



PHCC Overhead & Profit Calculator

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INTRODUCTION

YOU PROBABLY ARE NOT CHARGING ENOUGH FOR YOUR SERVICES.

But what is the right price for the services that you provide?

The only correct answer is a price that covers ALL your costs of providing those services, plus a profit of whatever percentage you choose.

The sad truth is that many small business owners are so busy running their companies and dealing with everyday issues that they just take a guess when it comes to their selling price. They may try to figure out what their customers are “willing to pay” or worse, they call competitors and set their price by what others are doing. These methods will lead many of these businesses into failure, killing the business owner’s dream and putting their employees out of work.

If you are charging less than it costs you to do the work, it doesn’t matter how hard you work or how many hours you or your employees put in. It’s just matter of time before your cash flow game will come to an end.

THE GOOD NEWS

In your hands, you hold the user guide to a software program that can help you to calculate a selling price for your work that does cover all of your costs and provide the profit you are seeking. Put your numbers in and use the tools & reports to get a better feel for your business and its financial health.

Once you know that you are charging the right price for your company, you will find that some things are easier—you can afford that new computer or truck because you already have built it into your price. The money to pay dues to belong to great associations like PHCC are not coming out of your pocket, because every one of your customers has paid a small part of those dues in the work they bought from you.

SPREAD THE WORD

Once you have a handle on using the software, pick one of your competitors who is known for their “too low” prices and give them a tour of this software. Point them to our Web site at <http://phccfoundation.org> to view a free tutorial on overhead and pricing. Remember that by educating your competitors, you improve the market for everyone—including yourself!

How to Use this Product

Note: You must have Microsoft Excel installed on your computer to use this product. The worksheets may not open and will not function properly in Google Sheets or Apple Numbers.

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You can begin working on your numbers right now by downloading the [Overhead & Profit Calculator \(OH_Blank.xlsx\)](#) file.

If you would like to see the worksheet populated with example data to know what kinds of numbers to enter, you can download the [Calculator with Sample Data \(OH_Exmpl.xlsx\)](#) file. **Important Note:** Do NOT use these sample numbers to calculate your costs – these are simple example figures not based on actual data and are not updated over time!

TIP: If your worksheets are generating error messages, check the data entry cells that look blank, but may have a spacebar entry in them.

Do not clear data entry cells by hitting the spacebar key. Doing so will enter a letter “space” character into the cell that may be expecting a numerical value. When an Excel formula tries to math on a letter character instead of number, it can cause errors in calculations.

Note: The only place you enter data is in the blue cells! The rest of is calculated for you.

Cells in the worksheets are color coded to help you easily tell what is a data entry cell vs. a cell that is giving you data back. Here is a guide to those cell colors.

GUIDE TO CELL COLORS
Light Yellow = Cells with additional instructions.
Orange Shaded = A cell that has a comment attached. Hover your cursor over the cell and a pop-up box will give you instructions on that function.
Light Blue = Data Entry, where you type your info.
Blue Shaded = A cell with a drop-down menu. Click on the cell and a small grey square with a triangle will appear in the corner. Click that triangle and a menu list of options will appear to choose from.
Light Green = Cells with formulas that are returning calculated data to you.
Yellow = Cells with formulas that are returning calculated data. These are the bottom line numbers to pay special attention to.

Note: Don't be intimidated by the number of data entry cells. Throughout the spreadsheets, we give you the option of going the simple route with minimal data entry or going the advanced route with more data entry that yields more detailed reports and options. Choose which way is best for you. You can always go back later add additional information.

Note: If you make changes to the names of your departments or employees in Step 1, the old names will remain in the drop-down lists in the subsequent steps until you choose a new department from that list.

VERY IMPORTANT NOTE: When Working Your Numbers, Use YOUR Numbers!
The sales figures, hours, salaries, etc. used in the example worksheet and this guide are all just samples to demonstrate how the spreadsheets work. When using the blank spreadsheet to calculate your numbers, you should enter YOUR company's actual information.

First Time Users:

Get some practice with the spreadsheets by viewing the “[Example Overhead & Profit Worksheet](#)” and reading through the explanations below.

Step 1 Employee Info Sheet

1. Payroll Taxes

The first set of cells allows you to enter your tax information, including State Unemployment Insurance (SUI) number and rate. Consult with your accountant for the most current rates for your area and update these rates as needed.

Payroll Taxes & Insurance		Limit	Rate
	Federal UI Tax (FUTA)	7,000	0.80%
	State UI Tax (SUI)	10,000	3.20%
	Workers' Compensation	35,000	5.00%
	Social Security	106,800	6.20%
	Medicare	None	1.45%

Enter the Names of Departments in Your Company	
Overall Company	General Office Administration
Department #1	Plumbing-Service
Department #2	Plumbing-New
Department #3	Plumbing Remodel
Department #4	Department 4 Name
Department #5	Department 5 Name
Department #6	Department 6 Name
Department #7	Department 7 Name
Department #8	Department 8 Name
Department #9	Department 9 Name
Department #10	Department 10 Name

2. Department Names

The next set of cells let you identify which departments exist in your company. The General Office Administration department is included by default and is intended for costs/time that belong to the whole company, not just one department.

Note: If you do not intend to use the software's ability to allocate costs across different departments:

- Name your Department #1 “Non-Administrative.” In the next steps make sure that you put all your company overhead costs under either “General Office Overhead” or “Non-Administrative.”
- Your employees’ office time would go under either “General Office Overhead” or “Non-Administrative.”
- Your employees’ field time would go either under “Field Non-Billable Time” or “Non-Administrative.”
- On Step 3, use the “Overall Company” Billable Hour charge.

3. Employee Wages and Time Off

Next enter your employees' salary information. Use the drop down menus to select if an employee is hourly or salaried - you will get an error message if you enter wage information that doesn't match with your selection.

Next enter how many hours they work per week and the number of hours they have off each year for vacation, holidays, etc.

Note that when you are using these sheets to calculate your break-even hourly price, you should not include any overtime hours.

