

Turnover Success Story

Does this scenario sound familiar to you? Constant hiring, turnover over 20% per year, ridiculous Worker's Compensation Rates, over the top legal expenses and expensive overtime. If so, I thought you might be interested in how GHRO solved these problems for one of our clients.

If you can imagine a 1,500 employee company that experienced the following on an annual basis:

1. Turnover of 23.2%
2. Cost of turnover was \$3,600,000
3. Overtime costs of \$1,300,000
4. Legal fees in excess of \$500,000
5. Average Workers Compensation cost per claim of \$4,627

Not a pretty picture. I think this organization is no different than many who do not understand the importance and of hiring the right people. This is not to suggest that they would tell you they are trying to pick the wrong ones, but that is exactly what was happening.

This organization hired GHRO to do their Talent Acquisition for all nine of their sites throughout the United States and in one year, we accomplished the following:

1. Reduced turnover by 51.7% of those employees we recommended
2. Lowered overall turnover cost by \$657,000
3. Overtime was reduced by \$505,000 (the vacancy rate is now a record low 5%)
4. Legal fees for those employees we recommend is 0
5. Average Workers Compensation cost per claim is \$3,559

It is REALLY possible to affect this level of change in a very short period of time if you are COMMITTED to hiring the right people and stay true to a process. Here is how we did it.

My customer came to me in June of 2007 with real concerns about his organization's ability to hire quality staff. As a government contractor he is limited in the wages he can pay due to tight budgets. As a result he felt he

needed professional assistance in this area. We met with his Human Resources team in August of 2008 and designed a Talent Acquisition process designed to provide two qualified candidates for each position. The final process is shown below:

It was important to ensure that our customer “bought in” to the process and they have an integral part to plan in ensuring their own success. The process consists of the following steps.

1. Hiring Manager identifies an open position, completes a requisition form and forwards to the site Human Resources Manager to secure all required approvals.
2. The approved requisition form is forwarded to the appropriate recruiter who logs it into our Applicant Tracking System (ATS).
3. The recruiter then initiates a conversation with the hiring manager to ensure everyone is on the same page.
4. The recruiter completes the job posting and sends to the site HR Manger for posting.
5. The recruiter initiates the agreed upon recruitment plan including advertising as required. One interesting side benefit of this process was the ability to secure three times the amount of advertising space given GHRO’s volume purchasing power. For example most of the sites were paying \$395 for a Career Builder ad. Due to GHRO’s volume we were buying them for \$110 and now less then that.
6. Interested applicants are required to apply online and are then automatically entered into our APS.
7. The recruiter does a pre-screen interview to make sure the applicant is familiar with our customer, their products, working conditions, pay etc.
8. Assuming a mutual interest, applicants are given an online compatibility test to ensure their fit to the industry and our customer. We worked with John Azzara of People Talent Solutions to help us find a suitable instrument and to ensure that we validated the instrument utilizing the Uniform Employee Selection Guidelines on Selection published by the Equal Employment Opportunity Commission in 1978. After one year of experience we have found an approximate 20% fail rate.
9. Assuming mutual interest the recruiter than conducts an in depth behavioral interview designed to ensure a good fit between applicant and company.

10. Assuming mutual interest a second online personality profile is administered. This test, also validated, is designed to measure behaviors or traits that can “get in the way” with success on the job. The fail rate for this test is also approximately 20%.
11. Assuming mutual interest a background check is completed. We have experience a 3@ fail rate for this part of the process.
12. Assuming mutual interest the applicant is referred to the site for a face to face interview with the hiring manager.
13. Assuming mutual interest the recruiter negotiates and prepares the offer letter and arranges for the drug screen.

I know many people have said to me, “Come on Jeff this will take forever”. Well the time from requisition to presentation of candidates for the first year is as follows:

1. Hourly employees - 25.5 days
2. Salary Non Exempt – 20.1 days
3. Exempt – 20.8 days
4. Supervisory/Management/Director – 25.7 days

Over the last several months GHRO has taken steps to shorten the process always with customer approval and in areas that will not affect the overall quality of applicants presented.

In conclusion this refined Talent Acquisition process has saved our customer a minimum of \$1,700,000 in year one alone. Over 300 employees were hired as a result or approximately 30% of his current workforce.

Can we help you?

Jeff Stinson is the President of Global Human Resources Outsourcing (GHRO) a full service Human Resources outsourcing company in Irvine California. GHRO specializes in helping companies grow by better utilization of their people. Jeff has been involved in the management and development of human capital for the past 29 years. Before founding Global Human Resources Outsourcing (GHRO) he ran a successful Human Resources consulting practice (JDS Consulting). Prior to JDS Jeff functioned as a senior human resources executive for several companies

where he led human resource teams on three continents in the manufacturing, telecommunication and software and entertainment industries. Jeff earned a Bachelor of Arts and Master of Arts degree in Public Administration from California State University, Fullerton. In addition to his university education Jeff also holds designations as a Senior Professional in Human Resources (SPHR); Global Professional in Human Resources (GPHR); Certified Compensation Professional (CCP); Global Remuneration Professional (GRP); and Certified Benefits Professional (CBP). He has also been an instructor at the Universities of Redlands, Phoenix and Chapman for the past 25 years. He can be reached at 949.797.2035. Please visit our website at www.ghrogroup.com

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