

File Created by [Blogging Rebirth](#) WP Plugin

# **Top Small Workplaces 2011 vs. 2010 - Employee Tenure, Turnover, Turnover Costs, and Retirement ...**

Be a **workplace hero** ...  
ReTweet this post on **twitter**



A year ago, after Winning Workplaces and Inc. Magazine announced the winners of our 2010 Top Small Company Workplaces award, I began a series of posts sharing data on how the winners, finalists, and other applicants performed on some key business metrics:

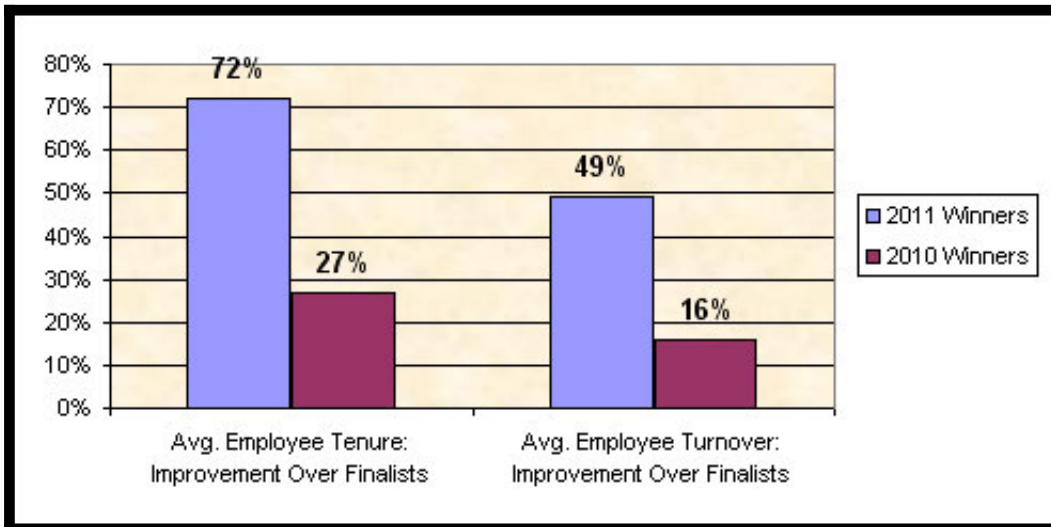
- Average employee tenure and turnover
- Estimated annual turnover costs per company (and how the winners and finalists outperformed their fellow award applicants)
- Revenue, profitability, employee tenure, and turnover among all applicants who fund a retirement plan, vs. those that don't

Now that both organizations have announced the winners and finalists of our 2011 award, I think it's time to give you some updated stats. As you'll see, they continue to support our thesis – and those of many of the other firms out there that study employee engagement and team building within productive workplace cultures – that investing in your workforce pays being dividends over the long term. That includes an increased ability to anticipate and weather tough economies like the current one.

### Employee Tenure and Turnover

TSCW Year/Status	Avg. Employee Tenure (Years)	Avg. Employee Turnover
2011 Winners (n=50)	4.3	8.6%
2011 Finalists (n=31)	2.5	17.0%
2010 Winners (n=20)	7.0	7.8%
2010 Finalists (n=20)	5.5	9.3%

As you can see, part of what distinguished the 2011 winners from the finalists was higher average employee tenure and lower turnover. But to me the real story is how much improvement in these metrics the winners had over the finalists, vs. last year's winners compared to the finalists. This is represented in the chart below:

