Equation Used to Calculate Labor Requirements

$$L_r = 1 - \left[1 - \frac{V_x}{(V_{1980})(LP_x)}\right]\left[\frac{VC}{100}\right]$$

where L_r = labor requirement in year x expressed as a fraction of labor required in 1980.

V_x = mail volume projected for a specified future year x.

V_{1980} = mail volume in 1980, the base year.

LP = labor productivity index for future year x, where $LP_{1980} = 1.0$.

VC = variable cost component of total labor cost or of total cost for a specific employee group.

SOURCE: Office of Technology Assessment.