There is also a massive hit on productivity. And that impact increases exponentially as the skill level of the position increases. It was estimated that replacing a highly skilled position can cost more than 200% of the annual compensation.

I looked at employee retention rates for one of your clients from 2020 and 2021. This included all their job-related demographics, but most importantly, it included their termination status, termination type (whether they left voluntarily), and the reason for leaving.

A quick disclaimer. This data encapsulates a very abnormal timeframe in the US labor market. As such, findings from this data set may not be transferable to other industries or even other organizations. It may not even be transferable to the same company over a different time frame. Because of the atypical way in which areas and sectors were locked down, and the degree to which that area or market adhered to the recommendations, this data may not align.

I did exclude some data from the analysis. First, I excluded persons who left involuntarily or who retired. The data wasn’t designed to show if any of these variables would have influenced a behavioral change or any intent to continue employment beyond a certain point. I also excluded those with a tenure longer than 15 years. This was for two reasons. One, there wasn’t a demonstrated difference between this group. Two, removing that group of people made some of the data easier to read.

Given a wide range of demographic variables, I was able to home in on a couple of key indicators that separate employees that leave vs. employees that stay.

One odd but obvious trend is tenure. It makes sense that employees that don’t leave are retained. But is there a point at which an employee is much more likely to stay than leave? How long must you maintain an employee before they reach that point? Unfortunately, the answer isn’t perfectly discrete. There is some overlap in this chart, so allow me to explain. According to the data, it takes just less than 1 year for 50% of all voluntary terminations to occur and just over 2 years for 75% of voluntary terminations for one reason or another. If long-term retention is the goal, getting past that critical mark somewhere between 11 and 26 months is a priority.

I also broke the chart out by gender to see if there were any disparities. This is what that breakout looks like. In general, women in both groups tend to stay with the company longer than men. Interestingly, among the unretained persons, men had a higher median tenure while women had an overall longer tenure.

The most correlated variable to employee retention was the number of pay increases during the timeframe. According to the data, only 25% of people that left the company received at least one pay increase. Perfectly in contrast with that, 75% of retained employees received at least 1 pay increase. The median number of pay increases was 3.

For completion’s sake, I checked this trend against gender as well. This shows that, among non-retained employees, men received more pay increases than women.

In conclusion, it is important to get employees to a critical point in their tenure. Employees that stick around past a certain point are much less likely to leave. Pay increases are the most likely way to keep employees around.