

# White Paper

## **STAFF & CONTRACT INSTRUCTORS** *Costs, Comparisons & Considerations for Strategic Decision Making*

A Major Revision of Industry Whitepaper with  
Broader Scope and Important New Conclusions on How to  
Significantly Reduce Costs and Risks, and Increase Sales

---

Victor J. Melfa, CEO  
The Training Associates

## **FOREWORD**

*This whitepaper has been published and regularly updated since 1996. It has been presented by invitation at many public and private training conferences and thousands of copies have been requested and distributed. It is used as a methodology and strategic tool by many Information Technology & Business Professional Skills training organizations for re-evaluating and significantly changing their staff and contract trainer usage policies to reduce costs and risk, and to increase external and internal training sales.*

*This latest revision of August 15, 2007, broadens its scope significantly to include all types of trainers and training organizations, further discussion on trainers as fixed or variable costs, costs of managing independent contract trainers, and the cost, risk and sales benefits of outsourcing to a specialized trainer staffing agency. It draws further important conclusions not previously published.*

*Questions or comments on this paper may be directed to the author at:  
Vic@TheTrainingAssociates.com or at 289 Turnpike Road, Westborough, MA 01581.*

## **ABOUT THE AUTHOR**

*The author, Victor J. Melfa is the Chief Executive Officer and co-founder of The Training Associates (TTA), the leading IT & Business Professional Skills trainer staffing and consulting company specializing in the contract and direct placement of instructors worldwide since 1994.*

*Previously, Mr. Melfa was the co-founder and CEO of a major value-added IT distributor that was one of the first chains of authorized commercial education centers for Microsoft, Oracle, Novell, IBM and Sun, and which he sold to a NYSE company. He has been the CEO of an "INC 500" Fastest Growing Company and an Entrepreneur of the Year Finalist several times, and is the recipient of many industry awards. He has been a management consultant specializing in emerging businesses, has founded over ten high-growth companies, and has taught management and entrepreneurship courses at Boston University and technical courses at Boston College.*

*Vic was a founder of both CompTIA (Computer Technology Industry Association) and the ITTA (Information Technology Training Association), which is now the Technology Learning Group of CompTIA. With these leading international associations, he led important committees conducting detail training organization surveys on operating ratios and trainer salaries.*

*Vic has an MBA from Northeastern University, an MA in Physics from Columbia University, and a BS from the College of the Holy Cross.*

**STAFF & CONTRACT INSTRUCTORS**  
*Costs, Comparisons & Considerations for*  
*Strategic Decision Making*

**TABLE OF CONTENTS**

<b>EXECUTIVE SUMMARY</b>	<b>4</b>
<b>I. STAFF TRAINER SALARIES</b>	<b>5</b>
<b>II. STAFF TRAINER OVERHEAD COSTS</b>	<b>5</b>
<b>A. General</b>	<b>5</b>
<b>B. Staff Trainer Direct Overhead Costs</b>	<b>5</b>
<b>C. Staff Trainer Indirect Overhead Costs</b>	<b>6</b>
<b>III. RESULTANT STAFF TRAINER TOTAL COSTS</b>	<b>6</b>
<b>A. Estimated Costs Model for Trainer Overhead &amp; Mark-Up</b>	<b>6</b>
<b>B. Profit Based Model for Trainer Overhead &amp; Mark-Up</b>	<b>7</b>
<b>C. Resultant True Total Costs of Staff Trainers</b>	<b>7</b>
<b>IV. TRAINERS – A FIXED OR VARIABLE COST?</b>	<b>8</b>
<b>V. STAFF TRAINER UTILIZATION</b>	<b>8</b>
<b>VI. RESULTANT STAFF TRAINER DAILY COSTS</b>	<b>9</b>
<b>VII. CONTRACT TRAINER DAILY RATES</b>	<b>11</b>
<b>A. Source of Information</b>	<b>11</b>
<b>B. Contract Trainer Rate Variables</b>	<b>11</b>
<b>C. Contract Trainer Rate Trends</b>	<b>11</b>
<b>VIII. DIRECT CONTRACT TRAINER TOTAL COSTS</b>	<b>11</b>
<b>IX. USING A STAFFING AGENCY FOR CONTRACT TRAINERS</b>	<b>12</b>
<b>X. SOME CONSIDERATIONS OF RELATIVE USAGE</b>	<b>14</b>
<b>XI. STAFF &amp; CONTRACT TRAINER CONCLUSIONS</b>	<b>15</b>
 <b>ABOUT THE TRAINING ASSOCIATES</b>	 <b>Back Cover</b>

