## Cost per FTE

**Name**: Costs per FTE  
**Description**: Costs per FTE calculates the proportion of costs to FTE on cost center or cost center group level.

**Interpretation**: FTE or Full Time Equivalent is a unit of measure of an employee's or group's productivity. An FTE of 1.0 means that the person, or group of people, is equivalent to a full-time worker. A person who works half-time is counted as 0.5 FTE. FTE does not include contractual, temporary, or permanent seasonal positions. An example of group with a full-time billing manager and a clerk who assists him/her for about 10 hours/week has 1.25 FTE employees. (1 full-time + (40 hours/10 hours) = 1.25). Costs per FTE is an indicator of cost efficiency. From business operation point of view, total costs comparisons between two time series or cost centers sometimes do not reflect actual, as total costs could be affected by the number of full-time equivalent employee, especially when labor costs are a significant portion of operational costs. It provides a clear picture of company's cost efficiency by comparing cost per FTE with industrial standard.

**Calculation Formula**: Costs per FTE = (Total Costs) / (Total Number of FTEs)  
Total Cost is the cost to company (which includes a factor for all the associated expenses with an FTE - admin etc)

**Unit of Measure**: x (Currency Units)

**Direction of Improvement**: minimize  
(Minimizing may not always be the direction to follow - this could be a factor of the peer/industry/location comparison, amount of attrition, productivity of labour etc)

**Industry Relevance**: Generic - Although this KPI can generically used in all industries, it cannot be compared cross industry. The Cost per FTE for a company is a factor of the industry it is in, degree of automation, availability of labour and capital (location can be an important factor here).

**Country Relevance**: Generic