

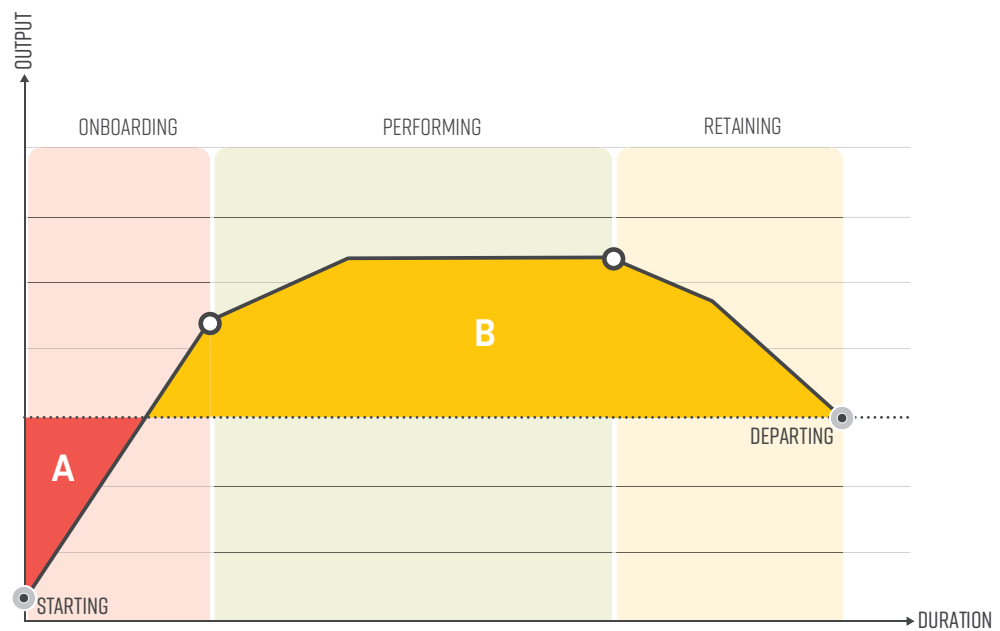
INTRODUCTION

Traditional HR metrics fall short in quantifying the returns from organizational investments made in employees.

Great employee onboarding accelerates the path to becoming an organizational contributor, while simultaneously reducing investments in time and cost. Having the right workplace culture, technological tools, and management practices can raise an employee's potential performance. And focusing on retention mitigates the risk of lost productivity, knowledge and recruitment costs.

Employee Lifetime Value (ELTV) expresses the dollar value of these returns. In aggregate, ELTV details the opportunity cost of inaction, and is a critical tool in building business cases for investments, budget (re)allocations, and resourcing.

HOW IS ELTV CALCULATED?



WHERE $B-A=ELTV$

A= organizational investment in employee (recruit, onboard, train)
 B= Employee contribution (ROI).

DEFINITION

Employee Lifetime Value (ELTV) is defined as: the total (net) value an employee brings to an organization during their tenure.

ELTV is not intended to express an exhaustive aggregate value of an organization's people. Rather, it's a lens with which to analyze specific demographic segments (by role, by tenure, etc.).

In the graph below we illustrate ELTV in terms of the employee lifecycle. The x-axis represents time; from the employee's start date to their final day in the organization. The y-axis represents employee output.

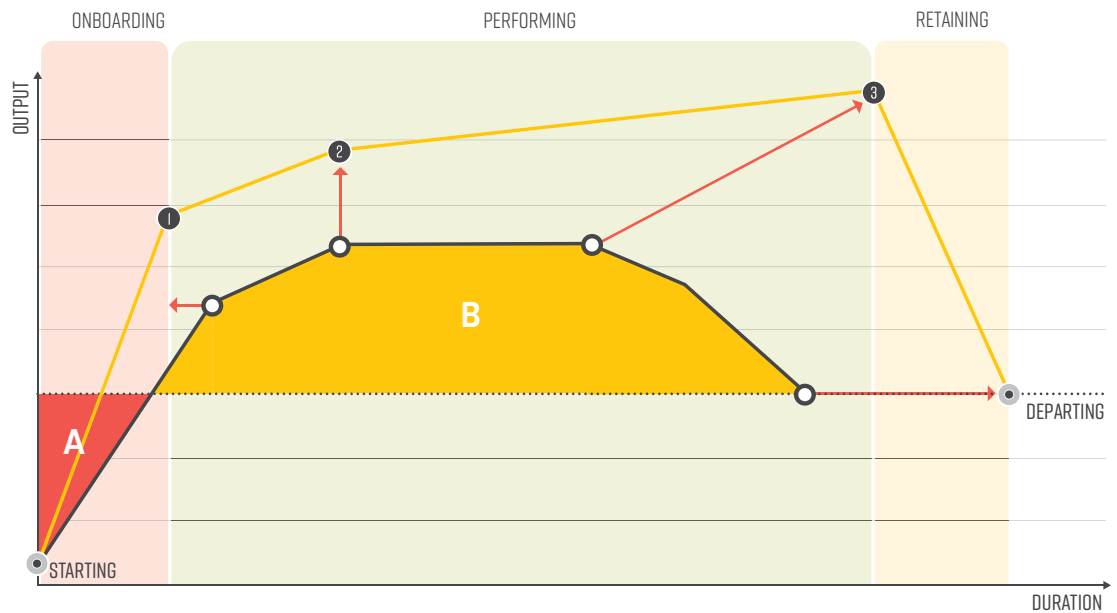
In this graph, A are the financial investments made by the organization into an employee's recruitment, onboarding and training (note: these will vary by role).

B covers the period that follows, where the employee provides a net-positive value (contribution) to the organization.

RAISING THE BAR

Key Employment Milestones

In the diagram above, B minus A gives us the ELTV in dollar terms. Organizations considering their digital transformation strategy should strive to maximize 'B' while minimizing 'A', with the confidence that:



3 TACTICS THAT INFLUENCE ELTV

1 ACCELERATE EMPLOYEE PERFORMANCE

- Journey mapping
- Technology enablement

Improved Onboarding reduces the cost of the first employment milestone & accelerates the employee's path to becoming an organizational contributor. (They deliver more, for less).

2 MAXIMIZE EMPLOYEE CONTRIBUTION

- Employee experience
- Workflow optimization
- Rewards & recognition

Creating the conditions for employee success - a blend of having the right workplace culture, technological tools, and management practices - can raise the upper limits of the ELTV curve (an employee's potential) during the Performing employment milestone.

3 EXTEND EMPLOYEE TENURE

- Leadership practices
- Analytics

Focusing on retention can extend the duration of the employment relationship. This increases ELTV, deferring an employee's Offboarding, and the costs for lost productivity and to recruit a backfill.

ABOUT BENTO HR

BentoHR is a people-first digital transformation consultancy that combines expertise in business strategy, technology and human resources. If you want to learn how to unlock greater ELTV in your organization, contact us.

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