

## Comparison of Employee Vs. Consultant Costs

<b>\$75,000 Per Year Employee</b>		
Cost to Company:		<b>Cost</b>
• Salary		<b>\$ 75,000</b>
• Recruitment & induction costs	\$15K over 2 yrs	7,500
• Bonuses and profit sharing	10% of salary	7,500
• Benefits (taxes, insurance & 401K)	25% of salary	18,750
• Facilities & technology	5% of salary	3,750
• Supplies & software	2K per person	2,000
• Cellular phone reimbursement	\$100 per month	1,200
• Administrative support	10% of \$40K	4,000
• Training seminars & certifications	3K per person	3,000
• Food, amenities & cafeteria subsidy	\$4 per day	1,000
<b>Total Cost Per Year</b>		<b>\$ 123,700</b>
<i>Total Cost Percentage of Base Salary</i>		165%
		<b>Hours</b>
Hours Available to Company:		2,080
Less:		
• Vacation	2 wks/yr	80
• Holidays	10 days/yr	80
• Sick leave	5 days/yr	40
• Other - funeral, family, jury duty, etc.	2 days/yr	16
• Training & professional development	5 days/yr	40
• Staff meetings	1 hr per week	50
• Performance reviews	1 day per yr	8
• Corporate presentations	2 days per yr	16
• Company moving (offices, etc.)	1 day per yr	8
• Corporate event (picnic, party, etc.)	1 day per yr	8
• Trade shows	1 day per yr	8
• Low productive time in days	10 days per yr	80
• Breaks & social time	3 hrs per week	150
• Reading & learning software time	5 hrs per week	250
• Troubleshooting & administration	3 hrs per week	150
		984
<b>Total Hours Available for Work</b>		<b>1,096</b>
<b>Effective Hourly Rate of a \$75K Employee</b>		<b>\$ 113</b>
<b>Comparable Level Consultant</b>		
Basic Gross Margin		30% \$ 34
<b>Hourly Rate of a Comparable Consultant</b>		<b>\$ 147</b>