

HR Metric Term Definitions:

Below are the definitions behind the terms used in the HR metric formulas and calculators. We are providing this list as a reference and tool that will enable you to compile the appropriate data to use when utilizing these calculators. We encourage you to read the descriptions below to familiarize yourself with how these calculators define these terms. After much study and consideration, the EADG determined the best terminology and definitions for calculation of a particular metric. This may differ from the way your organization may define a term, but for validity and consistency, the definition of a particular term should be used to identify the information the particular HR metric calculator will use to provide its data.

Note: Some of the terms may also contain abbreviations that depict how the term may be referenced in the calculators.

Acceptance Date (AD) = the date on which the candidate accepted the job, regardless of when the candidate starts

Advertising Cost (AC) = includes costs associated with placing ads on the internet as well as in print, mining, job boards, etc.

Agency Fees (AF) = agency fees for the placement of new hires

Average Employee Population (e) = full and part-time workers on the active payroll who worked at least 20 hours per week during the selected period. This does NOT include temporary staff or employees on layoff.

Benefit Cost = non-taxable/non-cash benefits including mandatory benefits (such as workers compensation and unemployment insurance and social security taxes), and voluntary benefits (such as employer contributions towards health, dental and vision insurance premiums, life insurance, insured short and long term disability plans, retirement and savings plans, employee assistance programs, wellness programs, health club reimbursements etc.) Do not include taxable fringe benefits such as vacation, sick days, company-paid disability or salary continuation plans and holiday pay or executive benefits such as country club benefits or deferred stock grants.

Cash Compensation Cost (or Total Cash Compensation Cost) = the cost of all salaries, wages, sales commissions, draws against sales commissions, performance awards and bonuses, overtime and pay premiums, commissions, profit sharing (paid out not deferred), military duty pay, jury duty pay, on-call pay, payment for time not worked, vacation, holiday, sick leave and authorized time off pay, retroactive payments (for pay increases), severance pay, and all other cash incentives paid. Exclude stock options and other long-term deferred compensation not paid out during the year. Compensation costs include costs for any employee on payroll. Employees are considered on payroll if they are issued a W-2, whether they are full or part-time regular, temporary, seasonal, contract or leased.

Employee Referrals (ER) = costs associated with any internal bonuses paid to employees for referring candidates who are hired.

Full Time Equivalents (FTE) = the number of employees as a factor of total number of hours worked based upon a 40 hour workweek. Part-timers are pro-rated based upon the hours they work in comparison to a 40 hour workweek. For instance, part-time employees who work 10 hours a week would be the equivalent of .25 of an employee. In the event that headcount fluctuates from month-to-month, determine at a fixed time every month (e.g. first day of the month), add the monthly headcounts for the year and divide by 12. For employers who work

rotating schedules or other unconventional workweeks, pro-rate part-time employees by taking their hours worked in a year and dividing by 2080. Where numbers change from month to month for an employee(s), the calculation needs to add FTE each month and divide total by 12.

HR Expense = actual HR department expense or budgeted HR department expense (do not include cost for training & development, security, payroll, medical services (on-site medical center), child care center, relocation, cafeterias and safety function).

Number of Active Employees During the Period (NE) = full and part-time employees on the active payroll who worked at least 20 hours per week during the period selected.

Number of Hires (H) = includes all hires whether they are exempt employees or non-exempt employees for wage and hour purposes under the Fair Labor Standards Act (FLSA).

Number of Work Days Available Per Employee in the Period = the number of regular workdays for your organization in the period selected and does NOT include days on which operations are closed or minimally staffed, whether for holidays, weather conditions or other reasons or days consisting mainly of overtime work (unless part of the regular work schedule).

Performance Differential (PD) = includes any salary differential, vacancy log, learning curve, overtime costs, increased sick time, and other intangibles such as disruption, demoralization and stress.

Reference Checking Costs (RCC) = includes any cost associated with conducting a reference or background check of an employee (whether a professional, personal, criminal, motor vehicle or other background examination).

Relocation Costs (Relo.) = includes any cost associated with the moving of an out-of-town candidate.

Replacement Costs (RC) = includes any pre-employment administrative expenses (e.g. rewriting job description), cost of attracting applicants, costs of pre-employment interviews, testing costs, staff costs, travel and moving expenses, post-employment information gathering and giving - including policy and procedures, wage and benefits).

Requisition Received (RR) = the date on which a job requisition was received by the hiring representative who can then begin to fill the job opening.

Revenue = total sales and/or service earnings that are pre-tax for the reporting unit over the course of a calendar, fiscal year or other 12 month reporting period. The number is displayed on your organization's "Statement of Operations" or "Income Statement". Revenue includes revenue from all sources; including operating revenue, sales, and other income.

Separation Costs (SC) = includes any cost of an exit interviewer's time, cost of terminating employee's time, cost of administrative functions related to termination, separation pay, increase in unemployment tax, and higher-level social security tax.

Total Number of Employees Who Terminated During the Period (TE) = permanent terminations of regular employees both voluntary and involuntary (e.g. resignation, retirement, discharge, death), that occurred during the selected period but does NOT include layoffs or job eliminations, transfers within the organization or departures of temporary staff.

Total Operating Expenses = is the “Total Operating Expense” of an organization or “Total Budgeted Operating Expense” before interest, depreciation and taxes, including the cost of human capital (such as Salaries, Wages, Benefits (both mandatory and voluntary)) but exclude stock options and other long-term deferred compensation not paid out during the year or reimbursement for business expenses for the reporting unit over the course of a calendar, fiscal year or other 12 month reporting period.

Training Costs (TC) = includes cost of informational literature provided to new hires, formal training costs, informal training costs such as time of trainer, on the job training costs, mentoring, productivity loss (both supervisor and employee), and orientation costs.

Travel Costs (T) = includes any travel and lodging costs for candidates.

Variable Compensation = annual bonus (es) or variable payments earned in the last fiscal or calendar year. These include sales commissions (NOT draws against sales commissions), cash (take home) bonuses, bonus earned in the given time period, regardless of date paid, and annualized payments for those with less than a full year’s credit. It does not include bonus money deferred for retirement plans, stock options or grants and other forms of equity compensation.

Workdays Lost Due to Absence = full days of employee absence whether paid or unpaid, excused or unexcused and includes unscheduled days for sickness, personal business, emergency, family illness or death, disciplinary suspension and unexcused absences. For long-term absences, count only the first four days. However, this does NOT include absences beyond the fourth day for long-term absences, absences of less than a full workday or scheduled time off for holidays, vacations and other leave.