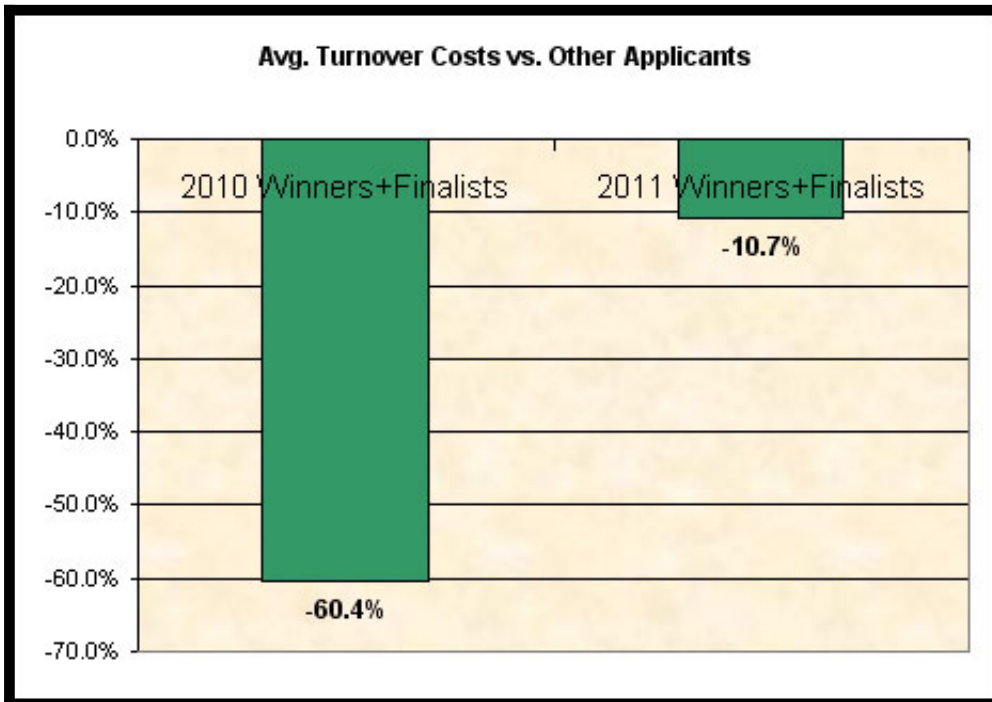


While one might argue that the continuing down economy, and particularly the stagnant job market, is keeping people from leaving who otherwise might jump ship – increasing average tenure while keeping voluntary turnover low as a share of total turnover – our data seem to indicate that something else is going on. Otherwise the winners' improvement over the finalists from 2010 to 2011 would be more gradual and not so steep. I suspect that more leaders of small firms are having frank, "We're all in it together" conversations with their workers, and at the same time are doing a better job of linking individual to company performance and providing attractive incentives to encourage more top-level work and innovation.

#### Turnover Costs - Winners and Finalists vs. Other Applicants

	2010 Applicants (n=457)	2010 Winners + Finalists (n=40)	2011 Applicants (n=261)	2011 Winners + Finalists (n=81)
Avg # Employees	48	40	87	117
Avg Turnover Rate	19%	9%	15%	10%
Avg Turnover Employees/Yr	9.1	3.6	13.1	11.7
Avg. Annual Turnover Cost	\$395,486	\$156,456	\$581,771	\$519,597

Most definitely there is a mixed-results story going on here. On the one hand, while among our 2010 pool the winners and finalists had about half the turnover of other applicants, in 2011 the winner and finalist turnover was two-thirds the level of other applicants. That was the driving factor behind the average, annual turnover cost of winners and finalists representing 89% of the cost of other applicants (in 2010, winners and finalists experienced only 40% of the cost of other applicants). Still...

