



Opportunity for Growth Curbs Turnover

What if you could reduce turnover by one-half a percent? Would it be worth your efforts?

According to iLogos' newest intelligence report, you bet. A 100,000-employee company with a 10 percent turnover rate saves \$20 million by cutting turnover to nine and one-half percent; that's using the conservative estimate that the loss of one person equals one year's salary, which averages \$40,000 per employee in the example above.

Numbers like these speak for themselves, explains Alice Snell, vice president of iLogos Research, who directed the new study titled, "Internal Mobility." "The numbers also drive home the point that developing and improving internal mobility processes isn't just a feel-good idea," Snell explains. "In any economic climate, the numbers show how internal mobility among employees adds value."

As one vice president of human resources for a financial service firm said, "if the internal mobility program prevents four or five people from leaving the organization, it has paid for itself."

Besides better financial performance, the results of leveraging the existing employee base are many. The most common noted in the iLogos study-which included responses from more than 70 large and global corporations-are shorter time to productivity; greater employee satisfaction and retention; lower staffing costs; streamlined information flow; and limited competitive intelligence leakage.

But the main reason employers implement an internal mobility program is to provide growth opportunities for employees-an effort known to boost employee satisfaction. Improving retention rates was the second most important reason staffing executives develop such an initiative. Eighty percent of survey respondents reported having a formal internal mobility policy in place.

The study found a positive correlation between formal policies and turnover rates. For example, the responding companies with a formal internal mobility policy reported a 10.9 percent turnover rate. Eight participating companies without a formal policy reported a 14.9 percent turnover rate. "A four percent improvement rate in retention represents about one and one half percent increase in profit margin," notes Snell.

Formal internal mobility policies also link with a high percentage of internal fills. One hundred percent of the companies that reported internal fills of 80 percent or higher have a formal internal mobility policy. For more information about the Internal Mobility intelligence report, go to www.iLogos.com.