



Nursing Turnover Analysis and ROI of Retention

Analysis Overview



Background

As part of an overall workforce analytics initiative, Cadence Health partnered with Human Capital Management Institute to deliver a **comprehensive turnover analysis** to identify key trends, drivers, key metrics, linkage to business outcomes and financial impact. The analysis includes Cadence Health turnover data from January 2012 through June 2014.

Deliverables

Key outcomes include a robust data model for repeatable turnover reporting and analysis, an interactive leadership turnover dashboard, projected retirement risks, critical turnover dimensions and metrics, cost of turnover calculation and impact for select critical job group(s), basic workforce standards, best-in-class process for data positioning and advanced analytics, and actionable insights for cost savings and value creation opportunities.

Workforce Analytics Methodology

Establish a Business Need

- Executive Sponsorship
- Key Questions to Answer
- Scoping and Opportunity Sizing
- Hypothesis Generation and Testing

Quantitative Analysis

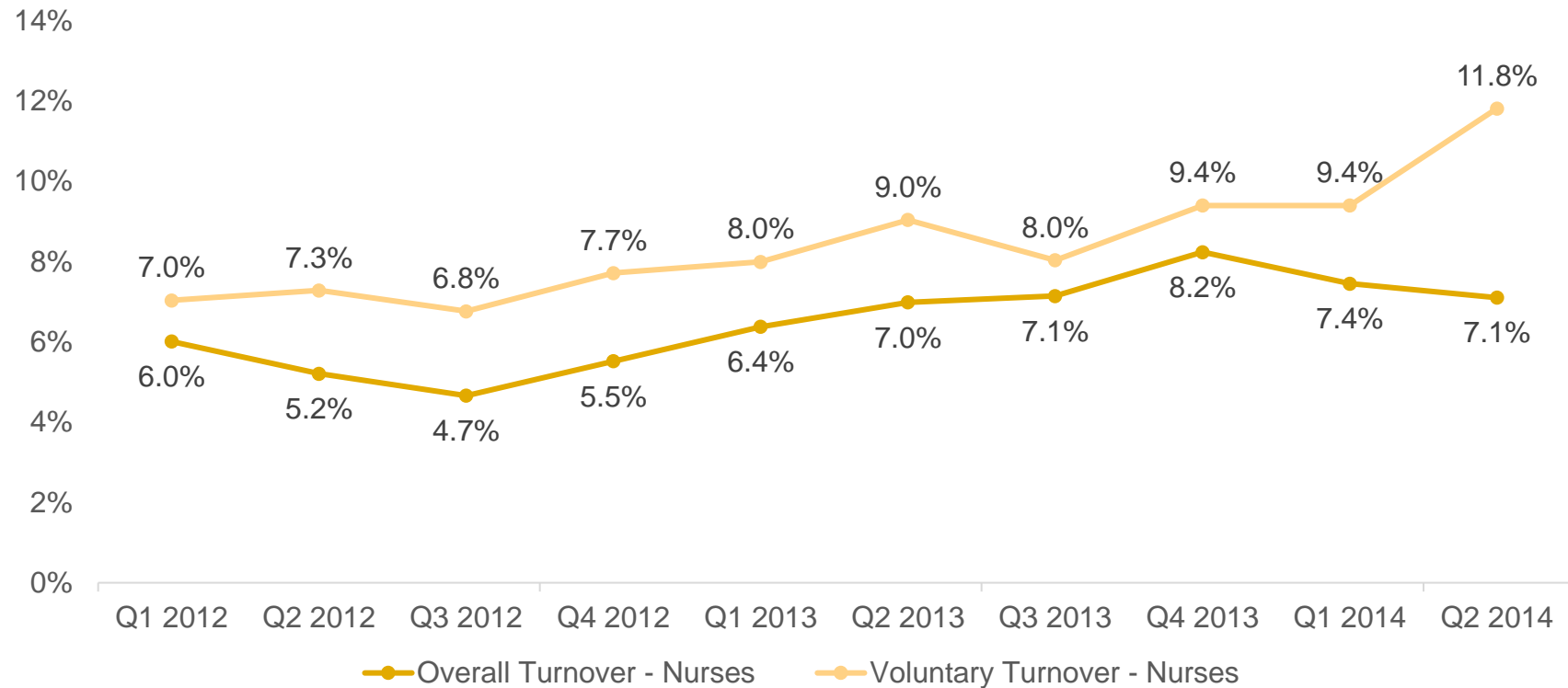
- Data Gathering and Integration
- Analysis, Trending, and Qualitative Story
- Statistical Validation; Linkage

