



EMPLOYEE RELIABILITY  
INVENTORY

# Modular Building Manufacturer Uses Employee Reliability Inventory to Reduce Turnover by 44%

## SUMMARY

- The Employee Reliability Inventory (ERI) is a risk management assessment that helps to determine whether a candidate will be a high or low risk employee.
- The client organization, a mid-sized US modular building manufacturer, possessed a 77% overall turnover rate prior to March 2015. A significant portion of the turnover was within their Service, Administration and Transportation divisions.
- Inclusion of the ERI in the recruitment process reduced overall turnover by 44% (measured in August 2017), effectively saving the organization over \$500,000 USD per year.

## THE CHALLENGE

A modular building manufacturer with branches throughout the US possessed an overall turnover rate of 77%, with the majority of their turnover occurring in the Service, Administration and Transportation divisions. Due to the extensive training provided to new hires, the organization faced magnified turnover costs. They opted to re-evaluate their recruitment process and identified the ERI as the ideal tool to provide more information about the candidates prior to hiring them.

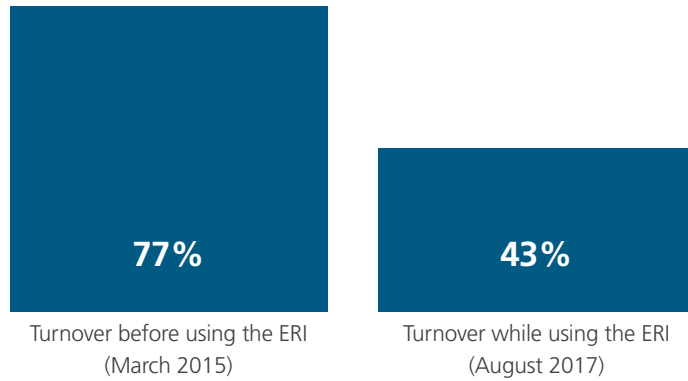


## EMPLOYEE RELIABILITY INVENTORY

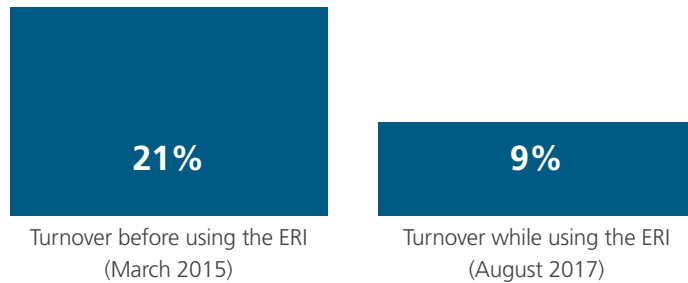
### THE RESULTS

A total of 1781 candidates were considered in this case study. Of these candidates, 553 were considered prior to the implementation of the ERI (prior to March 2015), and 1228 were screened after the implementation of the ERI (from March 2015 to August 2017).

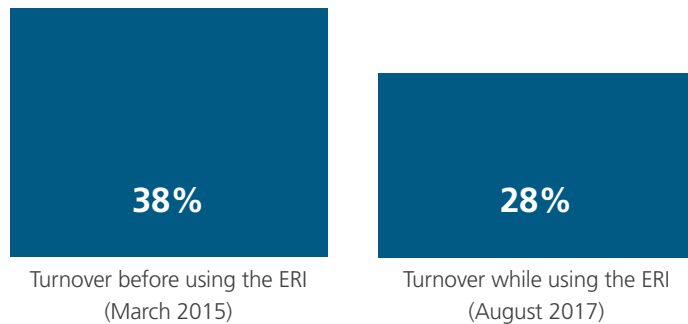
#### Overall Turnover



#### Turnover due to Termination



#### Turnover due to Resignation





## EMPLOYEE RELIABILITY INVENTORY

### RETURN ON INVESTMENT

To determine the return on investment that the client experienced from introducing the ERI into their recruiting procedures, we looked at their average yearly turnover rates and the estimated cost to replace individuals within each department.

Note: Some of the estimated costs to replace (3rd column of data) were given a higher-than-average value due to the extensive training that new employees receive (e.g. the Transportation division).

	Average Yearly Turnover	Average Salary (Client Provided)	Estimated Cost to Replace (% of Salary)	Estimated Yearly Cost to Replace
Service	18.88	\$40,000	15%	\$113,280
Transportation	9.01	\$50,000	25%	\$112,625
Administration	14.16	\$50,000	15%	\$106,200
Management	2.58	\$75,000	25%	\$48,375
Sales	2.58	\$55,000	15%	\$21,285
Supervisors	0.86	\$60,000	20%	\$10,320
<b>TOTAL</b>				<b>\$412,085.00</b>

#### Yearly Turnover Costs (Estimated, USD)