# Staff and Contract Instructors

## EXECUTIVE SUMMARY

The **largest single expense for training organizations is the cost of instructors**, both full-time staff instructors and contract instructors. Therefore, it is vital to thoroughly understand these instructors' true and complete costs, how to compare staff and contract instructors, and when and how to use each of them. This is particularly important not only because of the increased frequency of contractor use, but also because of the many misconceptions about outsourcing contract trainers. **These vital considerations can result in important strategic decisions that can significantly reduce costs and risks, but also increase sales and provide better levels of customer service.**

This whitepaper first addresses compensation of staff trainers. It details the many direct and indirect overhead costs associated with trainers that are needed to compute their true total costs. After testing these total costs with a "top down" or profit model, the issue of treating staffers as fixed or variable costs is addressed. It then reviews the many factors that should go into the calculation of realistic instructor utilizations. Using these conclusions, *staff trainer true daily costs are determined.*

In a like manner, it is shown that contract trainer's *base rates are much lower than the marked-up staff trainer costs.* However, when all the overhead costs of using trainer contractors are added to their base daily rates, **contrary to the suppositions of many, fully marked-up contract trainer rates are approximately financially equivalent to fully marked-up staff trainer daily costs.** This is ultimately due to the economic laws of supply and demand in an open and elastic marketplace.

**However, by outsourcing the development, management & deployment of contract trainers to a specialized trainer staffing agency, it is shown that their total costs are significantly reduced to below staff trainer total costs, and that the training organization receives the many additional benefits of flexibility, increased sales, enhanced customer service, and reduced risk!**

This whitepaper concludes with the specific considerations that should be employed in using these conclusions to make strategic and tactical decisions on why, when, how, and how much to use staff or contract trainers most judiciously and effectively.

## I. STAFF TRAINER SALARIES

Staff trainer *base* salaries vary widely and each organization should use its own data. To get *total* salaries it is necessary to include all forms of monetary compensation paid over the term of employment including: bonuses, commissions, hiring and severance pay, liquid stock, and all other financial incentives. These are roughly estimated to average between \$2k and \$10k per year and must be added to the base salary to get total salary.

**For the purposes of this whitepaper, we will use the example of a technical staff trainer with a \$60,000 average total salary.**

## II. STAFF TRAINER OVERHEAD COSTS

### A. General

In addition to the above total salary of a staff trainer, **all direct and indirect overhead costs attributable to the trainer must be added to obtain his or her true total cost.** This is necessary for budgeting and planning purposes, including the determination of the proper usage and mix of contract and staff trainers. It is also necessary for hiring decisions, historical, competitive, merger or acquisition analyses, and for comparisons between various branch locations or operations.

Trainer overhead costs may be estimated in two basic ways. In the next section, we will use a “top down” approach, but first it is important to review the individual cost elements from “bottom up” to fully appreciate them. A good chart of accounts, consistently and carefully used for all expenses, is necessary. **A checklist of trainer direct overhead cost categories and typical component items follow.**

### B. Staff Trainer Direct Overhead Costs

#### 1. Taxes and Statutory Costs

These include various federal, state, county and city taxes, and other statutory requirements. They are conservatively estimated to total **between 10 and 15 % of total salary.** They include: FICA, Medicare, FUTA, SUTA and other payroll taxes, workers compensation insurance, required health insurance, etc.

#### 2. Benefits

These are estimated **between 5 and 25%.** They have risen significantly over the last few years especially due to higher healthcare costs. These include:

- Medical, dental and optical insurance programs
- Life, and long and short-term disability, insurance
- Payments made by company to employees beyond above coverages
- 401k, pension contributions, and non-liquid stock or options
- Education & professional development expenses

- Hiring, severance and relocation expenses
- Snacks, meals, parties, picnics, gifts, rewards, etc.