Deliver Insights and Value

- Answer Key Workforce Questions
- Workforce, Business and Financial Linkage
- Deliver Insights, Quantify \$ Impact of Interventions

Nursing: Critical Role Turnover

While overall turnover for Nurses remained relatively flat, voluntary turnover has increased from a low of 7.0% in Q1 2012 to a high of 11.8% in Q2 2014.

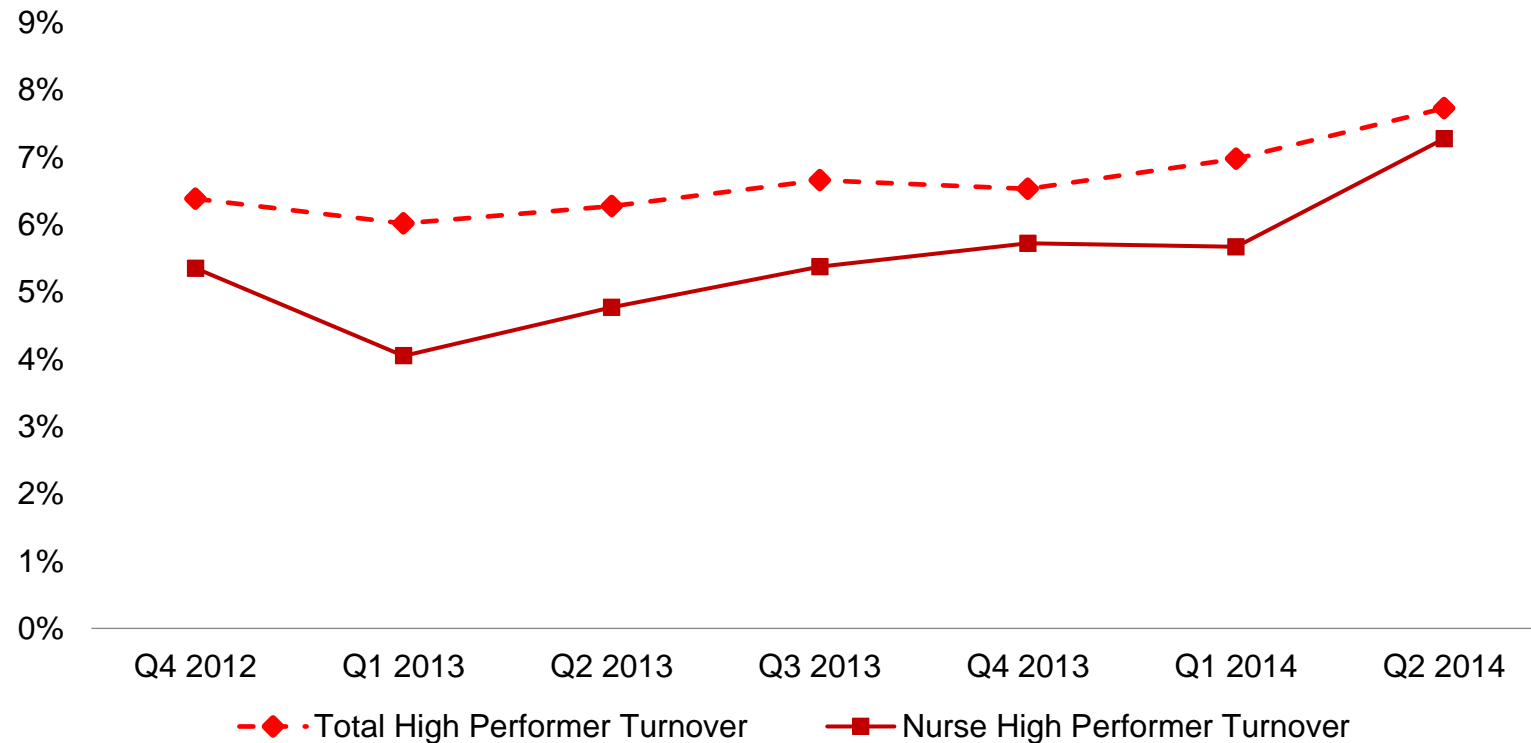


