

OFFICE PRODUCTIVITY

Man hour savings are the prime source of productivity in the office.

Time is money

An example of time/cost savings generated by using an ergonomic chair:

CHAIR COST: \$300

**AFTER THE COST OF THE CHAIR IS RECOUPED
THE VALUE ADDED PERFORMANCE (SAVINGS) IS \$3200.00**

CALCULATIONS:

Anticipated life of the chair = 5 years

Value added employee performance savings per day = 5 mins. or 1%

Chair usage per day per employee = 7.0 hours

Hourly rate per employee = \$42 (includes 20% incremental costs)

Productivity savings per employee per day =

Productivity rate (5 mins. divided by 7.0 hrs.) = 0.0119

0.0119 x \$42 x 7.0 hrs. = \$3.50

Number of days to recoup chair cost = \$300 divided by \$3.50 = 85.7 days

Number of years to recoup chair cost = 85.7 days divided by 200 = 0.43
(ROI of 0.43 yrs. assumes 200 work days per employee year)

Value added time = 5 years – 0.43 years = 4.6 years

Cost savings = 4.6 years x 200 work days/year = 920 days

920 work days x \$3.50 = **\$3220**

An ergonomic chair can save \$3220/employee after payback of the chair

Additional cost savings and cost avoidance can also accrue due to increased employee output, fewer errors due to fatigue & discomfort, lower costs for medical, workers compensation, lost time, restricted work days, and various other supervisory and indirect costs.

Ed Grossmith 12/17/07