### **3. Expenses and Materials**

Expenses and materials vary widely and are estimated **between 5 and 35 % of salary**. They may include:

- Travel expenses not reimbursed by clients - mileage, tolls, parking, rentals, airfare, per diem, telephone, fax, hotel, taxi, tips, agencies, etc.
- Copying, printing, slides, transparencies, shipping
- Trainer training and test costs including travel & other expenses
- Local and remote meetings, conferences and shows costs
- Trainer manuals, books, software, services, computers, phones, etc.
- Fees for technical & trainer certification and re-certification

### **C. Staff Trainer Indirect Overhead Costs**

In addition to the above direct overhead costs there are many **indirect trainer overhead costs, i.e. those which are not charged to a specific individual** but often to General and Administrative accounts which are then allocated over various “cost centers” in different ways. However, these costs do **exist because of the staff trainers and do increase as the number of trainers on the payroll increase. They are estimated to be between 20% and 75% of salaries and include:**

- Training, human resources, accounting, legal & management time
- Hiring, recruiting & supervision time
- Telephone, fax and computer services
- Cost of allocated space including utilities, cleaning, maintenance
- Supplies, furniture and non-computer equipment
- Clerical, secretarial and support services

## **III. RESULTANT STAFF TRAINER TOTAL COSTS**

### **A. Estimated Costs Model for Trainer Overhead & Mark-Up**

Using the above estimates, we can now add the direct overhead costs, which total 20% to 75% of the trainer’s salary, to the indirect overhead costs of 20% to 75%. **This results in total overhead costs on trainer salaries ranging from a very conservative 40%, to 150% of salary, or mark-ups of 1.4 times to 2.5 times total salary.**

These mark-ups have been derived from the above “*bottom-up*” methodology based upon estimates of specific overhead costs. **These are invariably underestimated.** Just like the common household situation, wherein it is hard to believe “where all the money went” until one looks at the checkbook final balance, **the way not to miss any of these costs is to do a “top-down” or profit**

based analysis as follows.

## B. Profit Based Model for Trainer Overhead & Mark-Up

Many training and consulting organizations know their “mark-ups to selling price” that they **must apply to their trainer or consultant salaries to price their services to cover all their direct and indirect overhead costs, and profit.** In this “*top down*” approach it is not uncommon for these companies to use a 3 to 5 times mark-up of their trainer or consultant salaries to get to their desired selling price. These correspond to overhead rates of 200% to 400% of total salaries.

By removing the portion of these mark-ups needed to cover profit, we obtain the mark-up needed to cover just trainer costs which we can then compare with those calculated in the previous bottom-up approach. Reducing these mark-ups by an estimated 20% profit yields **2.8 to 4 times mark-ups to, or overheads of 140% to 300% on, trainer salaries, --- much higher than the previous conservative bottom-up approach.** Larger companies often use this model, not because their cost of doing business is greater, but because of their better financial skills. As a matter of fact, their larger size usually results in more economies of scale.

## C. Resultant True Total Costs of Staff Trainers

The actual mark-up multiples used depend on the type of organization, the business model chosen, and its actual costs. Though it is important to periodically go through a detail bottom-up analysis to properly understand a company’s expenses, it is more accurate and safer to use the top-down profit model.

We can now apply realistic mark-ups to trainer salaries to obtain their true total costs. **Based upon the above models,** using Very Low (usually unrealistic), Medium, and Higher mark-ups of 1.5, 2.0 and 2.5 (or overheads of 50%, 100% & 150%), results in, respectively,

**The total cost for a \$60k trainer is \$90k, \$120k, or \$150k.**

The table shows examples of total marked-up trainer costs for different salaries.

### **Staff Instructor Total Marked-up Annual Costs**

<b><u>V. Low 1.5 Mark-Up</u></b>	<b><u>Medium 2.0 Mark-Up</u></b>	<b><u>Higher 2.5 Mark-Up</u></b>
32k + 50% = 48k	32k + 100% = 64k	32k + 150% = 80k
45k + 50% = 68k	45k + 100% = 90k	45k + 150% = 113k
<b>60k + 50% = 90k</b>	<b>60k + 100% = 120k</b>	<b>60k + 150% = 150k</b>
70k + 50% = 105k	70k + 100% = 140k	70k + 150% = 175k
80k + 50% = 120k	80k + 100% = 160k	80k + 150% = 200k
90k + 50% = 135k	90k + 100% = 180k	90k + 150% = 225k

#### IV. TRAINERS – A Fixed or Variable Cost?

Many training organizations still treat their trainers as fixed costs, incurred whether or not the trainer is billing his or her time, rather than as a variable cost for each class taught. These companies are often the same ones that seriously underestimate their mark-ups and true total trainer costs, even going through the “bottom up” methodology of above.

