

# Exit interviews

## Gathering insights from hire to retire

### About exit interviews

What makes an employee leave one organization for another?

- Better compensation?
- Immediate career advancement?
- Getting away from a toxic work environment?
- An untenable boss who micromanages?
- More development and growth opportunities?
- A meaningful and engaging corporate culture?

A good number of employees want to share their experiences, believing the organization has everything to gain if they speak with complete candor about their reasons for leaving. Exit interviews are an opportunity for employees to point out problems and offer solutions.

This handy synopsis about Exit Interviews, compiled by TalentMap, is a general overview of how using one or both tools can lead to influential insights, improved retention rates, and better management performance.





## Advantages of exit interviews

- Provides a channel for open, honest feedback across your organization
- Becomes part of understanding the employee engagement lifecycle from hire to retire
- Collects reasons for leaving, where the organization excels, recommendations for improvements or changes
- Opens the window to perceptions about the organization never considered, brings attention and clarity to issues that may have seemed small or insignificant
- Establishes credible data for decision-making by surfacing trends in departments, divisions, regions, and organization-wide
- Identifies training and development opportunities to improve manager skills
- Insights from employees about their jobs, the organization's culture and where they see problems helps managers figure out how to improve individual and team collaboration, motivation, and effectiveness
- Keeps retention and culture issues front of mind among those with influence and the authority to make changes
- Information becomes the foundation of action plans to reduce turnover, guide management best practices, and increase engagement

As is the case for all employee feedback initiatives the value of exit interviews comes from data compilation and analysis, be it through documented discussions, survey reporting or a combination of both. It's when the same things are expressed by different people, via either method, that the dots start to connect.





## Turnover & retention costs

The Bureau of Labor Statistics reports almost one quarter (23.6%) of U.S. employees voluntarily quit their jobs in 2015. Per the Conference Board of Canada's Compensation Planning 2014 report, the voluntary turnover rate in 2013-2014 was 7.3 percent. If you apply the more modest rate to an employee population of 200, that works out to 14.6 employees who voluntarily leave annually.

### AVERAGE WAGE IN YOUR ORGANIZATION

According to the Bureau of Labor Statistics, the median wage for workers in the U.S. in 2016 was \$849 per week or \$44,148 per year. Statistics Canada reports the average wage for employees in 2016 was \$952 a week – or just under \$50,000 a year.

### BASIC VOLUNTARY TURNOVER COST – \$

Based on a shopping list of factors, estimates for employee turnover costs fluctuate wildly, from as low as 12 percent of annual pay for unskilled, easy-to-fill hourly jobs to as high as 200+ percent for professional, managerial, and executive positions where niche expertise takes longer to find. If you consider:

- a 40 percent cost estimate (excluding new hire salary and benefits)
- and an average salary of \$47,000
- that works out to an average turnover cost of \$18,800 per exiting employee

For a small 200 employee organization with a voluntary attrition of 14.6 employees, the basic turnover cost is nearly \$275,000 every year.

### COMPREHENSIVE VOLUNTARY TURNOVER COST – \$\$

Turnover costs are complex. They include administrative paperwork; loss of knowledge and skills; transferred workloads; disrupted productivity; and of course, recruitment, training, and learning curve ramp-up time. If you include:

- new hire salary
- plus 30 percent company sponsored costs (health benefits, taxes, retirement/pension contributions, bonuses, etc.)
- and apply the industry-standard complete cost (averaging around 125 percent of a departing employee's annual earnings), numbers jump exponentially

Without running through all the math, a small 200 employee organization faces a \$960,680 comprehensive voluntary turnover cost from its employee population. Annually.



## THEN THERE'S ABSENTEEISM COST – \$

Referring again to the Conference Board of Canada's Compensation Planning Report, overall absenteeism rates in Canada during 2012-13 were 6.9 days per employee. In 2014 in the UK, absences were pretty much parallel, with an average of 6.5 days per employee. Based on

- a comprehensive wage (that includes employer costs for benefits)
- roughly 240 working/business days (allowing for weekends, statutory holidays, average 2-week vacation time)
- and an average absenteeism rate of 6.9 days applied to all 200 employees

For a company with 200 employees, the average annual absenteeism expense is \$302,680.

## BOTTOM LINE COST – \$\$\$

To sum up, a small organization with a 200-person workforce can project basic turnover costs of \$275,000 and estimated absenteeism costs of \$302,680 for combined costs of \$577,680. Each. And. Every. Year.

So how does an organization slow down employee turnover and its associated costs?

While competitive compensation and benefit packages can entice some people away, the most common reasons employees give for choosing to leave are:

- Bad bosses
- A lack of empowerment (aka micromanagement)
- Poor organizational culture
- Better professional growth opportunities elsewhere

Conducting employee Exit Interviews to confirm areas with the greatest impact on employee retention and potential actions for change.