Note: Voluntary turnover excludes retirements. Quarterly turnover annualized for partial years (Q1 – Q3). Nurse population excludes LPNs.

High Performer Turnover

High performers turnover at approximately half the rate of the overall Cadence average.

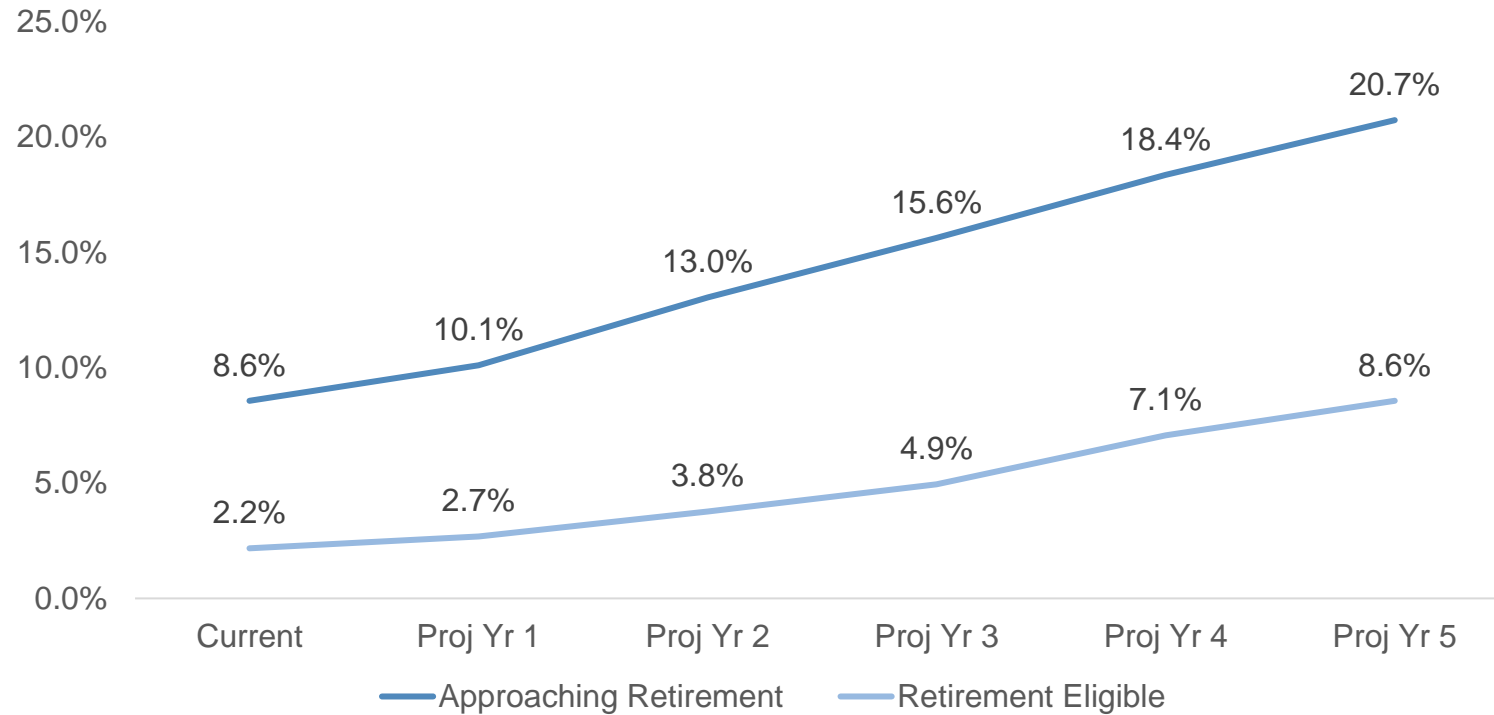
High performing nurses turnover at an even lower rate, and while turnover has spiked in Q2 2014, the trend has largely moved with overall high performer turnover across the analysis period.



