



CAT® SIMULATORS

# Employee Turnover is Costing More Than You Think

[www.catsimulators.com](http://www.catsimulators.com)

# Employees are leaving jobs at record numbers. Turnover in lost productivity is costing Australian companies billions.

---

**Mining already took a hit, COVID has affected everyone, and turnover of heavy equipment operators compounds the problem.** Proper hiring and training impacts turnover. Companies must hire the right operators from the start and then make sure they get ongoing training, so they operate at the highest production levels and in the safest manner possible. Another benefit to having a well-trained employee is that the person is engaged in the welfare of the organization. Training and engagement can be greatly aided by using simulators. Understand the real costs of losing and replacing an operator—or any employee—and consider what simulators can do for your organization, and the difference simulator training can add to your bottom line.

**According to a Deloitte study, \$3.8 billion is lost in productivity due to turnover in Australia.** The cost of employee turnover is substantial in both direct and indirect costs to the employer. From the loss of productivity to the cost of replacement—another \$385 million in avoidable recruitment costs—the numbers mount up. Loss of an employee can be caused by several factors: A bad hire; lack of training; poor work/life balance; lack of opportunities; better compensation elsewhere, high stress and others. Reducing turnover is especially important from a financial and employee morale standpoint. One way to reduce turnover is hiring the right person from the start. Screening with simulators can save you the costs and headaches of a bad hire. Keeping a good hire means keeping the person engaged. Training is an important way to keep employees engaged.



## The Cost of Leaving

---

When an employee moves on, whether through his own choice or through termination, you should understand what costs are involved to your organization.

- **Separation costs, including human resources and IT time for processing;** overtime for co-workers or a temp filling in; lost productivity; and separation pay.
- **Searching for and hiring a new employee,** including the advertising, recruitment firms, interviewing, screening and internal processing. Plus, content and material—such as training material—and the personnel to create, maintain and update the material.

An employee leaving also has other **impacts on an organization.**

- **Morale issues.** When someone leaves, others often ask “why? What is wrong with this place?” Existing employees may lose engagement and productivity.
- **Lost opportunities.** You may lose some business, or miss an opportunity for business, because you are short staffed or the new person is not yet up-to-speed.
- **Brain trust.** The employee may possess deep knowledge about the organization including techniques, processes, client relationships and more.

# Cost Worksheet

Fill out the worksheet to estimate the loss of a single employee to your organization.



## COSTS OF LOSS

<b>HR Processing Time for Separation</b>	Wages +	Benefits x	Hours =	\$
<b>Overtime of Co-Worker or Temp Help</b>	Wages +	Benefits x	Hours =	\$
<b>Lost Productivity</b>	Wages +	Benefits x	Hours =	\$
<b>Lost Productivity of Supervisor</b>	Wages +	Benefits x	Hours =	\$
<b>Separation Pay</b>				\$
<b>IT Time to Secure Computer/Phone/Badge</b>	Wages +	Benefits x	Hours =	\$



## RECRUITMENT COSTS

<b>Advertisement Development (Graphics/Administrative to Place Ad)</b>	Wages +	Benefits x	Hours =	\$
<b>Cost of Ad Space</b>				
<b>Supervisor Time to Review Resumes/ Applications</b>	Wages +	Benefits x	Hours =	\$
<b>Admin Who Sets Up Interviews &amp; Fields Questions</b>	Wages +	Benefits x	Hours =	\$
<b>Interviewers</b>	Wages +	Benefits x	Hours =	\$
<b>Admin to Conduct Reference Checks</b>	Wages +	Benefits x	Hours =	\$
<b>Postage, Office Supplies</b>				
<b>Background Check/Drug Testing</b>				
<b>Travel</b>				

## COSTS OF NEW EMPLOYEE

<b>Training Materials</b>				
<b>New Hire Processing</b>	Wages +	Benefits x	Hours =	\$
<b>New Hire Training</b>	Wages +	Benefits x	Hours =	\$
<b>Co-Worker or Instructor Training Time</b>	Wages +	Benefits x	Hours =	\$
<b>HR Time</b>	Wages +	Benefits x	Hours =	\$
<b>IT Time to Set Up New Hire</b>	Wages +	Benefits x	Hours =	\$
<b>Accountant Time to Set Up New Hire</b>	Wages +	Benefits x	Hours =	\$
<b>Relocation Expenses</b>				
<b>Signing Bonus</b>				



