VARIABLE COMPENSATION AS A PERCENTAGE OF TOTAL COMPENSATION:

What is It?
Variable compensation as a percentage of total compensation is a measurement that demonstrates how much of an organization's total compensation can vary with the revenues of the organization. Recent compensation trends have focused on increasing the amount of variable compensation. High levels of variable compensation can be correlated to high performing organization and organizations that attract and retain high performing employees. This measurement permits an organization to look at the success of variable compensation programs and fixed and variable compensation as it relates to revenue.

How is it Calculated?
Variable compensation as a percentage of total compensation is calculated by adding up all variable compensation and dividing that sum by total compensation.

Variable Compensation As a Percentage of Total Compensation =

$$\frac{\textbf{Variable Compensation}}{\textbf{Total Compensation Cost}}$$

BENEFIT COST AS A PERCENTAGE OF TOTAL COMPENSATION

What is It?
The Benefit Cost as a Percentage of Total Compensation is an indicator measurement that is used to monitor non-taxable/non-cash labor costs. Tracking benefit cost as a percent of total compensation provides management with valuable information for use in managing the costs associated with benefits. This information can be useful when looking at hire versus lease or outsource decisions. Trends up or down in this factor will reveal costs that need attention or value that has been added with increasing relative costs.

How is it Calculated?
Benefit costs are totaled and then divided by total costs for a calendar, fiscal year or other 12 month reporting period.

Benefit Cost As a Percentage of Total Compensation =

$$\frac{\textbf{Benefit Cost}}{\textbf{Total Compensation Cost}}$$

TOTAL COMPENSATION AS A PERCENTAGE OF REVENUE

What is It?
The Total Compensation as a Percentage of Revenue factor is an indicator measurement that is used to monitor labor costs. Tracking total compensation as a percent of total costs provides managers with valuable information for use in managing the costs associated with human capital, including evaluating the use of fixed versus variable compensation. Following this measurement will also permit an organization to determine if personnel cost (as indicated by base pay, incentives and benefits) is in line with organization goals, industry benchmarks and business plans.

How is it Calculated?

Total Compensation As a Percentage of Revenue =

$$\frac{\textbf{Total Compensation Cost + Benefit Cost}}{\textbf{Revenue}}$$

BENEFIT COST AS A PERCENTAGE OF REVENUE

What is It?
The Benefit Cost as a Percentage of Revenue factor is an indicator measurement that is used to monitor non-taxable/non-cash labor costs. Tracking benefit cost as a percent of revenue provides managers with valuable information for use in managing the costs associated with human capital. Total financial impact of new programs such as wellness efforts or insurance plan design can be evaluated in relationship to revenue. Trends up or down in this factor will reveal costs that need attention or value that has been added. Following this measurement will also permit an organization to determine if the benefit labor cost (as indicated by non-taxable/non-cash benefits) is in line with organization goals, industry benchmarks and business plans.

How is it Calculated?
Benefit costs are totaled and then divided by either period actual or budgeted revenue for a calendar, fiscal year or other 12 month reporting period.

Benefit Cost As a Percentage of Revenue =

$$\frac{\textbf{Benefit Cost}}{\textbf{Revenue}}$$

REVENUE PER EMPLOYEE

What is It?
Revenue per Employee, also known in its more advanced form as the Human Capital Revenue Factor, quantifies the value of labor as a revenue generator to an organization. The simple form of this calculation provides a measurement to determine human productivity as a per employee sum of the revenue generated in a fiscal year.

How is it Calculated?
The Revenue per Employee Calculator uses Revenue for an organization and an average number of employees as represented by the calculation of Full Time Equivalents (FTE's) that takes into consideration various work schedules.

Revenue Per Employee =

$$\frac{\textbf{Revenue}}{\textbf{Total Number of Full Time Equivalents (FTE's)}}$$

PROFIT PER EMPLOYEE

What is It?
Profit (or Loss) per Employee quantifies what value, as reflected by profit or loss, employees contribute to the organization. This calculation removes all expenses to provide a measurement that demonstrates what profit (or loss) human productivity generated over a period of time or in a fiscal year.

How is it Calculated?
Profit (or Loss) is calculated by taking Total Revenue and subtracting out all operational expenses (Direct and Non-direct non-personnel costs) and human cost expenses (Direct Personnel Costs.) This is divided by the number of Full Time Equivalents (FTE's)

Profit per Employee =

$$\frac{\textbf{Revenue – Total Operating Expenses (before taxes and interest)}}{\textbf{Total Number of Full Time Equivalents (FTE's)}}$$

TURNOVER RATE

What is It?
Turnover is an area heavily studied by all organizations to determine movement out of an organization (separations). Turnover is further categorized as either voluntary or involuntary. Voluntary turnover (resignations) is most often studied, as voluntary turnover is typically greater than involuntary turnover (discharges) and management's desire to reduce or maintain turnover at an acceptable level. Turnover can be further analyzed by looking at specific causes for separations. The U.S. Bureau of Labor Statistics provides survey data on a quarterly basis with regard to turnover.

