

Business Cases for More Employees

Comparing Representative Costs of Four Types of Employees

V2

Creating a Business Case for Adding Employees

- To create a business case to justify adding employees:
 1. *Establish a clear need or gap you are trying to fill. Use data to justify the need.*
 2. *Identify the necessary skills, duration and type of employee that best meets your need and the business's constraints*
 3. *Calculate the estimated cost based on your specific situation*



Comparing Types of Employees

Type of Employee	Pros	Cons
Intern	Developing skills, Inexpensive, Energetic, Willing to learn, No long-term expense	Inexperienced, Training takes time, May not have full time position to offer when complete
Temporary	Immediate help, Inexpensive, No long-term expense	Limited skills, Training takes time, Quality of work may not be where needed
Contractor	Skilled or specialized knowledge, No long-term expense	Expensive, Quality of work may not be where needed
Full Time	Skilled, Long-term commitment, stable	Most expensive, Have other responsibilities as an employee (not 100% dedicated to task)

Cost Estimate for an Intern

Hourly Rate: \$15/hour

Hours Per Week: 20 during school year; 40 in summer

Weeks: 30 during school year ; 10 during summer

Benefits: None

School Year: 30 weeks x 20 hours/week x \$15/hour = \$9,000

Summer: 10 weeks x 40 hours/week x \$15/hour = \$6,000

Total cost for intern: \$6,000 + \$ 9,000 = \$15,000

Cost Estimate for a Temporary and Contractor Employees

Hourly Rate: \$30/hour

Hours Per Week: 40

Weeks: 12

Overtime: Yes, Time and a half (\$60/hour)

Benefits: None

Standard Time: 12 weeks x 40 hours/week x \$30/hour = \$14,400

Estimated Overtime: 6 weeks x 10 hours/week x \$60/hour = \$3,600

Total cost for temp: \$14,400 + \$ 3,600 = \$18,000

Cost Estimate for a Full Time Employee

Hourly Rate: \$40/hour (Salary \$83,200)

Hours Per Week: 40

Overtime: Yes, Time and a half (\$60/hour)

Benefits: Yes, @35% above Salary (includes medical, retirement, insurance)

Standard Time: 52 weeks x 40 hours/week x \$40/hour = \$83,200

Estimated Overtime: 16 weeks x 10 hours/week x \$60/hour = \$9,600

Total Wages: \$83,200 + \$9,600 = \$92,800

Total cost to business for full time employee: \$92,800 x 1.35 = \$125,280

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