Note: Voluntary turnover excludes retirements. Quarterly turnover annualized for partial years (Q1 – Q3). Nurse population excludes LPNs.

Retirement Projections: Nursing

By 2019, more than 20% of Nurses are projected to be approaching retirement, compared to less than 10% of the current population.



*Note: Retirement Eligible based on average Cadence Health retirement age.
Population approaching retirement = within 5 years of projected retirement. Average retirement age = 65.2 Yrs.*

Cadence Health Nursing Turnover Savings



Analysis Overview

Background

- Cadence Health Nursing population was analyzed using HCM's Workforce ROI Calculator.
- Key areas of focus = Cost of Turnover; Turnover Cost Savings Projections.
- In addition, HCM's Workforce ROI Calculator includes metrics and calculations across the following areas of the talent management lifecycle:
 - *Recruiting and Hiring*
 - *Compensation and Benefits*
 - *Productivity and Performance*
 - *Workforce Mobility*
 - *Employee Engagement*
 - *Leadership and Development*
 - *Turnover and Retention*

Question

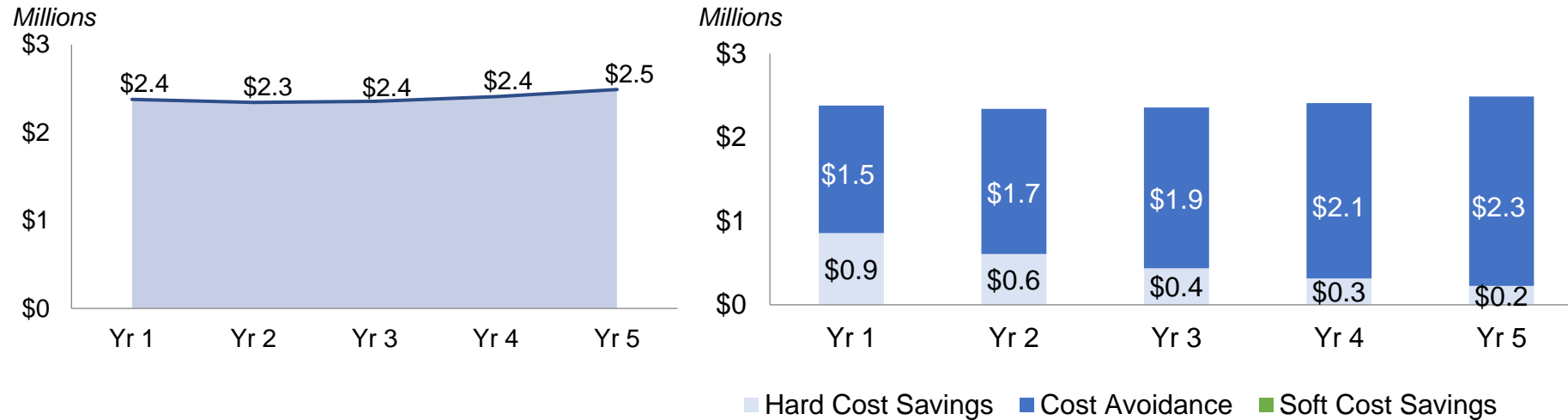
What is the cost savings associated with a 10% reduction in Nursing turnover?

Estimated Cadence Health Nursing Turnover Savings



Forecast

Cost savings associated with a 10% reduction in turnover for Nurses:



Based on a 10% calculated reduction of overall Nursing turnover, savings is estimated in the range of \$2.3 Million to \$2.5 Million per year over the 5 year forecast.