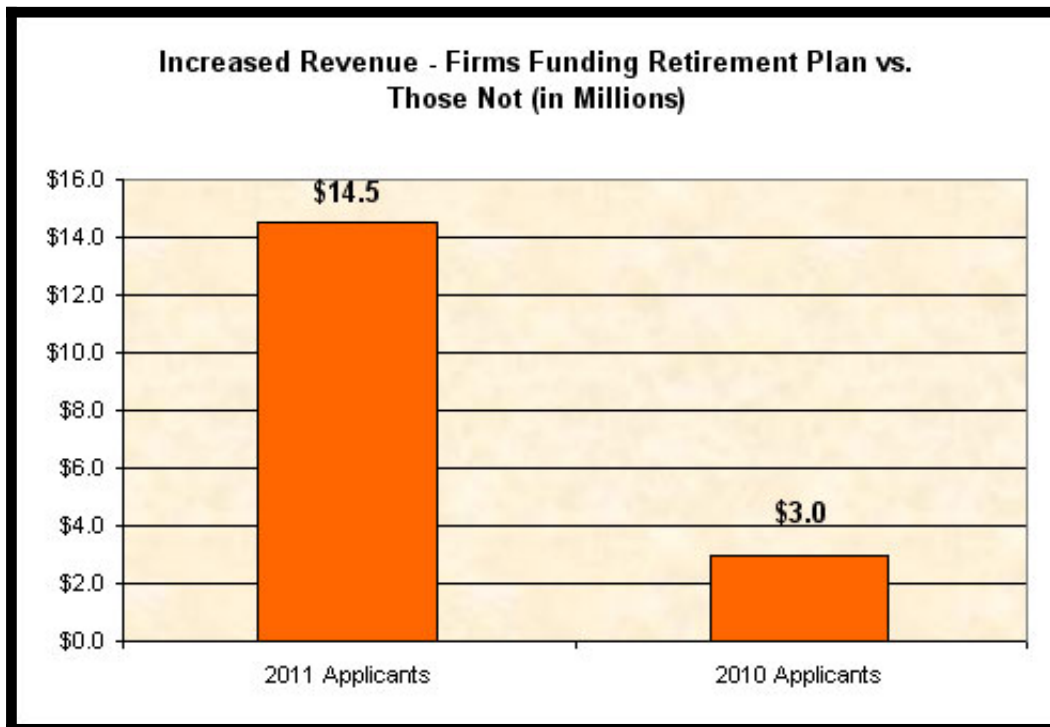


...as this chart shows, you can also look at it as a testament to the current winners and finalists that they were able to keep turnover at essentially the same low level (considering the variance in industry, geography, marketplaces, et al) as 2010, which allowed them to still have lower turnover costs than other applicants. This is particularly noteworthy since the 2011 winners and finalists represent a greater share of the total applicant pool (24%) than they did in 2010 (8%).

#### The Link Between Retirement Plans and Revenue

Applicant Year	Fund a Retirement Plan	Annual Revenue	Share Profitable (Most Recent Yr)
2011	No (10%)	\$12,247,663	91%
2011	Yes (90%)	\$26,742,053	94%
2010	No (9%)	\$24,252,612	89%
2010	Yes (91%)	\$27,211,794	91%

While there are obviously many, many other factors involved, it's hard to ignore the business metrics that tend to increase – among *all* our award applicants, not just winners and finalists – when companies show their long-term commitment to their workforces by investing in their retirement, as I discussed last October. As the table above shows with the 2011 applicant data added, we continue to see a link between funding these plans and the tendency toward greater revenue and increased likelihood of being profitable. However...



...take a look at the difference in revenue for companies who funded 401K, 403B, IRAs, or other plans in 2011 vs. those who do not, compared with the same groups in 2010. (Also note that the ratio of those who fund these plans vs. those who don't stayed essentially the same both years, 9 to 1.)

Is the difference a fluke? Or do you think there's something going on related to benefits and incentives within a framework of progressive staff engagement activities? **I'd love to read your thoughts – on this trend and anything else I've shared above – in the comments.**

View full post on [Winning Workplaces](#)

You can also find this article published on [Top Small Workplaces 2011 vs. 2010 - Employee Tenure, Turnover, Turnover Costs, and Retirement ...](#), and on the tag pages [2010](#), [2011](#), [Costs](#), [Employee](#), [Retirement](#), [Small](#), [Tenure](#), [Turnover](#), [Workplaces](#).