Employee Info		1	2	3
Employee Wages and Non-Productive Time	Employee Name or ID#	Bill	Sam	Alicia
	Employee paid Hourly or on Salary?	Salary	Salary	Hourly
	Hourly Rate or Yearly Salary	\$ 105,000.00	\$ 85,000.00	\$ 30.00
	Total Paid Hours per Week	40	40	40
	Overtime Hours per Week (at 1.5x base)			
	Paid Hours Vacation per Year	120	120	120
	Paid Hours Holiday per Year	48	48	48
	Paid Hours Sick Pay per Year	40	40	40
	Paid Hours Training per Year	40	40	40
	Employee Yearly Cost (Salary + Taxes + Benefits)		\$ 126,109	\$ 104,259

4. Office Employee Time Allocations

Next it is time to define what percent of time each employee spends in the office in each department. It's up to you to choose how to define these percentages, just keep in mind that your choices will affect your break-even price for that department later in the **Step 3 Pricing** worksheet. For example, accounting work time is probably best defined as "General Office Administration," while time spent marketing could also be considered as Admin or as a specific department's cost. Whatever method you choose, just be consistent as you enter the data.

		Does this employee work in the office, field or a split of both? Select from the drop down menus. →	Office	Both	Office		
		Office Employee Hours by Department			Bill	Sam	Alicia
Employee Office Hours by Dept.	Enter in the % of time each employee spends on supportive or management work for each department. Only allocate percentages related to activities that are not field work and are not directly billable to customers. Work time that cannot be tied to specific departments should be included under the "General Office Administration" category.	General Office Administration	40.0%	15.0%	60.0%		
		Plumbing-Service	25.0%	20.0%	15.0%		
		Plumbing-New	15.0%	15.0%	15.0%		
		Plumbing Remodel	20.0%	15.0%	10.0%		
		Department 4 Name					
		Department 5 Name					
		Department 6 Name					
		Department 7 Name					
		Department 8 Name					
		Department 9 Name					
Department 10 Name							

5. Field Employee Time Allocations

Next we'll identify where your field employees spend their time. Don't forget to allocate an appropriate share to "Field Non-Billable Time." For example, service technicians spend a number of hours each week just driving from one job to the next. These hours are not generating income for the company (trip charges are addressed elsewhere in the spreadsheets), so this line gives you a way to identify this time as non-productive.

If you tell the spreadsheet that an employee is office only and then enter time in the field category, your entry will appear in red. Either delete the bad entry or tell the spreadsheet that the employee works in both the office & field.

If the total percentages for office and field time do not add up to 100%, you will see the "% Remaining to Allocate" cell go red & display the total you are off by.

Office Employee Hours by Department		Bill
General Office Administration		40.0%
Plumbing-Service		25.0%
Plumbing-New		15.0%
Plumbing Remodel		20.0%
Department 4 Name		
Department 5 Name		
Department 6 Name		
Department 7 Name		
Department 8 Name		
Department 9 Name		
Department 10 Name		
Field Employee Hours by Department		Bill
Field Non-Billable Time*		45.0%
Plumbing-Service		
Plumbing-New		
Plumbing Remodel		
Department 4 Name		
Department 5 Name		
Department 6 Name		
Department 7 Name		
Department 8 Name		
Department 9 Name		
Department 10 Name		
Total Allocated % (Should equal 100%)		145.0%
% Remaining to Allocate		-45.0%

Field Employee Hours by Department		Bill	Sam	Alicia
Employee Field Hours by Dept.	Field Non-Billable Time*		10.0%	
	Plumbing-Service		10.0%	
	Plumbing-New		10.0%	
	Plumbing Remodel		5.0%	
	Department 4 Name			
	Department 5 Name			
	Department 6 Name			
	Department 7 Name			
	Department 8 Name			
	Department 9 Name			
	Department 10 Name			
Total Allocated % (Should equal 100%)		100.0%	100.0%	100.0%
% Remaining to Allocate		0.0%	0.0%	0.0%

Note: If you do not currently have a system to track which department your field employees spend their time in, consider implementing a simple system to help better account for your costs. Until you have better tracking data, keep things simple: just allocate your field employees' time between "Department 1" and "Field Non-Billable Time" as appropriate and in Step 3, use the overall company price column as your basis of customer pricing.

Field Employee Time – Helpers

Entry-level apprentices or helper field employees who are at the jobsite as assistants to technicians should have their time counted under the **Field Hours** category.

The key to accuracy in your pricing in Step 3 will come down to what percentage you enter for the productivity of these employees. You will want to put a higher percentage of time to the "Field Non-Billable Time" category for this class of worker to account for their limited role on the jobsite.

***Example:** Imagine a company with 4 helpers. Two of them are new & are still learning – their assistance does not make the jobs they are assigned to go any faster. These two helpers are not creating any billable hours for the company, so set their field time as 100% non-billable.*

The other two helpers have a few years of experience and are licensed; they just don't have their own service truck. When they are on a jobsite, they do make the job go more quickly, thus adding to the number of productive & billable hours for the company. In this case, the business owner may set their lead technicians' field time at 65% billable/35% non-billable, while the helpers would be more like 30% billable/70% non-billable. This raises the billable hour price enough to cover the expense of having an advanced helper on that truck without going overboard based on the productivity gained from their help on jobs.

Field Employee Time – Helper Rates and Crew Rates

This software was designed to produce a billable hour rate for the overall company or departments per billable hour. However, if you have a situation where you instead need to determine rates for worker classes (journeymen, helpers, etc.) or crews, there is a way to get this information.

Instead of company department names, simply enter your worker classes in the department name cells at the top of the Step One worksheet. For example, you could have a "Journeyman" department and a "Helper" department. When assigning your percentages of field time, allocate the percentages according to their worker class – e.g. all journeymen would have their productive field time in the "Journeyman" department row. This way you can get a billable hour price for journeymen, helpers, etc. that accurately reflects the costs to have them on the jobsite. For crews, simply add together the rates from the Step 3 Pricing worksheet for the worker classes present. The drawback for this method is that it eliminates the ability to allocate costs by departments (Plumbing, HVAC, etc.).

6. Employee Benefits Costs

The next lines give you a place to identify the costs of benefits packages for your employees.

Benefits		Bill	Sam	Alicia	
Employee Benefit Costs	Monthly Benefit Cost	Medical/Dental/Life/Disability Insurance	\$ 650	\$ 500	\$ 400
	Weekly Benefit Cost	Uniforms		\$ 40	
	Percent of Salary Contribution	Retirement Benefit	3.0%	3.0%	3.0%
	Weekly Benefit Cost	Additional Weekly Benefit			
	Monthly Benefit Cost	Additional Monthly Benefit			
	Annual Benefit Cost	Additional Annual Benefit			
Total Benefits Costs Per Year			\$ 10,950	\$ 10,630	\$ 6,672

7. Total Employee Costs

Once you have entered all of the data requested in blue, the spreadsheet will have calculated the total costs of each employee (shown back up in the “Employee Info” section).