## Exit interview features

How you handle exit interviews and what you do with the information can get to the bottom of why employees are leaving and where your organization can make changes to improve retention.

- When exit interview questions are right and the process is well-managed employees can offer powerful feedback
- These sessions tend to generate competitor intelligence in areas of compensation, benefits, recruiting, and corporate culture
- Handled with respect, sensitivity, and gratitude, the exit interview process can also:
  - Create goodwill with departing employees, sending people off on a positive note that compels them to become employee alumni and some of your organization's best ambassadors
  - Build lifelong affiliations, a network of employee ambassadors, and new connections with key-decision makers and influencers when former employees move up in their careers
  - Keep the door open for a possible boomerang return; statistics show it costs half as much to rehire an ex-employee as it does to hire a brand-new person; rehires are 40% more productive in their first quarter at work and tend to stay in the job long

## EXIT INTERVIEW QUESTIONS

Several sources, including the Society for Human Resource Management, offer lists of questions. The following is a compilation of 15 key exit interview questions and some of the actions to which they can lead. Remember everyone is different; retirees, disgruntled employees, and top stars deserve different approaches, thoughtfully planned and prepared in advance.

1. What do you like most about working here?
  - A general question to spot trends – keep a watch for common themes.
2. What did you like about your job? Were your skills used completely?
  - Here's where you'll get information pertinent to recruiting and filling the soon-to-be-vacant role.
3. Were your own expectations for the job met?
  - A reflection, to a degree, on the overall recruiting process in terms of how accurately your organization and the job on offer were presented.
4. What do you like the least about working here? Were there any special problem areas?
  - Frank and forward to illicit a frank and forward response and gain an idea of where opportunities for improvement exist. As always, watch for trends.
5. How would you describe the culture of the organization?
  - Use this important general question to identify common perceptions and words around the organization's vision, mission, and values; watch for upward or downward trends and flag any patterns.



6. What improvements can you suggest to the organization, to your division/department, or to your job – to make it easier or more challenging and more interesting?
  - This question is an opportunity for the employee (and in turn, you) to flag issues and ideas.
  - On a macro level, suggested improvements for the organization may start to fall into themes.
  - On a micro job level, information may be pertinent to recruiting and filling the position being vacated.
7. Were you and your supervisor able to work together effectively?
8. How could your supervisor have helped you more on the job?
9. How would you describe your supervisor's management style?
  - Responses to #7, #8, and #9 may surface personnel problems and potential skill upgrading opportunities.
10. How would you describe the management style of your division head?
  - Keep in mind the trickle-down effect.
  - How a higher-up leader manages impacts management styles down the line.
  - If the departing employee has little to say, there may be an underlining communications issue. Dig deeper.
  - This is a good trending question to monitor and track individual divisions or departments.
11. How would you describe the management style of the organization overall?
  - Another trending question, be sure to watch and measure responses and share with leadership if a pattern – negative or positive – becomes clear.
12. What factors contributed to your decision to leave? What might have been done to prevent you from leaving?
  - Perhaps some of these concerns, if different from others already expressed, can be addressed prior to recruiting and filling the role. Again, watch for thematic patterns.
13. How did you learn about the job opening for the position you've accepted?
  - Track to find out if competitors are poaching your people, if headhunters are tapping into your workforce, or if employees are choosing to leave of their own volition.
  - If it's the latter, your exit interview questions thus far should suggest where and how retention problems can be addressed.
14. What makes your new job more attractive than your present job? What led you to accept this change?
  - Here's an opportunity to find out about competitors vying for the same talent pool.
  - Are their compensation packages richer?
  - Maybe they're offering career development opportunities you're not.
  - Then again, maybe it's a personal commuting choice that cuts the employee's travel time from home to work.
15. Would you consider returning to this company if a position were available in the future?
  - Why burn bridges when you can build them?
  - This is an excellent exit interview question to conclude with; acknowledging the employee's valued contribution, expressing gratitude and leaving on a high note.
  - Another organizational alumni ambassador in the making.



## About TalentMap

A thought leader focused exclusively on workplace engagement measurements and research, TalentMap is passionate about understanding the people behind organizational success: Employees.

Since its start in 1998, TalentMap has conducted tens of thousands of employee engagement survey projects and surveyed more than 14 million employees. Working in partnership with public and private sector organizations of all sizes across North America, TalentMap's deep understanding of methodologies and assumptions unique to different sectors alongside volumes of benchmark data accrued over the years have become valued resources for organizations that value their people.

TalentMap employee engagement survey tools – readily customized from hire to retire – are based on years of research, field experience, and scientific measurement. The company also offers expert consulting services, deployment, data collection, analysis reporting, and post-survey action planning. It's a proprietary workplace intelligence process – developed and delivered by people-oriented people consumed with helping leadership teams and HR professionals create positive organizational change.

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