COST OF DOING BUSINESS

CALCULATING COST

Available Labor

Days in Water	365
Less Weekends	-104
Less Holidays	-6
Less Vacation	-10
Less Sick Days	-5
Less Training	-5
	235

x 8hr/day
8 x 235 = 1880 hours per Tech

1880 x # of techs
= Total Available Labor or ***3760***
Place in (B) on next page and below)

Total Parts Sales-Total Parts Expenses = Gross Margin from Parts divided by Total Available Hours (B) = Average Parts Income Per Hour _____
(Place in (F) on the next page)

NOTE: If the Parts Department Expenses were NOT included in (A) Then there is no need for (F)

Average Cost per Hour/Labor

Tech #1 Salary	***$21.31***	per hour
Tech #2 Salary	***$31.30***	per hour
Tech #3 Salary	$____	per hour
Tech #4 Salary	$____	per hour
Tech #5 Salary	$____	per hour
Total Salaries	***$52.61 ($26.31 avg)***	
Total Techs	***2***	

Total Salaries = Average Hourly Rate for labor
Total Techs

If Tech is not paid hourly, you must first determine the true hourly rate

Average Hourly Rate for Labor x 2080 (52 Weeks x 40 hours per week)
= Average Gross Labor Cost ***54725***

Average Gross Labor Cost divided by 1880 (available hours for labour) = Average Cost per Hour for Labor
(Place in (D) on the next page) ***$29.11***

COST OF DOING BUSINESS

Total Expenses (not including labour)	***$112,552***	(A)
Total Available Labour Hours	***3760***	(B)
A/B =	***$29.93***	(C) Dollars per hour to cover exp.
Average Cost per hour for labor	***$29.11***	(D)
C + D	***$59.04***	(E) Dollars per hour necessary to Operating expenses and labor
Average parts income per hour	***0***	(F)
Break even point her hour at 100% Efficiency	***$59.04***	(F) (E-F)
Desired Profit margin	***20%***	(H)

100% - (H) = ***0.80*** (I) margin Divider (in this example, we expected a 6% return. We would subtract 6% from 100% and the margin would be 94% or .94.

Divide the Break Even Point	***$59.04***	(G)
By the Margin Divider	***0.80***	(I)
= Gross Billable Rate per hour	***$73.80***	(J)

Divide the average number of completed calls per day ***(8)*** by 8 ***(16 in this case)*** (hours per day per tech, exp: 2 techs would = 16 hours, 3 techs = 24 hours) to get your Efficiency Factor (K) ***0.50***

Divide the Gross Billable Rate per Hour (J) by the Efficiency Factor (K) to get the completed call rate.

(J) ***$73.80***/ (K) ***0.50*** = ***$147.60*** completed call rate

But what if we changed (K)?

Exp #1	(J) ***$73.80***/ (K) ***0.60*** = ***$123.00***	Better
Exp #2	(J) ***$73.80***/ (K) ***0.80*** = ***$ 92.25***	Better Yet
Exp #3	(J) ***$73.80***/ (K) ***0.90*** = ***$ 82.00***	My Goal

COST OF DOING BUSINESS

CALCULATING COST

Available Labor

Days in Water	365
Less Weekends	-104
Less Holidays	-6
Less Vacation	-10
Less Sick Days	-5
Less Training	-5
	235

x 8hr/day
8 x 235 = 1880 hours per Tech

1880 x # of techs
= Total Available Labor _____
Place in (B) on next page and below)

Total Parts Sales-Total Parts Expenses = Gross Margin from Parts divided by Total Available Hours (B) = Average Parts Income Per Hour _____
(Place in (F) on the next page)

NOTE: If the Parts Department Expenses were NOT included in (A) Then there is no need for (F)

Average Cost per Hour/Labor

Tech #1 Salary	$____	per hour
Tech #2 Salary	$____	per hour
Tech #3 Salary	$____	per hour
Tech #4 Salary	$____	per hour
Tech #5 Salary	$____	per hour
Total Salaries	_____	
Total Techs	____	

Total Salaries = Average Hourly Rate for Labor Techs

If Tech is not paid hourly, you must first determine the true hourly rate

Average Hourly Rate for Labor x 2080 (52 Weeks x 40 hours per week)
= Average Gross Labor Cost _____

Average Gross Labor Cost divided by 1880 (available hours for labour) = Average Cost per Hour for Labor
(Place in (D) on the next page) _____

COST OF DOING BUSINESS

Total Expenses (not including labour)	_____	(A)
Total Available Labour Hours	_____	(B)
A/B =	_____	(C) Dollars per hour to cover exp.
Average Cost per hour for labor	_____	(D)
C + D	_____	(E) Dollars per hour necessary to Operating expenses and labor
Average parts income per hour	_____	(F)
Break even point her hour at 100% Efficiency	_____	(E-F)
Desired Profit margin	_____	(H)

100% - (H) = _____ (I) margin Divider (in this example, we expected a 6% return. We would subtract 6% from 100% and the margin would be 94% or .94.

Divide the Break Even Point	_____	(G)
By the Margin Divider	_____	(I)
= Gross Billable Rate per hour	_____	(J)

Divide the average number of completed calls per day ____ by 8 (hours per day per tech, exp: 2 techs would = 16 hours, 3 techs = 24 hours) to get your Efficiency Factor (K) _____

Divide the Gross Billable Rate per Hour (J) by the Efficiency Factor (K) to get the completed call rate.

(J) _____/ (K) _____ = _____ completed call rate