Retention workshop

Predicting and protecting against employee turnover

Adrien Borger – Director of Talent Solutions Strategy

A 2020 survey from Payscale showed 66% of organizations agree or strongly agree that **retention is a top concern**.

Source: Payscale, 2020 Compensation Best Practices: Winning the Juggling Act

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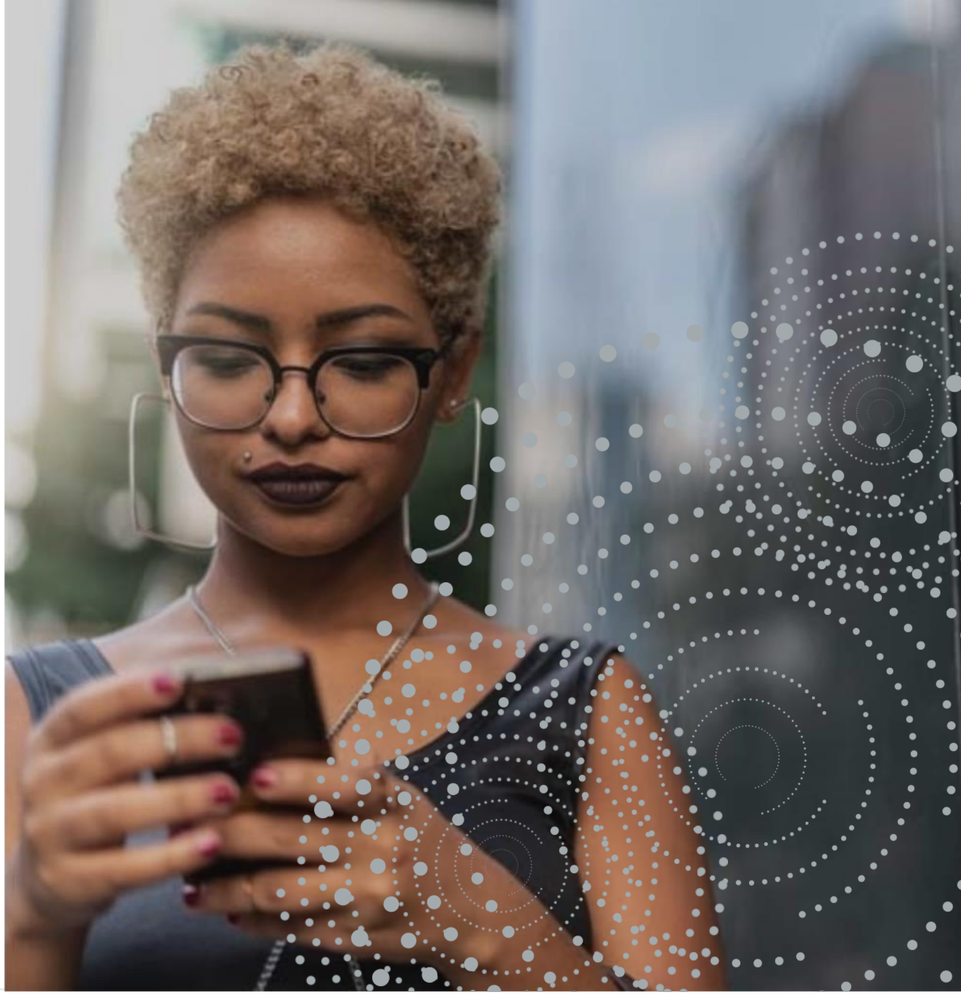
With today's growing talent pool, what steps is your organization taking to **hire candidates with low turnover risk**?



What we'll cover today

1. Industry trends and the financial impact of retention for your organization

2. Identifying inconsistences to get to a more turnover-proof candidate pool

3. Real life examples of employment verification as a retention predictor

The high cost of turnover

$4,425

Average cost of a new hire[1]

$15,000

Conservative estimate of true cost to lose a U.S. worker when calculating both hard and soft costs[2]