Other companies have become more realistic about total employee costs and prefer to **treat trainers as variable costs, to be purchased for each job**, rather than as permanent fixed costs. They consider that their **fixed costs are their infrastructure of marketing, sales, finance, space and equipment. More now even deem classroom space a variable cost because they sell more on-site classes or rent classrooms from third parties.**

To treat trainers as a variable cost, it is necessary to understand their true utilization so that a realistic trainer cost rate can be calculated.

#### V. STAFF TRAINER UTILIZATION

In order to estimate profit margins on individual classes or jobs, as well as to compare staff trainers with the variable costs of the contract trainer alternative, it is necessary to calculate the *daily cost* of a staff trainer when actually on a full-paying assignment. To do this, we **must first calculate actual billable time or utilization.**

The total **days paid an employed instructor is 5 days x 52 weeks, or 260 days per year.**

From this, **subtract the days not teaching at a full billable rate to get utilization.** From many sources and surveys, we estimate the following averages for technical & professional business skills instructors **throughout an entire year.**

• Holidays	10
• Vacations	10
• Sick, personal, weather, bereavement	10
• Training - technical, company, professional development, & instructional skills incl.: classes, studying, seminars, shows, travel, admin.	10
• “Make work” for classes cancelled, not sold or holiday weeks	10
• Preparation – technology & subject matter learning, tests, class prep, hands-on learning, courseware, labs, set-up, etc	30
• Other (meetings, co-teaching, travel, filler, parties, etc)	<u>24</u>

**Total Number of Days per Year in Non-billable Time = 104**

Therefore, subtracting 104 days of non-billable time from 260 paid days in a year, yields on average the number of full billable days throughout the entire year, or **instructor utilization of 60%, or 156 days per year, or 13 days per month.**



At first glance this utilization might sound low, but it is similar to instructor costs in that all items must be added in before believed. In the detail trainer salary and utilization surveys conducted by the CompTIA Learning Group over a period of time, it was discovered that by adding more choices to the question, “How do your trainers spend their time?” the percentage spent in actual teaching declined from over 15 days per month to less than 13 days per month. As more choices of alternative activities are considered, respondents estimate less time in actual teaching. Therefore, in any self-analysis it is important to make as an extensive and realistic a list of activities as possible.

These further factors should also be noted on utilization.

Training organizations being **overly aggressive in trainer utilization often results in instructor burnout, increased management time and high turnover. This may temporarily increase utilization, but the true *total marked-up* cost of trainers also increases.** Bob Mosher, previously Director of Learning Evangelism at Microsoft, has extensively presented his ideas on “Burnout: The 7 Letter Word of Training” which backs up this conclusion.

Also, holidays, certain events and changing customer requirements **seriously reduce the length and number of classes** that can be taught at certain times of the year. This is especially true in the weeks with holidays during the summers and end of year. Many ad hoc estimates of utilizations don’t consider an entire year, which is absolutely necessary.

Finally, it is very tempting to use staff trainers for many other non-billable tasks, or to teach lower paying classes below their competency, because **“they are on the payroll anyway”**. Training centers are most vulnerable to **Parkinson’s Law** because work assigned during no class days or weeks, if not tightly scheduled and monitored, will tend to fill all the time available.

