

Cost Benefit Relationship of Career Management

☐ Talented Performer Retained

Where a talented performer remains within (rather than leaves) the organisation through more appropriate career positioning, the following potential replacement costs savings may apply:

Assume: Middle Management / Senior Technical position \$60,000 pa remuneration package

Cost / Benefit:

| | | |
|---|--------------------|-----------------|
| Employee Replacement Cost | | |
| Recruitment fees (say) | \$6,000 to | \$9,000 |
| Induction cost of a new recruit (say 3 months before productive) | \$5,000 to | \$10,000 |
| Total | \$11,000 to | \$19,000 |
| Less Career Management Costs (say) | \$5,000 to | \$7,000 |
| Replacement Cost Savings | \$6,000 to | \$12,000 |

☐ Poor Performance Improvement

In the case of a mediocre poor performer improving his / her performance through more appropriate career positioning within the organisation, the following potential replacement cost saving may apply:

Assume: Middle Management / Senior Technical position \$60,000 pa remuneration package

Cost / Benefit:

| | | |
|---|--------------------|-----------------|
| Involuntary Termination Costs | | |
| Involuntary termination settlement (say 6-12 months' salary) | \$30,000 to | \$60,000 |
| Outplacement fee | \$4,500 to | \$5,500 |
| Legal fees | \$2,000 to | \$4,000 |
| Total | \$36,500 to | \$69,500 |
| Plus | \$5,000 to | \$7,000 |
| Recruitment fee (say) | \$6,000 to | \$9,000 |
| Induction costs of new recruit | \$5,000 to | \$10,000 |
| Less Career Management Costs (say) | \$8,000 to | \$10,000 |
| Replacement Cost Savings | \$39,500 to | \$78,500 |

❑ **Poor Performer Departure**

Finally, where a poor performance leaves the organisation on a voluntary basis to pursue his / her career elsewhere, the following potential terminations costs saving may apply:

Assume: Middle Management / Senior Technical position \$60,000 pa remuneration package

Cost / Benefit:

Involuntary Termination Costs

| | | | |
|------------------------------------|-----------------|-----------|-----------------|
| Involuntary termination settlement | \$30,000 | to | \$60,000 |
| Outplacement fee | \$4,500 | to | \$5,500 |
| Legal fees | \$2,000 | to | \$4,000 |
| Less Career Management Costs (say) | \$5,000 | to | \$8,000 |
| Termination Cost Savings | \$31,500 | to | \$61,500 |

Naturally, the potential costs savings will vary on a case by case basis