

## What-if Scenario Analysis Hiring Plan Assignment

**Objective:** Use Excel's Scenario Tool to perform a what-if analysis for a hiring plan. The business problem is this: a manager is faced with a decision that requires the evaluation of several alternatives, or scenarios. In this example, the manager has been allocated a budget of \$125,000 for the current fiscal year (same as calendar year) for **new hires**. This manager has received approval to hire five (5) new personnel positions: Administrative Assistant (1), Assistant Manager (1), Sales Representative (2), and Marketing Representative (1). The starting salary for these positions is indicated below:

Personnel Position	Initial Annual Salary
Administrative Assistant	\$28,000
Assistant Manager	\$38,000
Sales Representative	\$35,000
Sales Representative	\$35,000
Marketing Representative	\$37,000

Notice that if you total these salaries, the amount is greater than \$125,000. So hiring must be staggered throughout the year. This is the purpose of this assignment: to examine various scenarios that describe when the positions can be filled in order to meet the budget constraint of \$125,000 for this year.

1. Create a worksheet for this problem as shown below. Note that you **MUST** use formulas for the Monthly Salary values in column C or scenario analysis will not work!

	A	B	C	D	E	F
1	<b>HIRING PLAN</b>					
2						
3	<b>Personnel Position</b>	<b>Annual Salary</b>	<b>Monthly Salary</b>	<b>Hiring Month</b>	<b>Budget Impact</b>	
4	Administrative Assistant	\$28,000	\$2,333.33	1	\$28,000.00	
5	Assistant Manager	\$38,000	\$3,166.67	1	\$38,000.00	
6	Sales Representative	\$35,000	\$2,916.67	1	\$35,000.00	
7	Sales Representative	\$35,000	\$2,916.67	1	\$35,000.00	
8	Marketing Representative	\$37,000	\$3,083.33	1	\$37,000.00	
9						
10	TOTAL:	\$173,000			\$173,000	
11						

2. Solve this problem by addressing these constraints and using Excel's Scenario Tool.

**Additional Constraints:**

- An Administrative Assistant is needed immediately. The Manager is answering phones and typing memos while her management of the division is suffering from lack of total attention.
- A Sales Representative is required in the first quarter
- A Marketing Representative is required in the first or second quarter.
- Every year for the past seven years, a hiring freeze has occurred on October 1<sup>st</sup>. Therefore if a position is not filled by October 1<sup>st</sup>, it risks elimination from the budget and is very difficult to have reinstated so everyone needs to be hired and on board before October 1<sup>st</sup>.

Devise at least **four Excel Scenarios** that produce a hiring plan that meets these constraints and consumes at least \$120,000 of your allocated budget. Remember, you cannot go over your \$125,000 budget.