Employee Info		1	2	3	
Employee Wages and Non-Productive Time	Enter your employee's information in the columns to the right, paying close attention to the time basis (per week, year, etc.). The blue cells with yellow borders are drop down menus that will allow you to make different selections--just click on the cell and then the drop down arrow to access the menu.	Employee Name or ID#	Bill	Sam	Alicia
		Employee paid Hourly or on Salary?	Salary	Salary	Hourly
		Hourly Rate or Yearly Salary	\$ 105,000.00	\$ 85,000.00	\$ 30.00
		Total Paid Hours per Week	40	40	40
		Overtime Hours per Week (at 1.5x base)			
		Paid Hours Vacation per Year	120	120	120
		Paid Hours Holiday per Year	48	48	48
		Paid Hours Sick Pay per Year	40	40	40
		Paid Hours Training per Year	40	40	40
		Employee Yearly Cost (Salary + Taxes + Benefits)	\$ 126,109	\$ 104,259	\$ 75,972

Now that we know how much the company's employee costs are, it's time to calculate the company's overhead costs in the [Step 2 – Overhead Worksheet](#).

Step 2 Overhead Spreadsheet

This spreadsheet is the place to enter all of your overhead cost information. All your costs that are not related compensation or directly to a specific job should be reflected on this worksheet.

Note: There are two worksheets in this step. For simplicity, you can use just the **LEFT** worksheet which allocates all overhead items to general company support costs. For a more detailed allocation of costs for individual items to specific departments, also complete the worksheet to the **RIGHT** too.

1. Enter your Total Annual Costs for each item in the blue cells.
2. The descriptions of each line item can be modified if you use a different name or want to add information.
3. In our example **LEFT** worksheet, the company spends \$5,500 annually on Direct Marketing. The spreadsheet will display the monthly costs, the costs as a percentage of all the overhead that has been entered and the costs as a percentage of the company's projected sales revenue. This allows you to peg overhead spending to targets, such as 7% for total advertising as in the example below.

Company Overhead Costs				
Description	Total Annual Costs	Monthly Costs	Costs as a % of Total Company Overhead	Costs as a % of Sales Revenue
Advertising/Marketing				
Direct Marketing (Mailings, etc.)	\$ 5,500.00	\$ 458.33	2.3%	0.5%
Newspaper, Magazines & Other Print Media	\$ 6,000.00	\$ 500.00	2.5%	0.5%
Rebates and Discounts for Customers	\$ 1,000.00	\$ 83.33	0.4%	0.1%
Special Reserve for Customer TLC	\$ 1,500.00	\$ 125.00	0.6%	0.1%
Sponsorships, Special Events	\$ 1,500.00	\$ 125.00	0.6%	0.1%
TV/Radio		\$ -	0.0%	0.0%
Vehicle Wraps & Signage		\$ -	0.0%	0.0%
Website/Internet Development	\$ 2,500.00	\$ 208.33	1.0%	0.2%
Yellow Pages		\$ -	0.0%	0.0%
Other		\$ -	0.0%	0.0%
Other		\$ -	0.0%	0.0%
Other		\$ -	0.0%	0.0%
SUB-TOTAL	\$ 18,000.00	\$ 1,500.00	7%	1.6%

4. The annual, monthly and percentages of overhead dollars are totaled at the bottom of the spreadsheet.

Total Company Overhead Costs (All categories)	\$ 240,000.00	\$ 20,000.00	100%	21.2%
	Annual Overhead Costs	Monthly Overhead Costs	% of Overhead	% of Sales Revenue

Departmental Overhead Allocations:

If you want to get a more accurate picture of what it costs to support each department in the company, take a few extra minutes to fill in some percentages in the table on the **RIGHT** side of this worksheet step.

5. The table on the **RIGHT** side of the Overhead worksheet allow you to spread your office overhead costs across your departments to give you a more accurate account of each department's costs.

By default, 100% of costs are set to go toward general office support. Enter percentages across each column for the share of costs used to support each department. The spreadsheet will deduct the new percentages you add from the “General Company Support” column automatically. The department percentages cannot add up to more than 100% or an error message will be displayed.

General Company Support	Plumbing-Service	Plumbing-New	Plumbing Remodel
Advertising/Marketing			
0%	40%	20%	40%
0%	40%	20%	40%
0%	40%	20%	40%
0%	40%	20%	40%
0%	40%	20%	40%
100%			
100%			
0%	40%	20%	40%
100%			
100%			
100%			
100%			

General Company Support	Plumbing-Service	Plumbing-New	Plumbing Remodel
\$ 122,600	\$ 49,400	\$ 22,000	\$ 46,000
Annual O/H Costs	Annual O/H Costs	Annual O/H Costs	Annual O/H Costs

6. At the bottom of the RIGHT set of cells, the spreadsheet will total the overhead dollars allocated to each of the departments.

NOTE: If you charge customers trip charges, you have a couple options to account for that income. Method #1 – Adjust your technician’s billable field time so that their driving time is “productive”. Your trip charge will need to be the average time spent driving to & from customer jobsites, multiplied by the billable hour rate in Step 3.

Method #2 – Determine your annual income from trip charges and enter this as a negative number in the “Other” section of the Step 2 Overhead Worksheet. Adjust your technicians’ time so that driving time is all “non-productive”. The negative entry you made will offset the trip charge income you collected. The net result is that the billable hour rate that the spreadsheets calculate will be lower, but the rate shortfall will be counterbalanced by the trip charges you are collecting. If you stop collecting trip charges, be sure to remove the negative entry!

Now that we know our employee costs and our company overhead costs, it’s time to see what we need to charge per hour to cover those costs in our Step 3 – Pricing Worksheet.

Step 3 Pricing Worksheet

Notice that there is an Overall Company column and columns for each department. For the moment, let's just look at the Overall Company column.

- The first three lines of this worksheet calculates & reports the costs per billable hour for:
 - Field employee time (wages, benefits & taxes) that is billed to customers.
 - All office employee time, plus field employees' non-billable time. This line includes the costs for vacation and other time off reported in Step 1.
 - Company overhead.

To create these numbers, the spreadsheet has totaled all of the compensations costs for billable employee time and all the non-billable employee time identified in Step 1. The company overhead total was calculated in Step 2. The spreadsheet has divided those figures by the number of field hours that can be billed to customers. The number of billable hours available to the company and each department was calculated in Step 1, taking into account the vacation & other time off and the non-billable field time you identified.