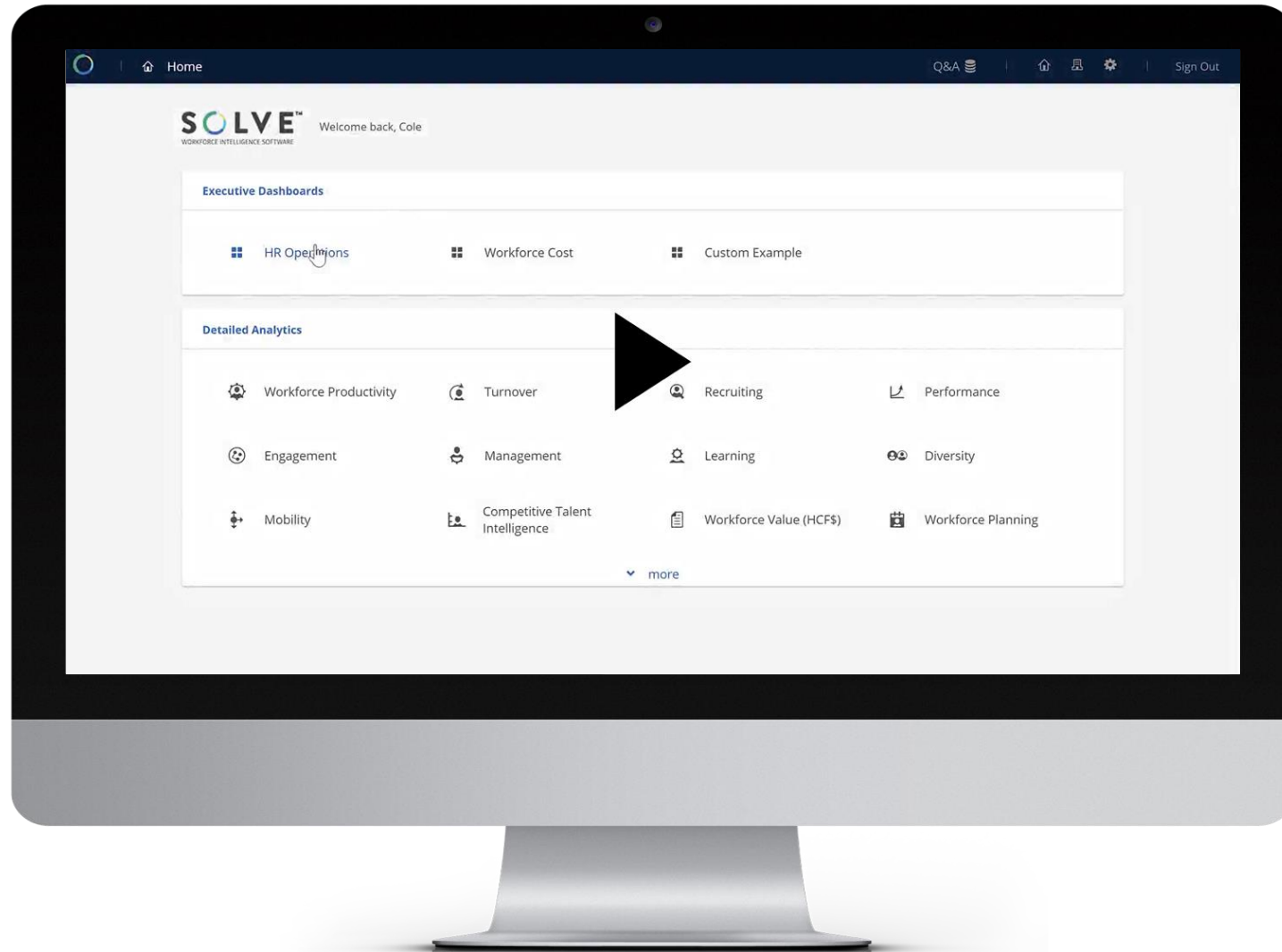
Analysis Assumptions

Assumes a calculated range between \$9,700 and \$35,500 for average Cost of Turnover per Nurse (range calculated based on tenure and performance).

Cost of turnover elements include direct departure costs, open position costs, training costs, and replacement costs.

Based on Cadence Health actuals (financials, headcount, turnover, hires, performance) and assumptions of Cadence Health population (training, transfers, promotions). Projected workforce trends and actual savings may differ.

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