**For comparison, some other commonly used trainer utilization rates are:**

- 100% = 260 days/yr = 21.7 days/mo paid & billable (not possible)
- 80% = 208 days/yr = 17.3 days/mo billable (a common “goal”)
- 69% = 180 days/yr = 15 days/mo billable (a common “goal”)
- 60% = 156 days/yr = 13 days/mo billable (average for technical trainers)

## **VI. RESULTANT STAFF TRAINER DAILY COSTS**

From the above analyses we can now obtain an average cost per day by **dividing his or her annual fully marked-up total salary by the actual number of days in a year spent in full billable assignments.** Applying the above average utilization of 60% over a year (156 days or 13 days/mo) for a trainer making \$60k/yr with a “medium” 2 times or 100% mark-up yields, for a technical or business professional skills staff trainer,

**\$769/day as the average staff trainer total cost.**

Alternatively, using the “very low” overhead of 50% yields \$577/day, and the “higher”

150% overhead yields \$962/day. Even using the higher “goal” utilization of 15days/month, the average daily costs vary from \$500/day to \$833/day for this range of overheads.

**Note: All these daily marked-up costs for staff trainers are much higher than most educational organizations estimate.**

Please see the accompanying Table of Examples of Costs/Day for a Staff Trainer obtained by applying the above commonly used (not necessarily correct) utilization rates and billable days per year to **various salaries with very low (50%), medium (100%), and higher (150%) mark-ups.**

**Table of Examples of Costs/Day for a Staff Trainer with Different Mark-Ups**

Salary (\$k/yr)	Marked-Up Salaries			Divided By Billable Days (Utilization)	Equals Cost/Day (\$) (V.Low-Med-Higher)
	Very Low (\$k/yr)	Medium (\$k/yr)	Higher (\$k/yr)		
32	48	64	80	208 (80%)	231-308-385
32	48	64	80	180 (69%)	267-356-444
45	68	90	113	208 (80%)	327-433-543
45	68	90	113	180 (69%)	378-500-628
60	90	120	150	208 (80%)	433-577-721
60	90	120	150	180 (69%)	500-667-833
60	90	120	150	156 (60%)	577-769-962
70	105	140	175	180 (69%)	584-778-972
70	105	140	175	156 (60%)	583-897-1122
80	120	160	200	180 (69%)	667-889-1111
80	120	160	200	156 (60%)	769-1025-1282
90	135	180	225	180 (69%)	722-1000-1250
90	135	180	225	156 (60%)	865-1154-1442

Each educational organization should go through the above exercises to estimate their own realistic numbers for different utilizations and different trainers’ total costs. Only when this has been accomplished will the organization know its exact costs. **Now we can compare the above staff trainer daily costs with contract trainers’ daily fees.**

## VII. CONTRACT TRAINER DAILY RATES

### A. Sources of Information

There are no good public sources of data for accurate contract trainer rates. Some surveys mix staff and contract data creating unusable numbers. The Training Associates, who specializes in trainer staffing and consulting, has rate data based upon 5,000 contract trainers, over 8,000 different courses, and actually teaching over 5,000 classes a year. Based upon this data, **contract trainer rates vary greatly from as low as \$200 to over \$2,000/day depending on the many factors noted below.**

### B. Contract Trainer Rate Variables

Contract trainer rates are not static and are generally negotiated on a per case basis because of many variables. **Short term variations** depend primarily on course subject matter and instructor level. However, they are also influenced by: the supply of available trainers at the exact time of the class, the level of students to be taught, the lead time of an order before a class (from longer range planned classes to Friday night emergencies); the calendar time because of holidays and competing industry events; specific class requirements like setup or customized content; and volume commitments. **Long term variations** depend upon the changing demand in economic cycles affecting the available supply of trainers as they migrate back and forth from contract to staff and to different jobs and careers.

### C. Contract Trainer Rate Trends

In addition to the fluctuation of rates due to economic cycles, The Training Associates believes it has influenced a downward trend in the cycle of IT contract trainer rates. Personnel and staffing agencies, as any wholesaler of goods or services, tend to **economically “commoditize” their candidates**. This is because of their constant communications about prices and qualifications with large numbers of different candidates and prospective clients. This downward effect took time to develop in the IT training industry because of the initial close ties of contract trainers to their previous employers.

## VIII. DIRECT CONTRACT TRAINER TOTAL COSTS

Although the *base* cost of a contract trainer may appear to be lower than a marked-up staff trainer, training organizations incur **many costs beyond the base rate of a contract trainer when contracting directly** with them. Specifically, there is a need for special personnel, increased management time, and the development of special systems and procedures, all of which increase costs and are usually diversions from the organization's core competency. Functions that need to be performed include: searching, qualifying, negotiating, contracting, scheduling, travel booking and processing, specifying of class

details, evaluating and managing trainer performance, quality problem resolution, bill processing and paying. If contractors are not available locally, there will be travel expenses, especially for some higher-level trainers where there are fewer in number. Travel costs may include: mileage, tolls, parking, car rental, airfare, hotel and per diem. Often a trainer or staffing agency may bundle these costs in a “flat rate” total cost.