2. Break-Even Charge:

Adding the billable time, non-billable time and company overhead figures together gives you a very important number: the break-even charge for your company. In our example company data, their break-even charge is \$145.02 per hour.

What does that number mean? It means simply that if this company is selling its work to customers for less than \$145.02 an hour, the company is losing money.

Even at this price, the company will not be making any money, as no profit has been included in the number yet.

	Use this one price for the company
Note: All Figures Are Per Billable Hour	Overall Company
Billable Field Time Employee Costs	\$ 37.09
Non-Billable & Office Employee Time Costs	\$ 64.03
Company Overhead Per Billable Hour	\$ 29.39
Billable Hour Charge Required to Break-Even	\$ 130.52
Profit Percentage Desired	10.0%
Billable Hour Charge Required to Make Desired Profit	\$ 145.02

3. Calculating Profit – Mark-Up vs. Margin:

Next the spreadsheet asks you to enter the net profit percentage you want to earn on the company sales.

Before we go farther, we should examine the difference between mark-up and margin.

Many small business owners use a simple mark-up technique to calculate their selling price. They take their costs, add a percentage on top and think they have a sound number for their selling price. What they don't realize is that they are short-changing themselves because they have done the math wrong!

Mark-Up: The Wrong Way to Make a Profit

Here is an example of the Mark-Up method on a job with \$100 in costs with a 10% mark-up:

$$\begin{array}{rcl} \text{Job Costs} & + & 10\% \text{ of Job Costs} & = & \text{Marked Up Selling Price} \\ \$100 & + & \$10 & = & \$110 \text{ Selling Price} \end{array}$$

The contractor thinks that they are making 10% net profit on the job, but they are not!

How do we know? Just do the math! What is 10% of \$110? **A 10% profit on a \$110 selling price is \$11, but we are only getting \$10 in profit.** That one dollar doesn't seem like a big deal, until you apply that thinking to the much larger numbers of your sales revenue.

Margin: The Right Way to Calculate Your Sales Price

Here is an example of calculating profit the correct way. Again, we'll use the example of \$100 in job costs and a desired 10% profit.

Here is the formula: $\text{Margin} = ((\text{Profit \%} / (1 - \text{Profit \%})) \times \text{Job Costs})$

Or in Our Example: $\$11.11 = ((.10 / (1 - .10)) \times \100

Simplified: $\$11.11 = (.1 \text{ divided by } .9) \text{ multiplied by } \100

More Simplified: $\$11.11 = .1111 \text{ multiplied by } \100

What does that mean? To make a 10% profit on a job with \$100 in costs, your selling price must be \$100 + \$11.11 or \$111.11. And we can prove that we are right:

10% of Selling Price + Job Costs = Selling Price

$$\$11.11 + \$100 = \$111.11$$

The 10% profit on a \$111 selling price is \$11.11.

We have found that extra dollar that was missing from the Mark-Up method!

Selling Price

Put your desired net profit percentage number in the blue cell, hit enter and your “Billable Hour Charge Required to Make Desired Profit” will be calculated. **This is your selling price, including all your costs and the properly calculated profit.**

Billable Hour Charge Required to Break-Even	\$ 130.52
Profit Percentage Desired	10.0%
Billable Hour Charge Required to Make Desired Profit	\$ 145.02

You can see in our example company that the profit was calculated correctly:
 $\$145.02 \text{ minus } \$130.52 = \$14.50 \text{ (10\%)}$

THIS IS THE MOST IMPORTANT NUMBER IN ALL OF THE WORKSHEETS:

Once you have entered all of your own information in these worksheets, the bottom line number highlighted in yellow here is the most important thing to pay attention to. This amount is what you need to charge for every hour that one of your employees is doing work in the field for a customer.

Again, unless you are charging at least the break-even amount, you are losing money on every job and if you are not charging the bottom line number, you are not making the profit that you are looking for.

Does the number look much higher than what you expected or what you are currently charging for your work?

Go ahead and look at the data. If you have entered all of your costs and have accounted for your employees’ time as accurately as you can—then this number is correct, even if it is much larger than you expected.

You might be thinking, “But I could NEVER get away with charging that much in my market!” Remember, you are not ‘getting away’ with anything - these are your real costs and you must have confidence in your price. With the hard data to back you up, you have no reason to ever allow yourself to be talked into a lowball price by someone who is simply a better negotiator than you.

More than likely, the price you calculate here for your company will be higher than what you currently charge. Once you have instituted your new price, some of your customers may choose to not use you, saying you are too expensive. That’s fine—really it is.

It is better to not do the work than it is to do the work and lose money doing it.

You may find that you actually pick up some customers who also understand what it takes to run a professional company. You can also explore different ways to present your prices, such as Flat Rate systems. You can find more information on how to market your services at the PHCC Educational Foundation’s Contractor Resource Center at <http://phccfoundation.org>.

4. Using the Overall Company Price or Department Prices

Throughout the spreadsheets, you have the option of going the simple route with minimal data entry or entering more data to get more detailed reports and options.

On the [Step 3 Pricing Worksheet](#), you can use the departmental selling prices if you:

In Step 1 – Entered in your various department names.

In Step 1 – Properly entered your employees’ time allocations to the different departments.

In Step 2 – Also completed the worksheet on the **RIGHT** side to allocate your overhead costs across the different departments.

Using the individual department selling prices allows you to set different profit percentages for different types of work. For example, if one department does work that has higher risks, you can increase the desired net profit for that one department higher to make sure you are being fairly compensated for taking on that risk.

IMPORTANT NOTE: Use the either the “Overall Company” selling price OR the individual department prices. DO NOT mix and match the individual prices with the company price or you risk not charging enough overall.

	Use this one price for the company	OR use these prices for your individual departments.			
Note: All Figures Are Per Billable Hour	Overall Company	Plumbing-Service	Plumbing-New	Plumbing Remodel	Department 4 Name
Billable Field Time Employee Costs	\$ 37.09	\$ 36.52	\$ 34.00	\$ 39.79	\$ -
Non-Billable & Office Employee Time Costs	\$ 64.03	\$ 62.36	\$ 65.13	\$ 65.37	\$ -
Company Overhead Per Billable Hour	\$ 29.39	\$ 28.96	\$ 25.77	\$ 32.26	\$ -
Billable Hour Charge Required to Break-Even	\$ 130.52	\$ 127.84	\$ 124.90	\$ 137.41	\$ -
Profit Percentage Desired	10.0%	10.0%	10.0%	10.0%	10.0%
Billable Hour Charge Required to Make Desired Profit	\$ 145.02	\$ 142.04	\$ 138.78	\$ 152.68	\$ -

NOTE: For the individual departments’ pricing, general office administration costs and non-billable field time costs are spread across the various departments. This spread is based on the percentage of company field labor costs that has been allocated to that department.