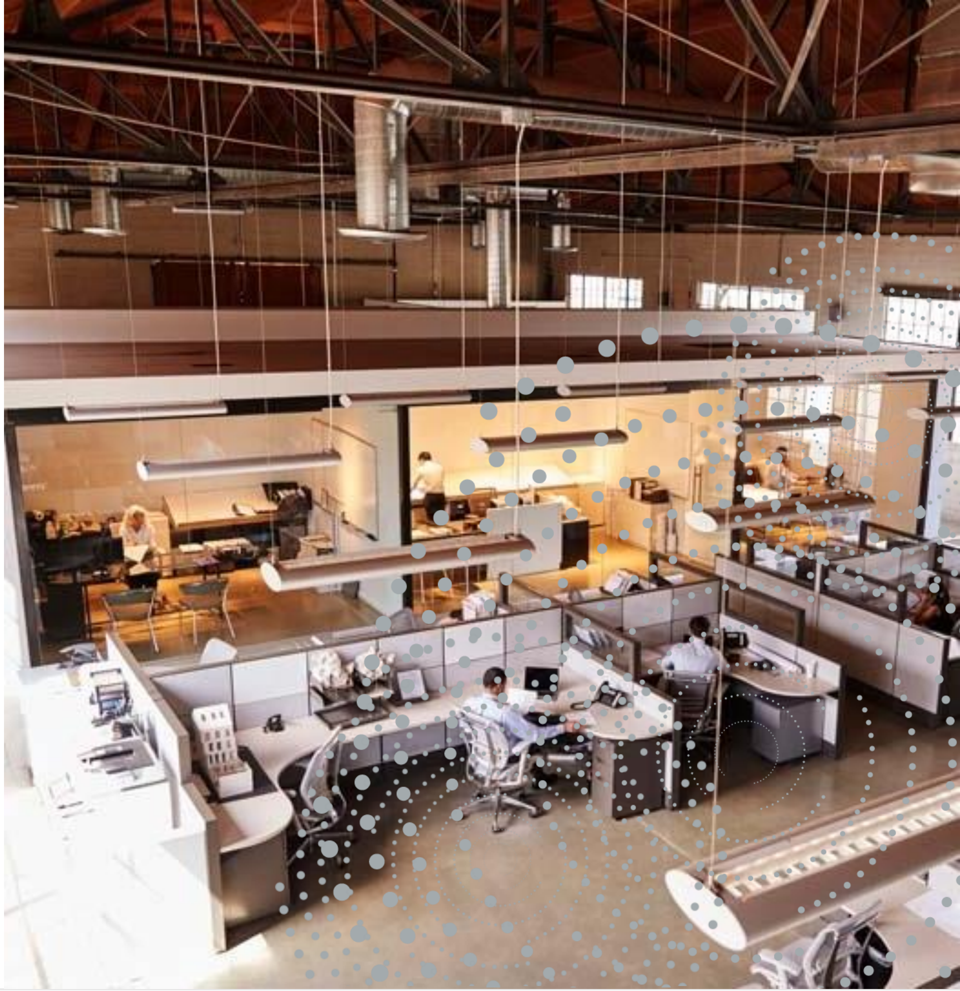
Sources: 1 - Equifax, 2018, 2 - Work Institute, 2019 Retention Report

U.S. turnover rates by industry

76.7%	58.3%	44.2%	33.0%	32.6%
Leisure & Hospitality	Retail Trade	Transportation, Warehousing & Utilities	Healthcare & Social Assistance	Manufacturing

Source: U.S. Bureau of Labor Statistics, Annual total separations rates by industry and region, not seasonally adjusted, 2018

So how can we start looking at data to help us **predict and protect?**



Today's Economic Environment

Verifying employment history, identity history and education can be time consuming resulting in…

Increased Manual Processes

Strained Resources

Delayed Hiring

But employment verifications can be a critical step in increasing retention rates.

Employment verifications can help when assessing an ever-growing candidate pool

How will you process the huge increase in new applications?

See.

Confirm.

Detect.

The value of pre-employment verifications

Achieve greater retention through verifications

According to a recent study*, employers who access candidates' verified employment history in their hiring process observe:

28% higher
6-month retention rate

45% higher
1-year retention rate

59% higher
2-year retention rate

…compared with employers who do not conduct employment verifications.

Source: Equifax, 2018

Average improvement in 1-year retention

Notable increases were observed when analyzing the data by industry:

25.1%	18%	6%	7.6%	17.1%
Hospitality	Retail Trade	Transportation	Healthcare	Manufacturing

Source: Equifax, 2018

The value in verifications for a **national retailer**

Improving your annual retention by just 3% could offer *$3.9 million* in savings.

Assumptions

- Tenure for hourly employees: **4.7 months**
- Potential improvement: **+0.4 months, 3% lift**
- Cost per hire: **$500**
- Annual hire volume: **168,000 employees**

Potential value for ABC company

Improved annual new hire count

156,000 employees

Net savings for this retailer

$3.9 million

The value in verifications for a **manufacturer**

Improving your annual retention by just 3% could offer *$2.9 million* in savings.

Assumptions

- Tenure for hourly employees: **5.3 months**
- Potential improvement: **+0.4 months, 3% lift**
- Cost per hire: **$1,500**
- Annual hire volume: **35,375 employees**

Potential value for ABC company

Improved annual new hire count

32,120 employees

Net savings for this manufacturer

$2.9 million

Past behavior can be a **powerful indicator** of the future.

