

Quantifying Your Workforce ROI

The Impact for Companies

Revenue Impact:

- Optimize the workforce & “catch the upswing”

SG&A Impact:

- Grow permanent headcount at a lower rate than revenue growth; OI/Labor \$ increases
- Reduce turnover, resulting in lower costs of rehire
 - Turnover is expensive (~8k/employee loss)
- Increase productivity:
 - Core staff can focus on core job functions
 - Resulting in longer tenure
 - Higher quality personnel
- Reduce training dollars & overtime
- Lowers SUII tax and benefits
- Provides opportunity to reallocate labor spend to retain core labor
- Reduce pay rates as benchmarked against standard jobs



Partial Sample Results*

PARTIAL Scenario: Workforce Solution Value Proposition

P&L COMPONENT	No WFS	W/WFS	Assumptions
Revenue	\$ 100	\$ 100	
COGs	\$ 80	\$ 80	80% of Revenue is COGs
SG&A	\$ 16	\$ 16	16% of revenue is SG&A
Labor Portion	\$ 13	\$ 13	80% of SG&A is Labor
Flexible Labor Spend		\$ 3	27% of Labor is Flexible
Reduced Turnover -		\$ (0.35)	10% can be saved by increasing retention: reducing training and onboarding costs; etc.
Retention - Specialized		\$ (0.38)	400% cost of turnover; 5% workforce is specialized; turnover of 15%
Productivity		\$ (1.71)	Increased productivity: 15% actively disengaged; productivity loss 55%; 30% disengaged; productivity loss 30%
OI - Dollars	\$ 4	\$ 6	
Increase in OI		? %	

Results: Effective management of labor costs will likely result in increased Operating Income

*Doesn't include any metrics that impact top line revenue; from an doesn't include SUII tax, benefit reduction; pay rate reduction; or overtime reduction