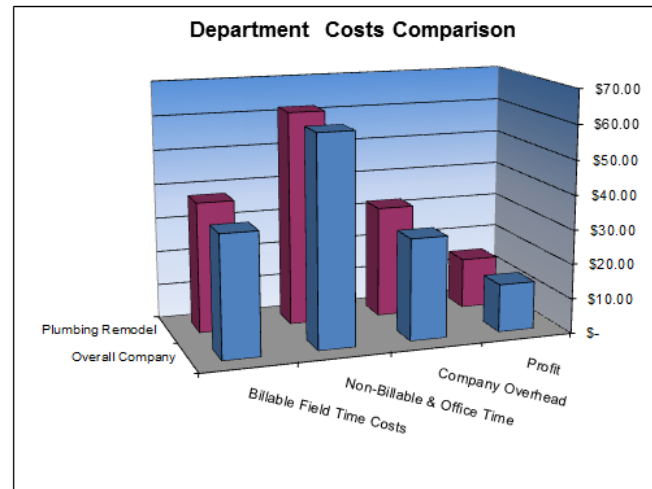
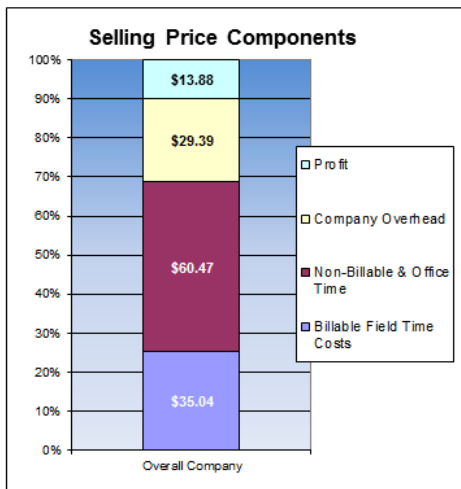
5. Selling Price Components and Department Cost Comparisons

Use these charts and graphs to view your company data or make comparisons between different departments.

Just click in the blue shaded cells, then click on the small grey box to access a drop-down list of options (different department names in this case). Click on a department name and the chart will automatically update for that selection.

Selling Price Components		
Click the blue shaded cell below to select a department from the drop down menu.		
Overall Company		
Billable Field Time Costs	\$ 35.04	25%
Non-Billable & Office Time	\$ 60.47	44%
Company Overhead	\$ 29.39	21%
Profit	\$ 13.88	10%
Totals	\$ 138.78	100%

Department Costs Comparison			
Click the blue shaded cells below to select departments to compare from the drop down menus.			
Overall Company		Plumbing Remodel	
Billable Field Time Costs	\$ 35.04	Billable Field Time Costs	\$ 37.75
Non-Billable & Office Time	\$ 60.47	Non-Billable & Office Time	\$ 61.92
Company Overhead	\$ 29.39	Company Overhead	\$ 32.33
Profit	\$ 13.88	Profit	\$ 14.67
Totals	\$ 138.78	Totals	\$ 146.67



6. Quick Job Pricing Worksheet

Using this mini-worksheet, you can do a quick job estimate by entering your material & other job costs and how many billable hours it will take. Enter your desired net profit and the sheet will produce a total selling price for this job. By selecting different departments, you can modify the pricing used to calculate the job price.

Quick Job Pricing Worksheet	
Use this worksheet to get a simple job estimate designed to cover company costs and net the desired profit.	
Select Which Department's Pricing to Use:	
Plumbing-Service	
	Amount
Your Cost of Materials	\$ 4,500.00
Other Job Costs	\$ 500.00
Estimated # of Billable Hours	12
Field Labor Cost @ \$34.47 Per Billable Hour	\$ 413.66
Office & Other Labor Cost @ \$58.85 Per Billable Hour	\$ 706.18
Overhead Cost @ \$28.95 Per Billable Hour	\$ 347.37
Total Labor Costs	\$ 1,467.21
Total Job Costs	\$ 6,467.21
Desired Profit Margin %	10%
Profit in Dollars	\$ 718.58
Calculated Job Selling Price	\$ 7,185.79

7. Productivity Impact Calculator

This mini-worksheet will allow you to get a feel for what impact productivity has on your billable hour price and the price a job must be sold at to recover your costs and make your desired profit.

What If? Productivity Impact Calculator	
What's the Impact of Field Productivity on Hourly Charges & Profits?	
Field productivity is the factor that has the single largest potential impact on profitability. Even small changes to field productivity can make a BIG difference on profitability.	
First complete the Quick Job Pricing Worksheet to the above/right. Then use the worksheet below to explore how increasing field productivity can change your required hourly charge and your net profit earned. Compare the figures below to those in the Quick Job Pricing Worksheet above to see what a few extra billable hours can save!	
Department Pricing Being Used (Select in the Quick Job Pricing Worksheet above/right): Plumbing-Service	Adjusted Quick Job Pricing Worksheet Amount
Currently, this department/company generates this many billable hours	3484.4
If you were to increase those billable hours by this percentage	5 %
This department/company would then have this many billable field hours	3,659
Your field labor costs per billable hour would drop from \$34.47 to this amount	\$ 32.83 → → → →
Your office labor costs per billable hour would drop from \$58.85 to this amount	\$ 56.05 → → → →
Your overhead costs per billable hour would drop from \$28.95 to this amount	\$ 27.57 → → → →
Your Break-Even Hourly Rate would drop	from \$122.27 to \$ 116.45
	Field Labor Cost @ \$32.83 Per Billable Hour \$ 393.96 Office & Other Labor Cost @ \$56.05 Per Billable Hour \$ 672.55 Overhead Cost @ \$27.57 Per Billable Hour \$ 330.83 Total Labor Costs \$ 1,397.35 Total Job Costs \$ 6,397.35 Desired Profit Margin % 10% Profit in Dollars \$ 710.82 Calculated Job Selling Price \$ 7,108.16
EXAMPLE DATA ONLY	
OR, if you sold the job for the original selling price calculated above	\$ (77.63)
& kept the difference, you would boost your net profit % on this job to	12.32%
This represents a boost to your expected rate of profit on this work of	23.2%
THE BOTTOM LINE: In this example, just a 5% change in field productivity can boost your expected profit rate by 23.25%.	

