TEAM Software

Retention Metrics Cheat Sheet
Get your retention in check and protect your bottom line.

In the janitorial and security industries, it's difficult to keep good people employed for any length of time. With an end-to-end solution specific to the janitorial and security industries, TEAM Software knows how important issues like retention and turnover are to your business. That's why we compiled these five calculations to help you dig into your retention data and see where you can make an impact for your business.

Annual Turnover Rate

Your turnover rate is easy to calculate and a good place to start when it comes to managing your hiring expenses.

$$\left(\frac{\text{Number of W-2s Issued in a Particular Year}}{\text{Number of Active Employees at the End of That Year}} \right) - 1$$

Note: If your active employee count increased during the year, subtract the increase from the number of W-2s before using the formula above.

Annual Retention Rate

Retention is the metric that can show whether your efforts to keep employees are working, whether you have a particularly effective (or ineffective) site manager and how you can shift your hiring strategies to focus on employees who stay the longest.

$$\frac{\text{Number of Employees Hired in the Year Who Remained Employed for More Than 365 Days}}{\text{Total New Hires Made During the Year}}$$

True Cost Per Hire

The key to calculating cost per hire is to factor in all costs — both internal and external — associated with your hiring process including sourcing, recruiting and staffing. The best way to do this is to ask yourself what costs you could eliminate if you didn't have to hire anyone.

$$\text{CPH} = \frac{\sum(\text{External Costs}) + \sum(\text{Internal Costs})}{\text{Total Number of Hires in a Time Period}}$$

Net Profit Factoring in Hiring Costs

If you're not associating hiring and administrative costs by manager in addition to site-level profitability, you may not have the full picture of your managers' impact on profitability.

$$\text{Net Profit} = \text{Site Revenue} - \text{Labor Costs} - \text{Hiring Costs}$$

Hires Needed Per Active Employee

If you want to scale your business, you need to look beyond site-level profitability. While not every site manager is responsible for the same number of employees, this metric standardizes your evaluation.

$$\text{Hires Needed Per Active Employee} = \frac{\text{Number of Hires Made in a Time Period}}{\text{Avg. Number of Active Employees in a Time Period}}$$

By focusing on these metrics and finding ways to improve them, you can make a significant impact on your bottom line and you can back up your claims to customers and prospects with true, empirical data by site manager. To learn more about how to improve retention and grow your bottom line, download our eBook.