How Employee Turnover Can Affect Your Bottom Line

Employee turnover is on the rise in the United States. Last year, employee turnover rose for the fifth consecutive year, reaching 58.9 million, according to the U.S. Bureau of Labor Statistics. In this edition, we will explore the cost of turnover, why employees quit their jobs, and how you as a business owner can keep your best employees.

A recent survey of 3,300 employees reports that, 26% of U.S. employees say they will look for a new job within the next 12 months, and 15% are already actively looking for a new job. That means more than 40% of all employees are thinking about leaving their job in 2017.

Consider the following:

A study conducted by the Center for America Progress reported that "The typical cost of turnover for positions earning less than $30,000 annually is 16 percent of an employee’s annual salary." and "Very highly paid jobs and those at the senior or executive levels tend to have disproportionately high turnover costs as a percentage of salary (up to 213 percent)."

Other research shows that the average costs could be even higher. According to a webcast by the Society for Human Resource Management, employers will need to spend anywhere from 100% - 300% of the base salary of the replaced employee’s salary in order to find and train their replacement.

The bottom line is that turnover affects your bottom line.

Click here to download an interactive excel sheet version of the Cost of Turnover Calculator
Honestly, as I read their insightful feedback, I was literally smiling from ear to ear! I would like to share their feedback with you. I know I will be taking their thoughts into consideration as I continue to walk in leadership, will you?

Characteristics of Great Leaders:

**Vision** - Anyone can be placed in charge of a group and give orders, but having a vision and motivating others toward that vision is what being a leader is all about.

**Leads by example** - When entrusted with the responsibility of leadership, a leader should ideally exemplify the standards they expect of others. Also, listens to his or her employee's concerns, doubts, suggestions for improvements and get's back to them with acknowledgement of why it was a good or bad idea.

**Integrity** - Integrity is the basis of trust which should be at the foundation of every relationship between the leader and those they lead. A good leader's team should be able to trust them and depend on them to do what they say they're going to do.

**Sense of humor** — Life is too hard, short and too serious sometimes, so it's very important for a leader to look at things with humor at times in order for the team to know that s/he is also a human.

Subcontractor & Other Business Opportunities

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Ben Horowitz, cofounder of Andreessen Horowitz and one of Silicon Valley's most respected and experienced entrepreneurs, offers essential advice on building and running a startup—practical wisdom for managing the toughest problems business school doesn't cover, based on his popular Ben's blog.

While many people talk about how great it is to start a business, very few are honest about how difficult it is to run one. Ben Horowitz analyzes the problems that confront leaders every day, sharing the insights he's gained developing, managing, selling, buying, investing in, and supervising technology companies. A lifelong rap fanatic, he amplifies business lessons with lyrics from his favorite songs, telling it straight about everything from firing friends to poaching competitors, cultivating and sustaining a CEO mentality to knowing the right time to cash in.

Filled with his trademark humor and straight talk, The Hard Thing About Hard Things is invaluable for veteran entrepreneurs as well as those aspiring to their own new ventures, drawing from Horowitz's personal and often humbling experiences.

Business Quote

"In most cases being a good boss means hiring talented people and then getting out of their way"  
- Tina Fey
To Whom It May Concern:

The Teamsters Local No. 142 Training and Apprenticeship Trust Fund will be accepting applications for the apprentice program starting Monday, January 9, 2017 through Friday, January 13, 2017, and Tuesday, January 17, 2017 through Friday, January 20, 2017, and Monday, January 23, 2017 from 9:00 a.m. to 11:00 a.m. and 1:00 p.m. to 3:30 p.m.

These applications will be available at the Teamsters Local Union No. 142 Union Hall at 1300 Clark Road, Gary, IN 46404.

The minimum application requirements are:

1. All applicants must apply in person.

2. All applicants must be at least 21 years of age. A Photo ID and birth certificate are required to receive an application.

3. High School Diploma, GED certificate or a certificate/diploma from post-secondary education or training institutions. An official school transcript is also required with a seal on it.

4. If you are a veteran, you will need to provide a DD-214 as proof.

5. You must submit a copy of your driver’s license that you have held for at least one year at the time of your application. Any applicant selected in the apprenticeship program must maintain a valid driver’s license at the start of their apprenticeship and throughout the term of their apprenticeship, to operate a motor vehicle.

6. A clean driving record, which means you do not have any of the following in the three-year period prior to your application:
   • Two traffic citations for 15 MPH (or more) over the posted limit.
   • A license revocation or suspension.
   • A conviction for DUI or other offense involving driving under the influence.
   • A total of three moving violations.
   You will need to sign a Request for Driving Record Check Form (the cost of this record request will be at your expense - $7.50).
   While you do not need a CDL (Commercial's Driver's License) to apply, you must be able to satisfy the requirements for a CDL.

7. You must have dependable transportation.

8. You must be physically capable of doing the work.

9. You must pass a DOT physical and a drug test (both at your expense). The physical exam and drug test are not needed prior to application, but are required prior to final acceptance into the program.

All applications must be completed at the Teamsters Local No. 142 Fund office. When an application is completed, including providing the documents of the above minimum requirements, an interview will be scheduled with selected apprentices with the Teamsters Union No. 142 interviewing committee.