NOTE: The department pricing & hours used is tied to the department currently selected in the “Quick Job Pricing Worksheet” above so that you can see a comparison between the baseline and adjusted figures.

Use the grey up & down buttons to choose a number. This is the boost in productivity you wish to achieve for this department. In the next lines, you can see how increasing productivity has a positive impact in dollars on your labor and overhead costs. The more productivity (billable hours) are increased, the lower the costs per billable hour for all of these items. This carries through to both the hourly charge and the selling price of the job.

In the example shown in the screenshot above, increasing the productivity of the technicians by 5% will drop the required BREAK-EVEN hourly rate for the Plumbing-Service Department from \$122.27 to \$116.45. The total job selling price can drop by \$77.63 without having any effect on the net profit percentage being earned by the company.

Increased productivity gives the business owner options. If they know they can get better productivity on a job, they can either reduce their selling price if needed, OR they can maintain their original selling price and keep the extra profit. Again, in the example above, boosting the productivity of the field crews by 5%, but keeping the same selling price will increase the net profit on this work from 10% to 12.32%, an increase of 23.2%.

So how can a company improve the productivity of its field labor?

In these spreadsheets, the productivity figures are calculated from the data entered in **Step One Employee Info Worksheet**. Reducing the time that is not billable to the customer is the primary way to increase productivity. Better dispatching to reduce wasted driving time between job sites, reducing call backs, and improved safety procedures to reduce sick time needed all contribute to improving overall productivity.

Your wholesaler may also be able to help with boosting your employees' productivity, if you work with them in partnership.

- To control their inventory costs, suppliers tend to base what they have on hand to normal order levels. Give your supplier as much notice as possible when ordering, especially if ordering larger quantities than normal. Large or expensive items also need more advance notice so that it can get to you in time for installation.
- Better control of the parts inventory on your technician's trucks will eliminate most supply house runs for missing parts. There are many truck inventory systems, from simple paper tracking to smartphone enabled apps that wirelessly transmit what's needed back to the home office. Talk with your supplier about what would work best for your situation.
- Talk with your supplier about bagging & tagging orders. For example, on a new construction project, all of the materials needed for a particular area or job phase can be bundled together and labeled for that work by the supplier. You will pay more for this service, but will it cost less than the extra time it takes your workers to dig through 20 boxes looking for that one fitting they need right now?
- You want your customers to choose you for your good service and professionalism; do the same courtesy for your supplier. It is worth paying an extra 5% for a box of materials if it is delivered on time and doesn't keep your crew of your workers sitting idle on the job site wondering where their stuff is?

Check the PHCC Educational Foundation's Contractor Resource Center for more ideas at: <http://phccfoundation.org>.

Congratulations, you now know your proper selling price!

That same data you have already entered has much more to say. It's time to take a look at the **Step 4 Reports & Comparisons Worksheet**.

Step 4 Reports & Comparisons Worksheet

There is no data entry required on this worksheet. Every report is based on the data you have already provided. Just choose the department or the employee for specific reports.

Note: If you make changes to the names of your departments or employees in Step 1, the old names will remain in the drop-down lists in the subsequent steps until you choose a new department from that list.

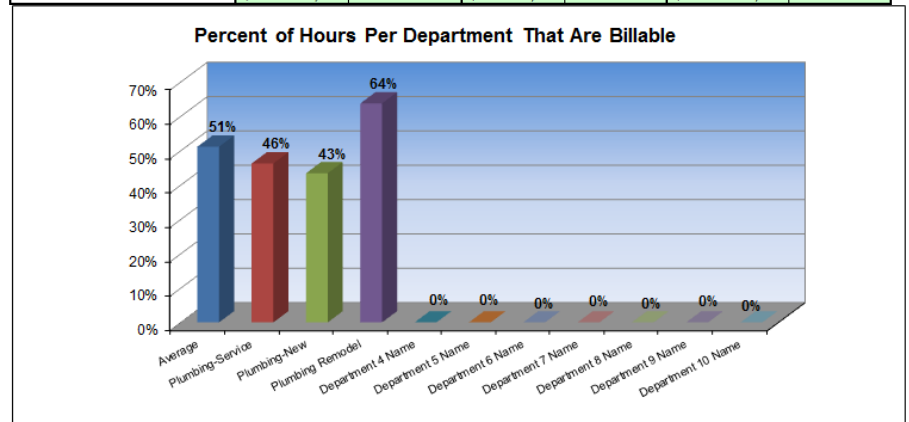
The spreadsheet has been set up so that you can easily print out these reports. These can come in handy when discussing comparisons between departments at company meetings.

Employee Comparisons			
Choose Employees to Compare in the Drop Down Menus →	Bill	Sam	Bill vs Sam
Annual Gross Wages	\$ 105,000.00	\$ 85,000.00	\$ 20,000.00
Annual Gross Payroll Taxes	\$ 10,158.50	\$ 8,628.50	\$ 1,530.00
Annual Gross Benefits	\$ 4,050.00	\$ 5,350.00	\$ (1,300.00)
Total Annual Costs	\$ 119,208.50	\$ 98,978.50	\$ 20,230.00
Annual Billable Hours	-	\$ 458	\$ (458.00)
Annual Non-Billable Hours	2,080	\$ 1,622	\$ 458.00
Total Paid Hours per Year	2,080	\$ 2,080	\$ -
Estimated Cost Per Paid Hour	\$ 57.31	\$ 47.59	\$ 9.73
Cost Per Billable Hour	No Billable Hours	\$ 216.11	No Comparison Available
% of Total Hours Billable	0%	22%	-22%
Annual Revenue Dollars Generated	\$ -	\$ 62,523	\$ (62,523)

Using the Charts to Check for Errors: Looking at these reports can also help to identify potential data entry error made in previous steps. For example, in the screenshots below, something looks odd in with the Plumbing Remodel numbers. The net profit and billable hours seem very high compared to the other departments.

