Cost allocation model for shared services

TotalCost
Each company utilising the shared service is allocated a cost based on their use of the various infrastructure components, and the workload they place on people working in the shared service.

TotalInfrastructureCost
A single infrastructure cost for each company is calculated, which is just the sum of costs allocated to the operating company for their usage of each infrastructure item.

ItemCost
Each infrastructure item has a cost allocated for each operating company based on the total cost of running this infrastructure and allocated according to usage.

ItemCost #2
Multiple infrastructure item costs may be added together.

TotalItemCost*
Total actual cost to the shared service of running this infrastructure item (not including people time).

%ItemUse
Choose an allocation model appropriate to the infrastructure item, then determine a % of usage allocation for each company.

TotalPeopleCost
Total cost to the company of all people related tasks.

PersonCost
Total cost to the company of work performed by this person. Each person's costs are calculated separately as this enables a single model to work across staff providing a wide range of functions and provides transparency into the type of person performing projects for each company, and who has done the work.

PersonCost #2
Costs of multiple people may be added together.

BillableCost*
Cost of the non-people management work performed by this person. People management costs are not billed directly, but instead allocated to the TotalCost of reports through the MgmtAllocation.

%BillableTime
Billable time is that spent on projects or ad-hoc issues. Time spent on people management is not billable, as it is divided among all reports and added to their billable cost.

TotalCost*
Total cost of this person doing their job, including salary, overheads and management time spent on them.

SalaryCost*
Total salary releated costs for the person, including all benefits.

Overheads*
Overhead costs for this person, including building allocation costs, IT costs, etc.

MgmtAllocation*
The sum of MgmtAllocation charges from each level of management above this individual.

1 - %PeopleMgmtTime*
The BillableCost for a person includes all the work they do, except for time spent on people management. %PeopleMgmtTime is estimated, and multiplied by the TotalCost to give a PeopleMgmtCost. (Note that this is the same as TotalCost-BillableCost.) The PeopleMgmtCost is divided and distributed evenly to all reports under the manager (at any level), adding to the MgmtAllocation for each report.

%ProjectTime
Use timesheets to track project work and the companies it applies to. Projects are specific, planned tasks that take a reasonably significant amount of time to complete relative to tasks completed under the %AdhocTime metrics.

%AdhocTime
All time not specifically spent on projects or people management, falls into AdhocTime. Rather than tracking this through timesheets, it is simply divided among companies according to an appropriate allocation model based on usage. For example, a helpdesk may use resolved tickets as the metric to allocate adhoc costs. L1 staff are 100% AdhocTime, while L2 staff may be 50% ProjectTime and 50% AdhocTime.

* Denotes an amount that is the total cost of the person or infrastructure item, used in calculations for every individual company. All other calculations and amounts are company specific, weighted by the allocation / usage.