WAGESTREAM

Wagestream's **Impact on Attrition**

Wagestream Data Science

Summary

Employee attrition is a problem costing organisations more than they might first think, with recruitment, time taken to interview and hire and training all contributing to the turnover process. This cost is particularly high for industries with transient workforces such as Hospitality, Healthcare and Retail.

In the two case studies below, we walk through how Wagestream has proven to reduce attrition for two well-known hospitality clients, translating to millions in savings annually. Both organisations are representative of the the majority of hospitality industry companies with thousands of employees and high attrition rates.

In addition to impactful savings, Wagestream also provides immediate value to employees. Staff attrition decreases the first full month a company has Wagestream and impacts both short and long term attrition.

To demonstrate just how costly high employee attrition can be, imagine a company with 5K employees and a 60% annual attrition rate. The average re-hiring cost is £5,400[1] per employees which means that company could spend up to £16M annually on re-hiring. Thus, even a 1% reduction in attrition can save the average hospitality company £160K per year.

	EMPLOYEES	COST PER NEW HIRE	ANNUAL ATTRITION	REDUCTION IN ATTRITION	£ SAVED PER YEAR
Multinational Gym	5,182	£2,500	56.1%	-6.5%	£518K
UK Restaurant Group	5,259	£3,000	97.4%	-15.6%	£2.7M

Real case studies

Method

We take actual employee contract data to measure attrition of hourly, non-contract staff who were regretted leavers. Data from 2016 is used to predict attrition rates and compared with actual attrition rates, post Wagestream onboarding. There are at least 5,000 employees in each sample, enough employees to see a statistically significant impact between our predicted and actual attrition rates. We work closely with partners to incorporate the positive impact from other employee initiatives into our predictions.

[1] 2014. The Cost of Brain Drain Understanding the Financial Impact of Staff Turnover. Oxford Economics, 18.

Case study I: **Multinational gym**

We use data from one of Wagestream's earliest customers, who were onboarded in Oct 2018, to measure impact on attrition.

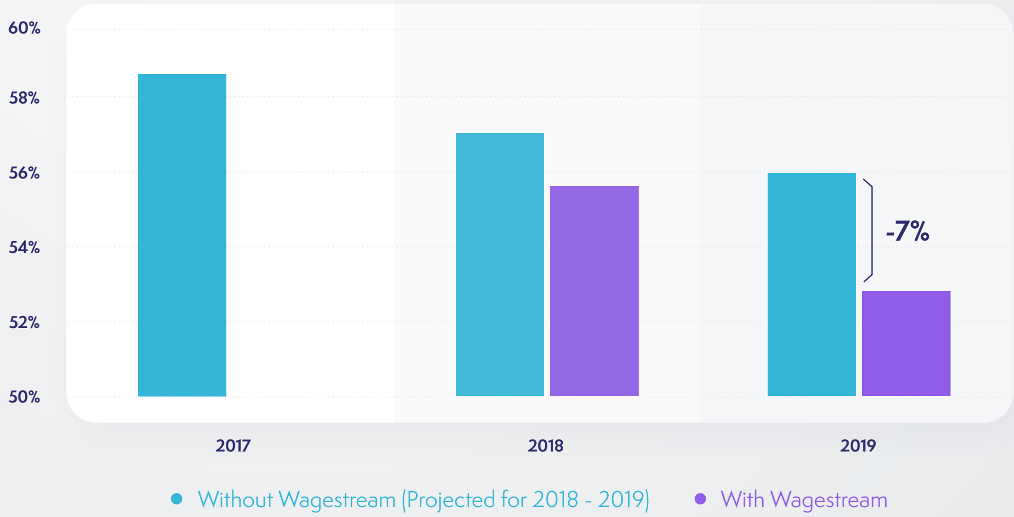
We predict monthly attrition rates from Oct 2018 to the end of 2019 using historic data from 2016 to 2018. Seasonal trends and other cyclical changes are used in the prediction. These rates are then compared to actual attrition rates to calculate Wagestream's impact on attrition.

If historic trends continued, then the gym group would have reached 56.1% attrition at the end of 2019. However, with Wagestream, their actual attrition will be 52.7% (-6.5% change) by the end of 2019. This saves the company £518,000 in hiring costs. The calculation is further broken down below.

£518,000

SAVINGS IN RECRUITMENT AND HIRING COSTS.

Annual Attrition Rates

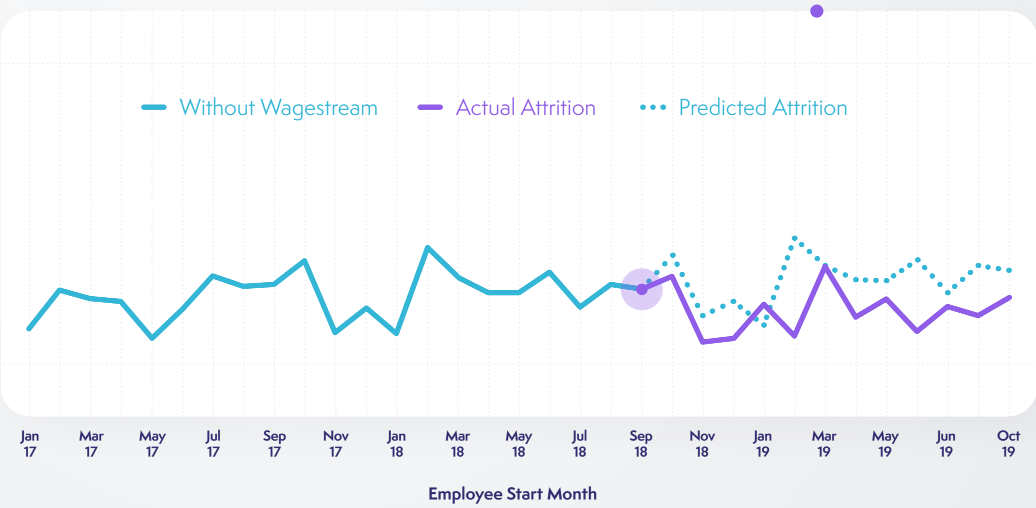


Wagestream has the largest impact on short term employee attrition. 12% of leavers leave within 30 days of starting employment and 30% of leavers leave within 31 - 90 days of starting employment. Wagestream decreased 30 day attrition by 39.5% and 90 day attrition by 19.3%.

