Hire Now or Wait? A Headcount Investment Decision

FP&A | Advanced | 90-120 minutes (estimate) | Contribution margin and cash forecasting

Learning outcomes

Evaluate capacity, ramp-up and cash before approving a hire. Calculate the result, reconcile it and communicate its limitations.

Method

Incremental hiring value depends on demand that current capacity cannot serve. Model the lower of demand and capacity, then subtract incremental cash costs. A profitable option can still breach a cash buffer before customer receipts arrive. Compare the same horizon for all options and disclose what happens beyond it.

Smaller worked example

An additional 100 units of capacity at $40 contribution per unit is worth at most $4,000. If only 20 additional units can be sold, the benefit is $800 before salary and setup costs.

Business context and rules

Fictional Beacon Services, October-December 2026. Current team capacity 1,000 units/month; base demand 1,200 / 1,400 / 1,600. A new hire starts 1 October, adding capacity of 200 / 400 / 600 in successive months. Price $100, variable cash cost $60 per unit; salary $10,000/month and one-time setup $5,000 in October, paid immediately. Customers pay the following month; variable costs are paid in delivery month. Incremental cash starts at $30,000, with a $10,000 minimum buffer. Compare Hire now against No hire over Q4; also test downside demand 1,100 every month. Ignore tax and other cash flows. December receipts arrive in January and must be disclosed, not silently counted in Q4.

AI-assisted synthetic case | Expert review and native Excel / Sheets testing pending | 21 September 2026

Original synthetic inputs

Input	Value	Unit
Current monthly capacity	1000	units
October demand	1200	units
November demand	1400	units
December demand	1600	units
October added capacity	200	units
November added capacity	400	units
December added capacity	600	units
Price	100	USD / unit
Variable cash cost	60	USD / unit
Monthly incremental salary	10000	USD
October setup cash and expense	5000	USD
Incremental opening cash	30000	USD
Minimum cash buffer	10000	USD
Downside demand per month	1100	units

Required deliverables

Prepare the two operating scenarios, monthly incremental cash and minimum headroom. Deliver three short slide outlines: economics, liquidity, recommendation / evidence needed. Explain what a later hire would require you to remodel rather than assuming full capacity on day one.

Use formulas for derived amounts and preserve source data. Put narrative deliverables in the workbook response area; expand it as needed. Compare amounts within 0.01 of the stated unit and percentages within 0.1 percentage point. No unsupported balancing plugs.