The recruitment, selection, employment, and training of apprentices shall be without discrimination because of race, color, religion, national origin or sex. The Teamsters Local No. 142 Training and Apprenticeship Trust Fund will take affirmative action to provide equal opportunity in apprenticeship and will operate this apprenticeship program as required under Title 29 of the Code of Federal Regulations, Parts (29), (30), as amended.
As of December 1, twenty Hoosier business leaders were named to the Indiana Chamber of Commerce Board of Directors. Two of those business leaders were Julie Carmichael, president, of Carmichael & Company, and Jennifer Dzwonar, managing principal, of Borshoff Inc. both companies are WBEs.

The Indiana Chamber board plays a crucial role in developing the aspects of the organization’s business advocacy efforts. Members serve on various committees that research key topics and define public policy positions for adoption by the entire board each fall. These positions are used by the Indiana Chamber’s advocacy team to initiate and evaluate legislation at the Indiana Statehouse and at the federal level.

“We are proud to have them join the Chamber’s board and offer perspectives on how to continue promoting business across Indiana,” stated Indiana Chamber President and CEO Kevin Brinegar. “All of our new members are skillful and trusted leaders in their industries. We welcome them to their roles and thank them for their willingness to contribute time and energy to further the cause of Indiana business.”

All new board members will serve three-year terms through fall 2019.

The complete list can be found below:

- **Aaron Dixon**, partner, Ice Miller, LLP (Indianapolis)
- **Bill Stephen**, vice president of engagement, Indiana University (Indianapolis)
- **Bob Nelson**, president, Honda Manufacturing of Indiana (Greensburg)
- **Casey Stanley**, vice president, product management and marketing, Ontario Systems (Muncie)
- **Chris Campbell**, president, First Bancshares/Centier (Merrillville)
- **Craig Dwight**, chairman & CEO, Horizon Bank, N.A. (Michigan City)
- **Dave Leech**, vice president and general manager, FedEx Express (Indianapolis)
- **Debbie Dewey**, president, Indiana American Water (Greenwood)
- **Diane Medley**, managing partner, MCM CPAs & Advisors (Louisville, KY)
- **Doug Prince**, CEO, ProCourse Fiduciary Advisors (Carmel)
- **Eric Halvorson**, manager of public affairs, Kroger Co. (Indianapolis)
- **Jennifer Dzwonar**, managing principal, Borshoff (Indianapolis)
- **Joe Kessler**, executive vice president, chief finance and administration officer, Community Health Network (Indianapolis)
- **John McDonald**, CEO, CloudOne (Fishers)
- **John Wechsler**, founder and CEO, Launch Fishers (Fishers)
- **Julie Carmichael**, president, Carmichael & Company (Indianapolis)
- **Ken Hedlund**, principal, Somerset CPAs, P.C. (Indianapolis)
- **Lisa Long**, president, Chamber of Commerce of Harrison County (Corydon)
- **Matt Wyatt**, president and CEO, Recovery Force (Fishers)
- **Melissa St. John**, president/owner, Relocation Strategies (Indianapolis)
- **Mike Stewart**, executive vice president and chief banking officer, First Merchants Bank (Muncie headquarters and locations in Indianapolis and throughout the state)
- **Phil Burkholder**, president, Defense Aerospace North America, Rolls-Royce (Indianapolis)
- **Robert Wallstrom**, president & CEO, Vera Bradley (Roanoke)
- **Ron Turpin**, principal-market president, Gibson (Fort Wayne)
- **Scott Bruns**, office managing partner, Ernst & Young LLP (Indianapolis)
- **Scott Harrison**, president & CEO, Rea Magnet Wire Co. (Fort Wayne)
- **Stephen Stittle**, managing partner-Indiana, Smith Amundsen (Indianapolis)
- **Sue Ellspermann**, president, Ivy Tech Community College (Indianapolis)
- **Terry Murphy**, president & CEO, Hammond Group, Inc. (Hammond)
Tools for Success (cont...)

Clear Vision — Without a clear vision and direction, it is difficult to see the sense in what one’s doing or working for. The team may become demoralized and less engaged in day-to-day work, which will lead to a low productivity and no quality.

Be Inspirational/Be a Dreamer
While this may not be important for all, it is very important to some. They need to have a goal, purpose, and a dream to achieve and get to! A leader should be a dreamer and inspire others to dream too.

Commitment
Showing commitment in leadership is important because it will set the pace on what others should follow and even affect their behavior.

Confidence
Confidence is important in leadership because it builds the thought process behind achieving the tasks at hand without hesitation.

Communication
Communication in leadership is very important. It should be used for direction, understanding, planning and demonstration. This is important because if they can’t make their message understood no one will know what is needed or expected. Also, a good leader is able to take good and not so good feedback from their team without disturbing work relationships.

Attitude
Has a great attitude and get’s his or her hands dirty when need be; shows humbleness.

Is Approachable
If the team doesn’t feel comfortable talking to their leader, problems may not be caught early and good ideas won’t be put forward. A good leader is someone who not just works well with the people who put them in leadership but works well with their team.

