

## *Financial training For non financial staff*



*The financial training specialists*

### **The real cost of overheads (Profit)**

Every business has two distinct elements. There are the people who make the money: in the factory; the High Street shop; or lawyers working on a legal case. And there are the teams supporting them: HR; Finance; IT; sales & marketing; directors and cleaners.

These support teams are overheads, and need to be value for money.

But what do overheads really cost? Let's take the example of a one day management training course, using an external trainer, run in a hotel.

So the trainer and venue costs come to, say, £3,000. That comes out of the training budget.

And then there's the three days of the training administrator, organising it. She's on £26,000, and there are 260 weekdays on a year, so that's £100/day. But when you take into account employers' National Insurance and pension costs, and holidays etc, it's more like £150/day. So that's another almost £500 from the training budget.

Then there's the time and travel expenses of the 12 managers for the day: £4,500?

So the total cost to the company is now £8,000.

And that comes out of the profits of what we sell.

If we make things for £80 and sell then for £100, that's £20 margin, or 20%. So we have to sell £40,000 to pay for the training course.

£40,000 to pay for a course that we thought cost us £3,000!

So we need to understand the real cost of our overheads: they can be very expensive!