

beringertamé

Opportunity Cost Calculator

Recruiting can frazzle the brain. Do you need to use a specialist agency, or do you even need to hire at all? And of course everyone you ask has a vested interest. If only there was a way to work it out quantifiably...

Well now there is! This Opportunity Cost calculator helps you work out the cost of not growing your team, the cost of your vacancy and the cost of your time spent recruiting.

Cost of Not Growing

For revenue generating positions like eCommerce and acquisition marketing, you can calculate the potential revenue loss with this formula:

Daily revenue lost =

$$\left(\frac{\text{Total annual revenue generated by position}}{220 \text{ working days}} \right)$$

To get the opportunity cost of not growing your team, use this formula:

Opportunity cost =

$$\left(\frac{\text{Salary/costs of recruiting}}{\text{Revenue generated by position}} \right)$$

As European Commerce is set to grow by 18% this year, multiply your opportunity cost by 18%.

There you have it, the opportunity cost of not growing your digital team in line with industry standards.

Cost of Vacancy

Easy version

This is more working out for yourself than presenting to the board kinda stuff.

Average revenue
per lost employee =

$$\left(\frac{\text{Total annual revenue}}{\text{\# of employees}} \right) \div 220 \text{ working days per year}$$

Harder version

1) Work out this simple Salary Multiplier (you may need to get some info from finance for this).

Salary Multiplier =

$$\frac{\left(\frac{\text{Total annual revenue}}{\text{\# of employees}} \right)}{\left(\frac{\text{Total annual payroll}}{\text{\# of employees}} \right)}$$

2) Then use this figure in this equation:

Daily revenue lost =

Salary Multiplier x

$$\left(\frac{\text{Position's salary}}{220 \text{ working days}} \right)$$

Using these formulae you can work out how much the empty vacancy alone is costing you, not even taking into account the drain on your time and resources.

You can use these figures to make an informed decision on how important the empty role is, and how quickly it needs filling.

Cost of Time

What is your time worth to your company? It's more than just working out an hourly rate, it's the revenue you make and, you know, all those things they hired you to do.

By using some of this formulae you can get a good idea of how much you covering an empty vacancy or going through CVs is costing your company.

$$\text{Daily revenue lost} = \left(\frac{\text{Total annual revenue generated by you}}{220 \text{ working days}} \right)$$

Divide this number by 24 hours in the day, and then multiply that by the number of hours you're spending not doing your main job.

Work out the hourly rate of your salary and add that to the total too.

This is the figure the company is losing *per hour* by not recruiting.



To find out next steps, get in touch with our friendly team. Call the office on 01256 881033 or email your consultant.