

PwC Saratoga Metric of the Month

*The metric of the month is: **Revenue per FTE***

Metric Group: Financial Impact & Productivity

$$\text{Revenue per FTE} = \frac{\text{Revenue}}{\text{Total number of FTEs}}$$

Revenue is the total monetary value generated from the sale of goods and services, together with any other income credited to the organisation via transfer price revenues, subsidy or grant.

FTEs includes all full-time and part-time employees in the 'core' workforce (i.e. permanent and fixed-term contract employees over 1 year), those on temporary contracts (less than 1 year) and casual workers. It specifically excludes subcontractors, agency staff, and consultants (i.e. individuals not directly employed by the organisation)

Interpretation:

- Revenue, Costs and Profit per FTE are fundamentally inter-related and should always be analysed together. Benchmark comparisons should focus primarily on industry sectors and close competitors because labour productivity and commercial pricing differs greatly between sectors.
- If revenue performance is disappointing, investigations must begin to understand the effect of the two constituent parts of the metric, revenues in absolute terms and the number of employees. It may reflect to some degree a higher comparative workforce establishment or issues with the commercial proposition, client relations and marketing & sales efforts.
- Similarly, where Revenue per FTE appears strong in comparative terms, it is not necessarily safe to assume that underlying revenues themselves are competitively high. Such a benchmark position may be achieved by simply generating revenues similar to your competitors but with fewer FTEs employed.
- Where Revenue per FTE is increasing or decreasing rapidly for your organisation, it is important to understand how human capital interventions have influenced the situation. Where your benchmark positioning remains relatively constant, you should investigate the impact and effectiveness of recent customer and product initiatives as well as your focus on productivity, performance management and rewards programmes.

Have feedback for us?

*Please join us at the ‘**Asia Pacific HR Analytics Forum**’ on [LinkedIn](#) to exchange your views and tell us how you are using HR measurements to drive workforce success in your organisation.*

If you want to share your experiences or have any feedback on how we can make this programme better, please write to:

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