Believes in the “Mission”
A good leader understands what the mission of the group is and how to get there; a great leader believes in the importance of the mission and puts all their efforts into helping the team succeed. A good leader also works to exceed the goals and or mission of the organization, not just reach them. They set high expectations for themselves and their team.

I will end with one of my favorite quotes about great leadership.
“No man will make a great leader who wants to do it all himself or get all the credit for doing it.” — Andrew Carnegie

Have an amazing New Year and may you prosper and be fulfilled in all you do!

Why Do They Quit?
According to a recent Harvard Business Review article, new research conducted by CEB, a Washington-based best-practice insight and technology company, looks not just at why workers quit but also at when. “We’ve learned that what really affects people is their sense of how they’re doing compared with other people in their peer group, or with where they thought they would be at a certain point in life,” says Brian Kropp, who heads CEB’s HR practice. “We’ve learned to focus on moments that allow people to make these comparisons.”

Work anniversaries (whether of joining the company or of moving into one’s current role) are natural times for reflection, and job-hunting activity jumps by 6% and 9%, respectively, at those points. But other data reveals factors that have nothing directly to do with work.

Kropp says, “The big realization is that it’s not just what happens at work—it’s what happens in someone’s personal life that determines when he or she decides to look for a new job.”

Why People Change Jobs
Contrary to what many managers might think, most of their employees who voluntarily leave the company aren’t doing so for better pay or benefits. About a third of employees (32%) choose to leave for career advancement or promotional opportunities, while 22% cite pay and benefits as the reason they’re heading for the door. One in five (20%) depart because of a lack of fit to their role. And managers who experience a rash of turnover might want to take a hard look at their own management style: 17% of employees leave because of management or the general work environment.

Top Voluntary Job-Related Reasons for Changing Jobs

<table>
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<tr>
<th>Reason</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Career advancement/promotional opportunities</td>
<td>32%</td>
</tr>
<tr>
<td>Pay/benefits</td>
<td>22%</td>
</tr>
<tr>
<td>Lack of fit to job</td>
<td>20%</td>
</tr>
<tr>
<td>Management/general work environment</td>
<td>17%</td>
</tr>
<tr>
<td>Flexibility/scheduling</td>
<td>8%</td>
</tr>
<tr>
<td>Job security</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Gallup
Graphic by Tommy McCall
Keeping Your Top Performers - 3 Steps

Step 1. Utilize technology to listen to your employees.
Solicit feedback from your employees, and then act on it. Show your employees that you are serious about creating a culture of transparent communication by investing in any of the numerous HR related communication tools.

Here's one example from Deloitte’s Global Human Capital Trends 2016 report: A food retailer that operates coffee and food services around the world began soliciting anonymous employee feedback. Through this feedback, the company found that the drive-through window was chronically understaffed, forcing teams to run back and forth between different types of customers, which reduced quality while adding stress and extra work. A store manager implemented a dedicated drive-through role, dramatically improving engagement and productivity; the rest of the company followed suit.

Step 2. Create a clear employee development plan.
No one wants to feel like they are stagnating. Traditionally people’s career progression was driven by a promotion which normally included a title change and an increase in responsibilities. This is called “Promotion-Based Career Culture” and for many reasons many companies are shifting to a “Growth-Based Career Culture”. Primary amongst the reasons for this shift is because many business models are flattening, removing layers of management due to shifts in team-based and project-based workflows. Referencing CEB’s report they describe a promotion-based career culture as largely vertical, driven by vacancies, and features little cross-functional or cross-silo movement. Lateral moves occur on an as-needed basis, and they are driven more by dissatisfaction than opportunity. Whereas, a growth-based career culture, in comparison, centers on employees building and growing their capabilities through planned lateral and vertical moves across silos and functions. These moves are based on growth opportunities and business needs.

Referring back to CEB’s report, we can observe a trend towards Growth Based career progression as well as real world examples of how to implement this change in your business.

Step 3. Implement stay interviews.
We’ve all heard of exit interviews and while they are still important, they won’t help you keep your star employee. Managers can coach and guide employees forward and try to understand what employee’s aspirations are. Life happens and people’s plans and priorities change all the time and if no one in an employee’s leadership is asking there will be a disconnect. Managers should schedule stay interviews as quarterly sessions that concentrate on different aspects of the employee’s career so that they won’t get stale or repetitive.

Society For Human Resource Management explains “…the chat could be about career aspirations and goals in the first quarter, professional development in the second quarter, and changes to the role in the third quarter, with the annual performance review wrapping up the process at year-end.”

GROWTH-BASED CAREERS OVER PROMOTION RATE

Promotion Based Career Culture
- Vacancy Driven
- Career dissatisfaction drives career moves

Growth-Based Career Culture
- Experience Driven
- Opportunities are the result of business needs
- Employees focus on obtaining new experiences that build their skills.
- Employees move between different parts of the organization.
- Growth opportunities drive career moves.

Key questions to ask employees include:
- What do you aspire to do?
- What are you passionate about?
- What is missing from your current role?

Do not wait until your top performing employee has left for your competition to figure out why they left and how you could’ve kept them.
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