Finally, and probably the most important consideration, is **increased legal and liability risks of dealing directly with independent trainers** which also translate into extra costs. Employee / contractor misclassification, and potential claims due to workmen’s compensation, unemployment, discrimination, benefits, wrongful termination, and state and federal tax non-withholding, are all legal considerations and potential pitfalls to the company. These might result in law suits, back tax payments, interest, penalties, reclassification to employee status, reporting to other agencies and insurance companies, and the placement of the company on permanent watch by various government agencies.

**When all these overhead costs are added to their base daily rate, the marked-up contract trainer daily rate is approximately equal to the marked-up staff trainer daily cost.**

We believe that this “**financial equivalency**” is due to the laws of supply and demand, such that over a period of time there are migrations back and forth of trainers from staff to independent status depending on the total net equivalent income afforded by each. This movement exists according to the openness and elasticity of the marketplace which is facilitated by brokers and staffing agencies engaged in the contract and permanent placement of trainers.

## **IX. USING A STAFFING AGENCY FOR CONTRACT TRAINERS**

Instead of contracting directly with independent trainers, training organization can contract with a **professional staffing agency that may perform all the above overhead functions, and more, as part of their normal operations as well as absorb most of the risks involved.** In general, such Business Process Outsourcing often is much less expensive because the work is outsourced to a single entity with specialized expertise and resources enabling it to perform more efficiently. This is especially true if *providing trainers* is a staffing agency’s core competency and it can exercise economies of scale. This also allows the training organization to concentrate on its core competencies of training development & management, marketing, consultative selling, customer service and infrastructure, while the agency takes care of the complete trainer development, management and deployment functions.

Besides reducing costs, **outsourcing to a trainer staffing agency can significantly increase a training organization’s sales** because it can then “consultatively” sell to satisfy its clients’ many and diverse trainer needs, rather than be limited by its own staff or recruiting capability. This also **reduces its opportunity costs of not having a trainer available when needed.** It also allows the training provider to **quickly “scale” the number of trainers** in multiple locations in order to satisfy its clients’ large roll-out

requirements. Lastly, sales may be readily increased by using a full-service trainer agency that has “**turnkey**” **course offerings** whereby it furnishes the trainer, courseware, necessary equipment, and even sales material, so that the training organization can easily offer new technology classes without any investment.

**Finally, a strategy that more training organizations are using is turning over their contract trainers to a professional trainer staffing agency, and still using them, often at the same rates they were paying.** (This is possible because the agency can obtain lower prices from its trainers due to its volume, variety of commitments, and prompt payment terms.) This has the advantages of being able to continue to use certain known and qualified trainers, but avoiding the costs and risks of dealing with them directly.

**Therefore, Using a Trainer Staffing Agency Rather Than Contracting Directly with Trainers can Significantly Increase Sales, and Reduce Both Costs and Risks.**

The following is a summary checklist of some of the possible functions and benefits.

**Some Functions That May Be Performed by a Staffing Agency**

- Continual searching for specific trainer candidates
- Detail qualifying for potential and actual assignments
- Performing necessary background and security checks
- Providing career guidance on new and in-demand technologies
- Managing their schedules, skills, quality and performance
- Matching individuals for specific class assignments
- Specifying all class details & order processing
- Negotiating the best trainer rates and terms
- Processing trainer agreements and orders
- Booking all types of travel & processing documentation
- Evaluating & managing trainer class performance
- Checking & approving trainer bills and special requirements
- Paying trainers on time with varying terms
- Legal & liability insurance & defense

**Benefits Received by Using a Trainer Staffing Agency**

- Lower total costs of acquiring and managing trainers
- Time & supervision greatly reduced with one point of contact
- Enablement of the training organization’s core competency concentration
- Increased sales due to satisfying more customer needs
- Enablement of consultative selling with unlimited trainer “inventory”
- More trainers available to satisfy large or urgent requirements
- Less risk of reclassification of contractor as an employee
- Significantly reduced liabilities & risks of suits, penalties, back taxes, etc.
- Quality guarantees & ability to substitute trainers quickly
- Single vendor reduction of administrative requirements
- Access to leading edge technologies without any investment

