

## 15 Ways to Measure Staff Costs and Productivity - By Ken Burgin

2008-05-06

---

Labour cost and performance is everyone's big issue.

You need figures that are easy to find, easy to interpret, and make sense to the people they affect. Managers need them to benchmark rostering and hiring decisions. Staff need to understand the productivity that's expected, and how they contribute to the business.

These figures are a small selection from the new resource:

KPI's to Measure Staff Costs, Productivity and Workforce Quality.

Key Figures on your Weekly Sales & Costs Dashboard

Total cost of labour - wages plus all on-costs. Some are not paid at the same time as wages, but are still a part of the weekly cost eg workers compensation premiums. Generally, your payroll package will not produce all these figures.

Labour cost per hour: how much is it costing for each hour you are open?

Fixed and variable wage costs: the staff you must have, and those you can call in as needed. For a large business, a flexible and permanent workforce gives the greatest productivity, but it needs work to create the structure. The old days of turning on and off the supply of workers, like a tap, are almost over.

The numbers have more impact when current figures are compared with results from last week, month or year.

Number of hours worked: total hours, and measured by department.

Number of staff: full-time, part-time and casual/hourly staff. Generally, we want fewer people working more hours -- what's your ideal?

Value of accrued annual leave: the cost that's 'waiting in the wings'.

Value of accrued tax deductions: important for your cash-flow planning.

Roster Coster is an excellent way to work out in advance the cost of the weekly wage bill - it should be completed before the schedule is placed on display.

Measuring Productivity

Staff output per hour: what do you achieve? eg 2 sandwich staff should be able to handle 100 customers over 2 hours. Bar staff should be able to do \$1000 of sales per hour in the peak period, or 5 waiters look after 100 customers in a restaurant shift [examples].

Speed of staff in completing tasks: how long should it take a barista to make 4 lattes and 2 espressos? How long does it take an efficient housekeeper to make up a room, or a function waiter to set up a banquet of 100 people? Time to set some measurable standards.

Labour costs as % of total sales, and labour cost per customer or guest: two ways of looking at the same figures. Generally, the second looks more frightening -- labour at 32% or costing \$9.20 for each customer.

Labour cost as % of each department's sales: kitchen, bar, restaurant, functions etc. It's essential to give each department feedback on their performance and roster effectiveness.

Labour cost compared to budget or forecasts for each department: the variation shown as a gross figure and as a %.

What is the ROI for labour-saving equipment? Now's the time to have another look at the Return on Investment calculator.

Number and source of complaints: if work is rushed and errors increase, output falls and costs rise.

These figures are a small selection from the new resource:

KPI's to Measure Staff Costs, Productivity and Workforce Quality.

*Profitable Hospitality offers management and cost-control systems (Manuals & CD-ROMs) for restaurants, cafes, hotels, bars and clubs. The systems are based on the extensive consulting and operating experience of CEO Ken Burgin, and enable busy owners and managers to set up complete operating and cost-control systems in minutes, not months. Profitable Hospitality also runs regular management training workshops in the areas of kitchen profit & efficiency, restaurant marketing and functions management. A free monthly e-newsletter keeps you up to date on the latest industry management issues. [www.profitablehospitality.com](http://www.profitablehospitality.com).*

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article32463.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

*Distribute your news on our Network*

See what all the buzz is about at:

[http://www.hotelnewsresource.com/Info-news\\_account\\_info.html](http://www.hotelnewsresource.com/Info-news_account_info.html)