



The High Cost of Delaying a Termination

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SPEAKER

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Terminating an employee is complicated, yet it can be one of your most important, strategic decisions of the year. Determining if and when to fire an employee is difficult, but necessary, not only for your business but often for your employees themselves. When the cost of keeping your employee is greater than the disruption caused by his or her termination, it is time to say goodbye. Consider the following scenario.

Sheila, your general manager at ABC Vacation Rentals has become a problematic employee, often getting caught up in office drama and employee conflict. Employees have complained to you about her lack of leadership, teamwork and collaboration since January. It is now the end of May and the situation hasn't resolved itself. In fact, it has escalated to point that you now know you need to terminate Sheila.

But wait, it's "high" season. You can't let Sheila go now. You get it that she is a problem, yet you also know Sheila is loyal to a fault. Based on your experience of working with Sheila you figure it can't hurt to have her stay just few more months to get through the season.

Often when managers know that it's time to let someone go they continue to hold on to them until "end of season" justifying

their decision, it is too late to find someone else, there isn't time or the resources to train someone new, or it will be "less" disruptive to wait until the end of the season.

Because terminating someone is such an important and complicated strategic decision, it helps to have an objective way to measure the impact (cost-benefit) of a termination. There are several people analytics you can use to provide you with objective data to measure the impact and the disruption caused by the impact of Sheila's termination around employee engagement, morale and productivity.

In addition to key productivity measures, such as revenue or profit per employee, have you ever measured the cost of conflict? Did you know that middle managers spend between 20 – 40 percent of their time dealing with unproductive conflict?

Think about how much time and money, Sheila is costing your business spending useless time caught up in drama and employee conflicts. What about the cost of meetings? According to Wharton Center for Applied Research 56 percent of meeting time is unproductive. How much time are your team members spending in meetings rehashing the same information with Sheila to gain consensus? What about turnover? Measuring cost per hire and cost per termination are two key metrics that can help you evaluate the cost-benefit of retention of strong performers. How might retaining Sheila affect your turnover? Probably more than you know. It is no secret that people leave good companies because of their managers.

So, next time you are pondering, "Is this the right time to say goodbye?" don't base your decision solely on subjective information, your experience and gut instinct. Start using objective data and analytics to help guide your decision making. You may be quite surprised that the cost of terminating Sheila now is often considerably less than the cost of delaying her termination. 📍



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