## **X. SOME CONSIDERATIONS OF RELATIVE USAGE**

Since contract trainer's marked-up rates per day are in the same range as staff trainer marked-up daily costs per actual day worked, *but* are significantly less when they are obtained through a professional staffing agency, **each educational organization has to examine its specific circumstances and opportunities in order to determine if, and to what extent, it should convert its staff trainers to contract trainers provided by a trainer staffing agency.**

The following lists some of the items that have to be weighed in each case.

### **STAFF TRAINERS**

- Employee commitment
- Fixed cost –payroll, benefits, etc.
- Variable utilization & profits
- Management involvement
- Quality/performance meetings
- Big investments
- Trial period
- Training required
- Lead-time needed
- No cancellation charges
- Non-teaching time
- Older technology classes
- Simpler classes
- Transaction sales model
- Missed sales
- Company knowledge
- Social- benefits & costs
- Multiple uses
- Advancement
- No risk of misclassification
- Employee liabilities & risks

### **CONTRACT TRAINERS**

- Contractor commitment
- Variable cost
- Known utilization & profit
- Minimum supervision
- Quality & performance guarantees
- No investments
- Temp – to – Perm possible
- No training required
- Quicker availability
- Possible cancellation charges
- No down time
- Newer technology classes
- Difficult & expensive classes
- Consultative sales model
- Increased sales
- Possible orientation
- Social – much less
- Per contract
- Not directly applicable
- Risk of employee misclassification
- Reduced liabilities & risks

**Now for our final summary conclusions, ----**

## XI. STAFF & CONTRACT TRAINER CONCLUSIONS

From the preceding analyses we can conclude that:

- **When all the overhead costs and non-billable time of staff trainers are included, on average their fully marked-up daily actual costs are generally *higher* than the daily base rates of contract trainers, and much greater than most believe, however --**
- **Unfortunately, contracting directly with trainers adds significant, and often hidden, costs and risks to their daily rate, making their fully marked-up rates *approximately equivalent* to the fully marked-up costs of staff trainers.**
- **However, outsourcing the development, management and deployment of trainers *can transfer and lower most of these costs and risks* to a lower costing specialized professional staffing agency. This will allow the training organization to concentrate on, and excel in, its own core competencies.**
- **The training organization can then more readily be a “consultative sales” and marketing organization, confident of satisfying almost all of its clients’ needs with a near “unlimited”, just-in-time inventory of many different kinds of trainers.**
- **The specific goals, circumstances and opportunities of each education organization should determine the proper mix of contract and staff trainers.**

**-THE END-**

## **ABOUT THE TRAINING ASSOCIATES**

Founded in 1994, The Training Associates (TTA) is the largest provider of IT and business professional skills instructors worldwide. Clients receive guaranteed, high-quality training, at the lowest prices, on virtually any technology or business skill. They do so with less risk, without the many overhead costs associated with instructor staffs, and also without the management and quality control required with contract instructors. By working with TTA, training organizations can readily and significantly increase their training events and sales, relying on a virtually unlimited bench of expert TTA Trainers.

TTA clients and partners include training and outsourcing companies, solution providers, IT manufacturers, universities, corporations in all industries, staffing companies, and the government. TTA offers 5,000+ technology and 600+ Professional Business Skills courses, and it has delivered more than 75,000 classes to over 500,000 students. Leading technology partners include Microsoft, IBM, HP, Novell, Oracle, Cisco, and many others.

The company's proprietary, on-line, fully integrated TrainerTracker™ system complements its staff of expert trainer solution consultants to rapidly and efficiently develop and deploy Certified TTA Trainers. Currently, over 2000 are on contract with The Training Associates, and more than 500 are deployed worldwide.

### **THE TRAINING ASSOCIATES**

289 Turnpike Road, Westborough, MA 01581

800-241-8868 or 508-890-8500 Fax: 508-890-8658

Info@TheTrainingAssociates.com www.TheTrainingAssociates.com

0815071