## Reducing Turnover

When you add up the real costs of losing and replacing an employee it becomes clear why screening new hires for skills fit and engaging current employees for the long-term are a must. Aside from the life events that take employees away, these are the two reasons most often cited by employers as the reasons they suffer turnover. The key to addressing both issues is through screening and training.

According to a report by PWC that included 11 countries, employers that have a better talent fit with employees receive a greater return on investment by gaining \$130 billion of additional productivity. On the flip side, poorly matched candidates drive up costs for companies to the tune of \$19.8 billion a year. Plus, the report found that hiring takes longer and the employees don't stay with the company as long.

When recruiting new operators, use a simulator for skills assessment and matching, and performance predictors.

- Invite operators to correctly follow a simulated application like digging a trench.
- Test operators to find out if they really have the skill set they listed on their resume/application.
- Find out how applicants follow directions by how well they follow the on-screen tutorials during simulation.
- Find out how safely they operate the machines? Did the candidate sit down and buckle his/her seatbelt?

Once the right operator joins your organization, you want to retain the person long-term. Training with Cat® Simulators has multiple benefits for the operator and employer.

---

**Training.** Simulators allow employees to interact and train longer because they are not tying up a machine. The ability to train regardless of weather conditions or time of day means the operator can hone skills anytime. Progressive training can be built with goals set in each level. Content mastery should be measured. Managers can learn what motivates each employee to interact and tailor future content to those parameters. Growth opportunities can be determined from training progress.

**Meeting compliance or specific techniques can also take place.** Detailed and realistic simulations allow the user to practice a technique or learn a new skill. A simulated exercise also makes clear the expectations for the technique and how it should be completed. Consistency is an important factor in production work, and using a simulated exercise teaches the same technique and procedures to everyone operating the equipment.

**Safety.** Ask yourself what are the costs of an unsafe operator? A fine from MSHA? The loss of construction materials? The cost of repeating work that wasn't properly executed? Medical bills, or worse, the loss of a life? Simulator training can ensure you are teaching the operator the safe way to complete applications. Watch operators as they perform on the simulated worksite and make sure they meet safety standards. Test operators and find

out who passes and fails before putting them in an actual machine.

**Efficiency.** When operators don't work efficiently, it costs your bottom line. Machines may need additional maintenance that isn't scheduled; loads may be underfilled on production cycles, or operators may just move slower than they should to complete an application. Simulator training can change that. Teach operators to perform as efficiently as possible with practice and proper instructions. Operators can learn time-saving techniques, fine control movements needed to operate correctly, proper techniques for any application and more.

**Morale.** Increase employee morale with the confidence that comes from attaining or sharpening skills. Incent them with rewards for reaching measurable goals. This could be achieving zero accidents or completing training on a new machine.

**Critical thinking.** Skills such as reasoning, evaluating, problem solving, decision making and analyzing are also developed through simulation techniques.

**Feedback.** Create consistent feedback channels to foster communication. Managers can track performance and work on areas of weakness or reward good behavior and skills.



**Communication.** Increase positive communication skills in employees, plus help them reach goals, company initiatives and more with simulation training. Reward employees who work together and maximize results. When operators and other personnel can interact with one another, they have the opportunity to create better inter-department communication. On a peer-to-peer level, operators can share tips with each other and feel like experts. Measure who puts forth the most effort and whom has the most knowledge on a subject. Create teams that must advance together based on knowledge levels.

**Loyalty.** Employees that believe in the organization's goals and connect with the brand and mission are more loyal. Build loyalty through interaction.