Net Profits by Department						
Department	Method #1: Simple Calculation with General Office Administration as it's own department.		Method #2: With General Office Administration Costs Allocated to Departments Based on % of Total Field Labor Hours.		Method #3: With General Office Administration Costs Allocated to Departments Based on % of Total Field Labor Costs.	
	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total
General Office Administration	\$ (228,157)	-201%	\$ -	0%	\$ -	0%
Plumbing-Service	\$ 114,487	101%	\$ 17,119	15%	\$ 18,710	17%
Plumbing-New	\$ 56,325	50%	\$ 5,109	5%	\$ 9,664	9%
Plumbing Remodel	\$ 170,658	151%	\$ 91,085	80%	\$ 84,939	75%
Department 4 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 5 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 6 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 7 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 8 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 9 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 10 Name	\$ -	0%	\$ -	0%	\$ -	0%
Total	\$ 113,313	100%	\$ 113,313	100%	\$ 113,313	100%

% of Hours Billable by Department	
Department	% of Hours Billable
Average	51%
Plumbing-Service	46%
Plumbing-New	43%
Plumbing Remodel	64%
Department 4 Name	0%
Department 5 Name	0%
Department 6 Name	0%
Department 7 Name	0%
Department 8 Name	0%
Department 9 Name	0%
Department 10 Name	0%



Error Checking Continued:

If we check the previous spreadsheet steps, we might be able to track down why our net profits and billable hours are so much higher for the Plumbing Remodel department.

Looking at the employee time allocations in **Step 1**, we find the problem - Tosha has had 100% of her time allocated to billable hours in the Plumbing Remodel department. She cannot be 100% billable for field time - she has non-productive "windshield time" as she drives to different customers' jobsites and take breaks like everyone else.

Field Employee Hours by Department		Tosha
Field Non-Billable Time*		
Plumbing-Service		
Plumbing-New		
Plumbing Remodel		100.0%
Department 4 Name		
Department 5 Name		
Department 6 Name		
Department 7 Name		
Department 8 Name		
Department 9 Name		
Department 10 Name		
Total Allocated % (Should equal 100%)		100.0%
% Remaining to Allocate		0.0%

We will adjust Tosha's time in **Step 1** to a more accurate 35%/65% mix and see what that does to our **Step 4 Reports**.

Field Employee Hours by Department		Tosha
Field Non-Billable Time*		35.0%
Plumbing-Service		
Plumbing-New		
Plumbing Remodel		65.0%
Department 4 Name		
Department 5 Name		
Department 6 Name		
Department 7 Name		
Department 8 Name		
Department 9 Name		
Department 10 Name		
Total Allocated % (Should equal 100%)		100.0%
% Remaining to Allocate		0.0%

Now our department numbers in **Step 4** make more sense. Remember to check your reports for anything that seems out of the ordinary.

Department	Net Profits by Department					
	Method #1: Simple Calculation with General Office Administration as it's own department.		Method #2: With General Office Administration Costs Allocated to Departments Based on % of Total Field Labor Hours.		Method #3: With General Office Administration Costs Allocated to Departments Based on % of Total Field Labor Costs.	
	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total
General Office Administration	\$ (228,157)	-201%	\$		\$	
Plumbing-Service	\$ 147,829	130%	\$ 42,124	37%	\$ 43,167	38%
Plumbing-New	\$ 72,569	64%	\$ 16,968	15%	\$ 21,579	19%
Plumbing Remodel	\$ 121,072	107%	\$ 54,222	48%	\$ 48,566	43%
Department 4 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 5 Name	\$ -	0%	\$ -	0%	\$ -	0%
Department 6 Name	\$ -	0%	\$ -	0%	\$ -	0%
	\$ -	0%	\$ -	0%	\$ -	0%
	\$ -	0%	\$ -	0%	\$ -	0%
	\$ -	0%	\$ -	0%	\$ -	0%
	\$ -	0%	\$ -	0%	\$ -	0%
	\$ 113,313	100%	\$ 113,313	100%	\$ 113,313	100%

% of Hours Billable by Department	
Department	% of Hours Billable
Average	46%
Plumbing-Service	46%
Plumbing-New	43%
Plumbing Remodel	49%
Department 4 Name	0%

Now it's time to move on to **Step 5 - Profit Analysis**.

Step 5 - Profit Analysis

The [Step 5 - Profit Analysis Worksheet](#) combines much of the information provided in Step One and Step Two to give you a way to compare the revenue, costs and profits your company is actually producing versus what you told the worksheets it *should be* producing.

On this sheet there are only five blue data entry points: Average Company Sales per Month, Additional Sales, Revenue from Other Sources and Costs of Materials on These Sales, plus the Profit % on Material Sales.

<u>Actual Sales & Costs</u>	Monthly	Annually	
Average Company Sales per Month:	\$ 85,000.00	\$ 1,020,000	
Additional Sales	\$ 1,500.00	\$ 18,000	
Revenue From Any Other Sources	\$ -	\$ -	
Your Cost of Materials on These Sales	\$ 6,000	\$ 72,000	Materials at 7% of Gross Company Sales
Profit % You Wish to Make on Material Sales 10%	\$ 667	\$ 8,000	

Calculated Annual Sales Target Worksheet

To the right of the Actual Sales information is a mini-worksheet section for "Calculated Annual Sales Target."

We have calculated in previous steps how many hours the technicians are productively working and the rate to charge customers for this time.

This worksheet shows the projected sales volume, company overhead costs, labor costs and resulting profits possible if the technicians are able to work exactly the number of billable hours calculated in [Step 1 Employee Info Worksheet](#) at the "Overall Company" Billable Hour rate calculated in [Step 3 Pricing Worksheet](#).

This worksheet shows what the sales numbers would look like if everything ran perfectly according to plan. By measuring your actual results vs. these perfect targets over time, you have an additional tool to measure your progress toward running a more successful company.

It might be beneficial here to run through a few examples of how the data you can input on this screen affects the numbers shown.

Your Calculated Annual Sales Target	
This mini-worksheet shows the sales volume (and resulting profits) possible if your technicians are able to work exactly the number of billable hours you calculated in Step 1 at the Billable Hour rates calculated for each department in Step 3.	
Annually	Target Sales
\$ 1,133,130	Target Sales Volume
\$ -	Additional Sales
\$ -	Revenue From Any Other Sources
\$ -	0% Materials to Gross Company Sales
\$ -	Profit on Material Sales
Annually	% of Revenue
\$ 1,133,130	100.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ 1,133,130	100.00%
Annually	% of Gross Revenue
\$ -	0.0%
\$ 647,967	57.2%
\$ 131,850	11.6%
\$ 240,000	21.2%
\$ 1,019,817	90.0%
\$ 113,313	10.00%

Example 1:

In this example, let's say that our example company has actual monthly sales of \$94,500 per month or \$1.134 million a year.

With these sales figures, the company is right on track with the **Calculated Annual Sales Target** worksheet on the right.

Based on the example company data, the actual company numbers are coming out slightly ahead of our target. Everything looks great!