How is it Calculated?
For purposes of this calculator, turnover is calculated by dividing the number of terminated employees in a calendar, fiscal year or other 12 month reporting period by the average number of employees that calendar, fiscal year or other 12 month reporting period..

Turnover Rate =

$$\frac{\textbf{Total Number of Employees who Terminated During the Period}}{\textbf{Average Number of Employees During the Period}}$$

TURNOVER/REPLACEMENT COST

What is It?
Turnover/Replacement Cost measures the cost of turnover and looks at the cost of replacing the exiting employees. The expenses associated with the turnover/replacement calculation generally fall into categories such as separation costs, replacement costs, training and orientation costs and lost productivity.

How is it Calculated?
Turnover/Replacement Cost is calculated by adding separation costs plus replacement costs plus training and orientation costs plus performance differential in a calendar, fiscal year or other 12 month reporting period divided by the number of hires for that calendar, fiscal year or other 12 month reporting period:

Turnover/Replacement Cost =
(Note: for abbreviation purposes, the word "costs" in the formula is abbreviated using the letter "C")

$$\frac{\textbf{Separation C + Replacement C + Training C + Performance Differential}}{\textbf{Number of Hires}}$$

TIME TO FILL JOBS

What is It?

Time to fill is a measurement of how long it takes an organization to fill a position once the opening has been approved. It is an indicator of hiring efficiency but should be balanced with cost and quality hiring measures. Time to fill can provide valuable feedback in determining which sourcing methods and recruitment strategies can most quickly produce the needed candidates. Cost of vacancies in jobs can be significantly reduced by driving down the time it takes to fill a job.

How is it Calculated?

Time-to-fill is measured by calculating the number of days from when the job requisition was received (RR) until the offer was accepted by the candidate (AD) for each job filled during the measurement period. Positions filled both with internal and external candidates should be included.

The number of days open is calculated using calendar days, including weekends and holidays. Aggregate the total number of calendar days that your total number of vacant jobs were open and then divide by the number of positions filled during the measurement period thus providing an average which balances seasonal and other fluctuations.

Time to Fill =

Acceptance Date (AD) – Requisition Received (RR) Date

COST PER HIRE

What is It?

Cost per hire calculates what the true cost of hiring a new employee through external avenues and or through internal placement. While internal placements may not have all of the costs usually associated with recruitment (e.g. advertising costs, agency fees, etc.), nevertheless there are some costs associated with internal placement. The calculation includes advertising costs plus agency fees plus employee referral bonuses plus travel costs plus relocation costs plus reference checking costs multiplied by 1.10 (which is a cost variable multiplier) divided by number of hires.

How is it Calculated?

For purposes of this calculator, the cost per hire is calculated by first totaling the costs associated with advertising, agency placement fees, employee referrals, travel and lodging costs, relocation and reference checking costs of candidates and multiplying that total by 1.10 (which is a cost variable multiplier). This total in turn is divided by the total number of hires. These figures are to be based upon a calendar year, fiscal year or other 12 month reporting period basis.

Cost Per Hire = (Note: for abbreviation purposes, the word "costs" in the formula is abbreviated using the letter "C")

$$\frac{\textbf{(Advertising C + Agency F+ Employee Referral C + Travel C + Relocation C + Reference Checking C) X 1.10}}{\textbf{Number of Hires}}$$

ABSENCE RATE

What is It?
Calculating the absence rate helps an organization determine the number of days lost as a result of all absences from work during a given period. This ratio will enable the organization to compare with others within their industry through national surveys to determine whether the organization is in line with those averages or if further investigation is needed. Calculating the absence rate is the first step in determining how absences affect an organization in terms of productivity and actual cost. The absence rate can be calculated by organization, department or job group.

How is it Calculated?
For purposes of this calculator, the Absence Rate ratio is calculated by dividing the worker days lost through absence in a calendar, fiscal year or other 12 month reporting period by the average employee population in that calendar, fiscal year or other 12 month reporting period multiplied by the number of work days available per employee in that calendar, fiscal year or other 12 month reporting period.

Absence Rate =

$$\frac{\textbf{Workdays Lost Due to Absence}}{\textbf{Average Number of Employees During the Period x Number of Work Days Available per Employee}}$$

HR EXPENSE FACTOR:

What is It?
The Human Resource Expense factor is a measurement that demonstrates a cost of the human resource function as a percentage of an organization's total expense. This measurement permits an analysis of the value delivered by the human resource department during a period of time against other functional cost centers.

How is it Calculated?
The Human Resource Expense factor percentage is calculated by dividing the total expense (actual or budgeted) by the organization's total operating expense (actual or budgeted). Total operating expense does not include interest, depreciation and tax expense.

HR Expense Factor =

$$\frac{\textbf{HR Expense}}{\textbf{Total Operating Expense}}$$