Multiple premature separations

Rhonda applies to Burger House as a server. Is her past behavior an indicator that she might not stay in the position for long?

Self-reported data

Rhonda's application:

Premature Separation	Valley Market	Cashier Oct '17 – Dec '17
Premature Separation	Donut Diner	Server Aug '17 – Oct '17
	Mike's Pub	Server May '16 – Sept '17

Omissions are a critical piece of the puzzle

Jonathan applies to RedDog Bus as a driver. What might he not be telling you?

Self-reported data	vs.	Verified data

Jonathan's application:

Foody's Market	Greeter	Oct '17 – May '18
Joe's Garage	Mechanic	May '16 – Sept '17

Verification of employment data:

	Foody's Market	Greeter	Oct '17 – May '18
Omitted	Speedy Trucks	Truck Driver	Oct '17 – Oct '17
	Joe's Garage	Mechanic	May '16 – Sept '17

Stretching

Jessica applies to Fashion Hub for a Store Manager position. Her application shows she has experience in retail management, but her verification of employment shows a different story.

Self-reported data vs. **Verified data**

Jessica's application:

Dress for Success	Store Manager Oct '17 – Apr '18
Dress for Success	Store Associate Sept '16 – Sept '17

Verification of employment data:

Stretching	Dress for Success	Store Associate Sept '16 – Apr '18

Review tenure

Detect inconsistencies

Validate experience

Verification of employment can have a **profound effect on retention**.

Case study: Multiple premature separations

Company A:

Hospitality Industry

Over 138,000 new hires in 2017

Premature separation is <60 days

The pain point:

Company A was experiencing frequent and costly turnover

Is past behavior showing a trend for the future?

2+ incidents of previous premature separation

2X as likely to leave Company A early

Source: Equifax, Client Study 2020

Profit potential of improving tenure for Company A

Assumptions

- Current average tenure: **24 weeks**
- Current number of new hires: **9,165**
- Hiring cost: **$1,500**
- Cost of employment verification: **$15**

Scenario 1 for Company A

Increase in tenure

3 Weeks

Fewer new hires

1,018

$650,775 **Profit Potential**

Source: Equifax Client Study, 2020

Profit potential of improving tenure for Company A

Assumptions

- Current average tenure: **24 weeks**
- Current number of new hires: **9,165**
- Hiring cost: **$1,500**
- Cost of employment verification: **$15**

Scenario 2 for Company A

Increase in tenure

6 Weeks

Fewer new hires

1,833

$1,873,275 **Profit Potential**

Source: *Equifax Client Study, 2020*

Case study:
Increasing retention through employment verification

The client
A large upscale grocer

Cost per hire
$7K

The need
Desire to increase their average retention to >180 days, over the industry standard of 60-90 days

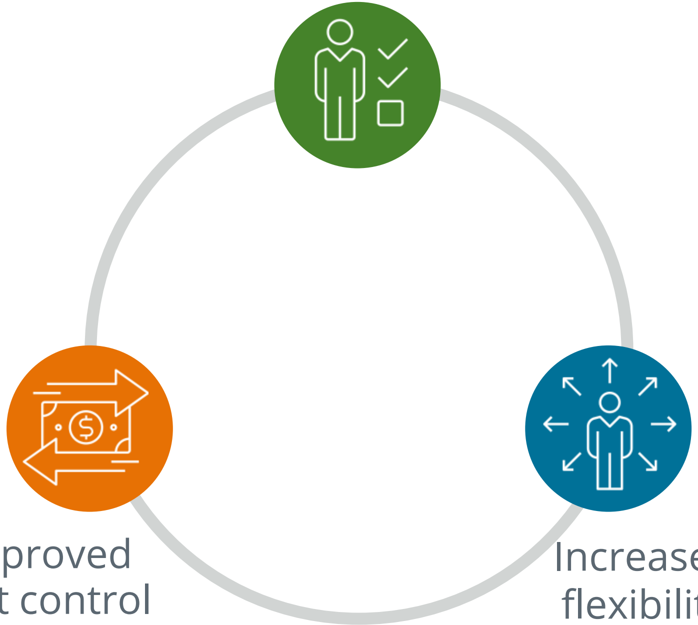
The solution
They perform employment verifications on their narrowed candidate pool and look for any omissions or for multiple premature separations

The results
Grocer client now has an average retention of 210 days

EQUIFAX

Source: Equifax, Client Study 2020

Better-informed
hiring decisions



Improved
cost control

Increased
flexibility

The industry is evolving, and so are we.

Benefits of employment verification

Discover omissions that may open an organization up to risk

Glean any inconsistencies that may lead to an unqualified candidate

Help with retention efforts by shifting towards a candidate-focused model

Questions & Answers

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