# Cost Effectiveness of Contingent Work - Exercise

## Step 1: Calculate per hour direct costs for core and contingent workers

<table>
<thead>
<tr>
<th>Core Workers</th>
<th>Contingent Workers</th>
</tr>
</thead>
</table>

### Hourly Wage

- Enter value

### Overtime

- Enter yes or no

## Step 2: Calculate per hour productivity for Core workers

- Enter Productivity metric/hr.

## Step 3: Calculate how productive contingent workers must be

- CC - Cost of Core = IF(B6="yes",1.5*B5,B5)
- TC - Cost of Temps = D5
- CP - Productivity of Core Workers = B9
- TP - Break Even Productivity of Temp Workers = (B14/B13)*B15

## Step 4: Calculate costs of training Contingent Workers

- Training costs include 1/2 day of training, $75 per person trainer fees, $10 materials

### Total Costs

- Trainee Time Cost = D5*D23*8

## Step 5: Calculate how long to recover training costs

- Actual Productivity of Temp Worker/hour
- Increased output/day = (B29-B27)*8
- Target productivity per hour
- Revenue per unit = (B5/B9)
- Increased revenue per day due to training = (B28*B31)
- How many days will temp need to stay to recover training costs = (B21/B32)+D23