LENGTH OF EMPLOYMENT	AVG CHANGE IN ATTRITION	# OF LEAVERS
30 days	-25%	12%
31 - 90 days	-33%	30%

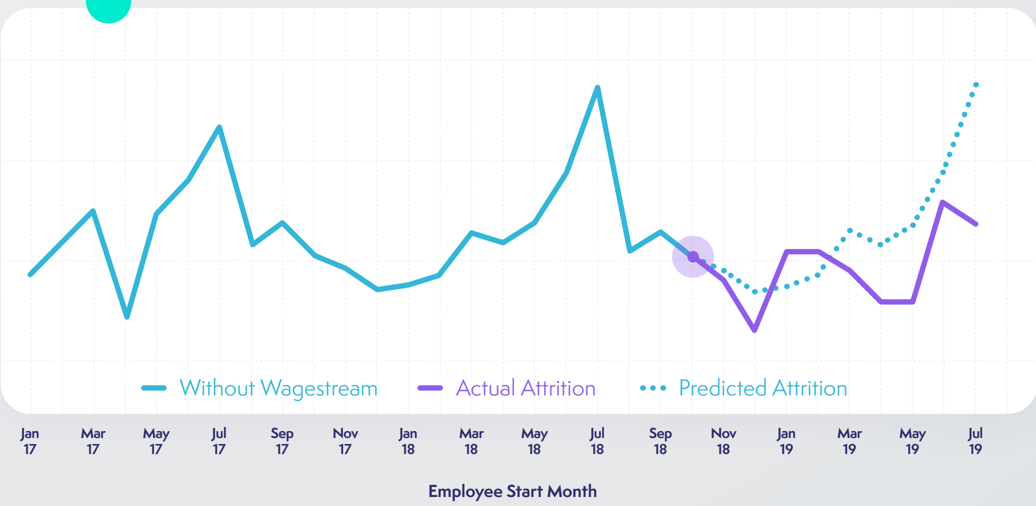
The impact on 30 day occurs during the first full month of having Wagestream, November 2018. We can see attrition rate suddenly drop, demonstrating immediate value to employees. Later, attrition rises naturally again, but at a slower rate than we would have expected without Wagestream.

30 Day Attrition



The impact on 31-90 day attrition is less immediate, as we can be more sure of the impact during the summer months of 2019 where attrition is seasonally high. Instead of reaching 1.4% on July 2019 as predicted, attrition only reaches 0.7% (-49% change). That translates to £165K savings for that month only.

90 Day Attrition

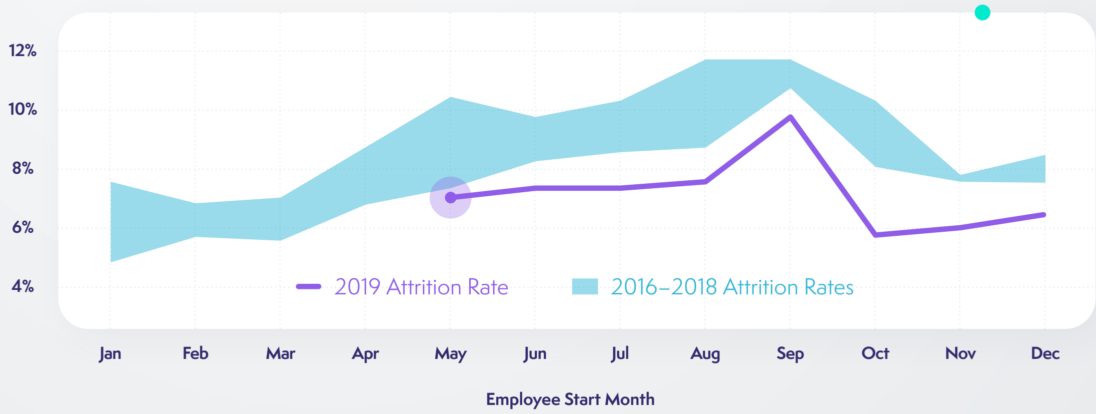


Case study II: **British restaurant group**

In another study, we look at monthly attrition rates for a restaurant group that experiences strong seasonal attrition trends. We estimate the drop in attrition will save the restaurant group £2.7M in 2019.

The graph below shows actual attrition versus attrition from 2016 to 2019, visualized by a low to high estimate based off variance from 2016 to 2018. The restaurant group experiences similar attrition patterns every month of the year, regardless of year. Its attrition is higher in the summer seasons and lower in the winter. However, when Wagestream was launched at the end of May 2019, the group immediately saw a sharp decrease in attrition, even in historically high months.

Monthly Attrition Rates



Attrition drops almost immediately in the first month of launch. Additionally, even seasonal trends versus the two years prior are reduced. For example, 2.1% of employees who joined in July would have left before 30 days but instead only 1.5% left (-28% change), saving £177K that month or £2.1M annually in re-hiring and training just on short term staff alone.

30 Day Attrition