

## Full Time Equivalent (FTE) Calculation Tool

Use this tool to calculate how many Full Time Equivalent employees you have or need.

Why do you need this report?

- To Calculate current or future staffing requirements.
- To create or analyze a business plan.
- For bidding on/ managing projects.
- To calculate the impact of a labor saving process.

HR Professionals, and Lenders may use this term to assess the health of your business.

A general rule of thumb in business coaching looks for a (bare) minimum revenue per FTE of \$ 100,000. (See below)

Definitions:

F.T.E. stands for full time equivalent.

An FTE is the equivalent of one person working full time:

8 hrs./day

X 5 days/week

X 52 weeks/year

= 2080 hours/year

Examples:

\* 1 person working full time = 1 FTE

\* 2 people each working 4 hours per day, 5 days per week = 1 FTE

Tips:

Note: An FTE value stays the same over time (except when you adjust your usual staffing pattern). Do not multiply it by days, weeks, or months.



How to Calculate:

**When you know your total number of labor hours for one year**

1. Simply divide by 2080. This is your F.T.E.'s.

Example: Your department's total labor hours as reported to payroll for Jan. - Dec. 2009 were 15,676.

$$15,676 \div 2080 = 7.53 \text{ FTEs.}$$

**When you know your total number of labor hours for one month**

If you know your total number of labor hours for one month: Divide by 173.33. This is your FTEs.

Example: Your department's total labor hours as reported to payroll for May 2009 were 4,200.

$$4,200 \div 173.33 = 24.23 \text{ FTEs.}$$

**To calculate your FTE needs for 1 day:**

Calculate the number of labor hours you require in one day. Divide by 8. This is your FTEs.

Example: You know your daily staffing uses 9 people working 8 hours, plus 1 person working 3 hours. You use some full-time and some part-time employees each day to achieve this.

$$\text{Your daily staffing} = (9 \text{ people} \times 8 \text{ hrs.}) + (1 \text{ person} \times 3 \text{ hrs.}) = 75 \text{ people hours.}$$

$$75 \div 8 = 9.375 \text{ FTEs.}$$

Contact us at 1-(877) 433-6225 or [coach@focalpointcoaching.com](mailto:coach@focalpointcoaching.com)  
to arrange for your free 1 hour coaching session



## **Revenue per FTE**

This is an important quick measurement that is used to assess the relative health of your business.

Divide your Annual Revenue by your F.T.E.

Example: Last year your Annual Revenue was \$3,200,000

Your F.T.E was 9.375

Calculation:  $\$3,200,000 / 9.375 = \$ 341.33$

This business is profitable

Example: Last year your annual revenue was \$1,000,000

Your F.T.E. was 9.375

Calculation:  $\$1,000,000 / 9.375 = \$ 106.66$

This business needs to re-assess its productivity.

Where does a coach fit in?

Each business is unique. FTE is an important measurement, but not the only one. Talk to a FocalPoint Business Coach for free by following the link on our site and dig deeper into the challenge or opportunity you're facing.

Thank-you for learning about FTE with us.

Brian Tracy and the FocalPoint Business Coaching team.

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