## Simulators offer a form of engagement through the interactive aspect.

People will engage based on the level of involvement they derive from the experience and the value they take away from the experience. Simulation allows employees to:

- **Learn new skills and improve existing skills.**
- **Better retain training material, processes and techniques.**
- **Collaborate on techniques and applications.**
- **Improve communication.**
- **See an impact of how their work touches coworkers and customers.**
- **Increase productivity, which increases revenue and personal bonuses.**
- **Measure their progress.**
- **Experience a sense of achievement.**
- **Improve safety.**
- **Receive immediate feedback.**
- **Receive progressively difficult levels.**
- **Exposure to uncommon (emergency) events.**





# Is Simulation Good for Business?

---

Simulator training has many benefits for organizations.

- **Simulators can increase safety awareness in several ways, such as watching to see if operators buckle up when they get in the seat or changing a bad habit like operating on a slope in the wrong manner.**
  - » Practice difficult maneuvers repeatedly until fully mastered.
  - » Experience machine exercises in a completely safe environment.
  - » Decrease operator anxiety in a controlled environment.
  - » Learn specific safe operating procedures; break bad habits.
- **Simulators allow flexibility in training.**
  - » Train anytime day or night, regardless of weather conditions.
  - » Train multiple operators, on multiple machines, at one time.
- **Improve production levels with simulator training.**
  - » Leave the machine open for production on job sites rather than tying up for training full time.
  - » Reduce the maintenance needed on the machine and extend the engine life.
  - » Refine operator skills to improve production (excavating, hauling, loading, etc.).
- **Simulators can immediately save costs to your bottom line. In addition to saving on unplanned maintenance and learning efficiencies, there are other cost savings associated with simulators.**
  - » No fuel or other liquids used with simulators.
  - » No engine-use hours necessary on simulators, therefore no associated maintenance costs.
- **Assess operator skills in several areas using machine simulators. If you have two candidates who look the same on paper, have them perform on a simulator to see which operator is better.**
  - » Screen operator hires for skills match.
  - » Track operator training performance through progress reports generated from SimU Campus™.
  - » Address ergonomic issues that cause back problems and missed work days.
  - » Preview motor skills use for efficiency.

Simulators should also provide a system of measurement so you can evaluate and monitor behavior outcomes. A records management software that runs on the simulators can measure benchmarks and generate reports that can be saved to track operator progress. Through simulation, bad behaviors (bad techniques) can be identified and changed. Proper techniques can be learned and rewarded.

The goal is to make good hiring choices and then retain the operators. According to a report from ProEdge, 93% of CEOs who introduce upskilling programs see increased productivity, an improvement in talent acquisition and retention and a more resilient workforce. Ongoing training with simulators can help you reach your retention goals. An investment in training reaps the benefits of an engaged, productive and safe employee. Your organization benefits in a number of ways:

- **They stay put.** Employees that love their work are less likely to leave the organization.
- **Practice advocacy.** They become advocates for the organization and its brand.
- **Produce more.** A well-trained operator generates more revenue for your organization.
- **Better work ethic.** Operators stay on the job and contribute ideas that improve the organization. They work to support business values.
- **More efficient.** An operator who's engaged in the organization looks for ways to reduce waste and find better ways of performing tasks.

One of the best ways operator turnover can be addressed is by screening new hires and providing ongoing training for all operators. Reducing turnover directly correlates to a bigger bottom line and more engaged employees.

## Resource

Simformotion manufactures and is the licensee for Cat® Simulators for Caterpillar Inc. Simulators are available for a number of different machine models, along with SimScholars™ online curriculum for a blended learning program. Contact an Account Manager for a demo or more information at [learn@catsimulators.com](mailto:learn@catsimulators.com), 1.309.266.2640. Custom development is also available for any industry.

### Sources

Adapt to Survive, How Better Alignment Between Talent and Opportunity Can Drive Economic Growth. Retrieved from [www.pwc.com](http://www.pwc.com).

Deloitte, Operating in the New Normal, August 2020

Upskilling's Impact On Learning, Talent Retention And Talent Acquisition. Retrieved from [www.proedge.pwc.com/upskilling-and-talent-st](http://www.proedge.pwc.com/upskilling-and-talent-st)