Actual Sales & Costs			Monthly	Annually	
Average Company Sales per Month:	\$	94,500.00	\$	1,134,000	
Additional Sales					
Revenue From Any Other Sources	\$	-	\$	-	
Your Cost of Materials on These Sales			\$	-	Materials at 0% of Gross Company Sales
Profit % You Wish to Make on Material Sales	\$	-	\$	-	

Annually		Target Sales
\$	1,133,130	Target Sales Volume
\$	-	Additional Sales
\$	-	Revenue From Any Other Sources
\$	-	0% Materials to Gross Company Sales
\$	-	Profit on Material Sales

Revenue	Monthly	Annually	% of Revenue
Gross Company Sales	\$ 94,500	\$ 1,134,000	100.00%
Additional Sales	\$ -	\$ -	0.00%
Revenue From Any Other Sources	\$ -	\$ -	0.00%
Revenue & Profits From Material Sales	\$ -	\$ -	0.00%
Total Gross Sales & Other Revenue	\$ 94,500	\$ 1,134,000	100.00%

Expenses	Monthly	Annually	% of Gross Revenue
Cost of Materials	\$ -	\$ -	0.0%
Billable Labor Costs	\$ 53,997	\$ 647,967	57.1%
Non-Billable Labor Costs	\$ 10,988	\$ 131,850	11.6%
Company Overhead Cost	\$ 20,000	\$ 240,000	21.2%
Total Expenses	\$ 84,985	\$ 1,019,817	89.93%

Annually	% of Revenue
\$ 1,133,130	100.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ 1,133,130	100.00%

Annually	% of Gross Revenue
\$ -	0.0%
\$ 647,967	57.2%
\$ 131,850	11.6%
\$ 240,000	21.2%
\$ 1,019,817	90.00%

Net Profit/(Loss)	Monthly	Annually	% of Revenue
\$	9,515	\$ 114,183	10.07%

Annually	% of Revenue
\$ 113,313	10.00%

Example 2:

In the example above, we didn't include any materials. What happens if we add \$40,000 in materials costs?

We can see that adding materials costs did not change the net profit DOLLARS, but our net profit percentage did decrease. This is because our total sales revenue increased by \$40,000, but we didn't add any profit to those materials sales.

Note that you are still covering all of your costs and making the 10% net profit percentage on your labor costs only as in example 1.

Actual Sales & Costs			Monthly	Annually	
Average Company Sales per Month:	\$	94,500.00	\$	1,134,000	
Additional Sales	\$	-	\$	-	
Revenue From Any Other Sources	\$	-	\$	-	
Your Cost of Materials on These Sales	\$	40,000	\$	480,000	Materials at 42% of Gross Company Sales
Profit % You Wish to Make on Material Sales	\$	-	\$	-	

Annually	Target Sales
\$ 1,133,130	Target Sales Volume
\$ -	Additional Sales
\$ -	Revenue From Any Other Sources
\$ 479,632	42% Materials to Gross Company Sales
\$ -	Profit on Material Sales

Revenue	Monthly	Annually	% of Revenue
Gross Company Sales	\$ 94,500	\$ 1,134,000	70.26%
Additional Sales	\$ -	\$ -	0.00%
Revenue From Any Other Sources	\$ -	\$ -	0.00%
Revenue & Profits From Material Sales	\$ 40,000	\$ 480,000	29.74%
Total Gross Sales & Other Revenue	\$ 134,500	\$ 1,614,000	100.00%

Expenses	Monthly	Annually	% of Gross Revenue
Cost of Materials	\$ 40,000	\$ 480,000	29.7%
Billable Labor Costs	\$ 53,997	\$ 647,967	40.1%
Non-Billable Labor Costs	\$ 10,988	\$ 131,850	8.2%
Company Overhead Cost	\$ 20,000	\$ 240,000	14.9%
Total Expenses	\$ 124,985	\$ 1,499,817	92.93%

Net Profit/(Loss)	Monthly	Annually	% of Revenue
	\$ 9,515	\$ 114,183	7.07%

Annually	% of Revenue
\$ 1,133,130	70.26%
\$ -	0.00%
\$ -	0.00%
\$ 479,632	29.74%
\$ 1,612,762	100.00%

Annually	% of Gross Revenue
\$ 479,632	29.7%
\$ 647,967	40.2%
\$ 131,850	8.2%
\$ 240,000	14.9%
\$ 1,499,449	92.97%

NOTE: Steps 1 through 3 of these spreadsheets were designed to recapture your costs of doing business and profits on labor revenue only. This tends to be the most reliable source of revenue, as some contractors will allow installations of customer purchased materials – which typically eliminates any possibility of making a profit on those materials.

Example 3:

In example 2, we added materials costs, but not profits on those materials. What happens if we were to tell the spreadsheet that we want to earn a 10% profit on those materials too?

Now we see an increase in our profit dollars and our net profit percentage is back to 10%.

Actual Sales & Costs			Monthly	Annually		Annually	Target Sales
Average Company Sales per Month:	\$	94,500.00	\$	1,134,000		\$	1,133,130 Target Sales Volume
Additional Sales	\$	-	\$	-		\$	- Additional Sales
Revenue From Any Other Sources	\$	-	\$	-		\$	- Revenue From Any Other Sources
Your Cost of Materials on These Sales	\$	40,000	\$	480,000	Materials at 42% of Gross Company Sales	\$	479,632 42% Materials to Gross Company Sales
Profit % You Wish to Make on Material Sales	10%	\$ 4,444	\$	53,333		\$	53,292 Profit on Material Sales

Revenue				Monthly	Annually	% of Revenue	Annually	% of Revenue
Gross Company Sales	\$	94,500	\$	1,134,000	68.01%	\$	1,133,130	68.01%
Additional Sales	\$	-	\$	-	0.00%	\$	-	0.00%
Revenue From Any Other Sources	\$	-	\$	-	0.00%	\$	-	0.00%
Revenue & Profits From Material Sales	\$	44,444	\$	533,333	31.99%	\$	532,924	31.99%
Total Gross Sales & Other Revenue	\$	138,944	\$	1,667,333	100.00%	\$	1,666,054	100.00%

Expenses				Monthly	Annually	% of Gross Revenue	Annually	% of Gross Revenue
Cost of Materials	\$	40,000	\$	480,000	28.8%	\$	479,632	28.8%
Billable Labor Costs	\$	53,997	\$	647,967	38.9%	\$	647,967	38.9%
Non-Billable Labor Costs	\$	10,988	\$	131,850	7.9%	\$	131,850	7.9%
Company Overhead Cost	\$	20,000	\$	240,000	14.4%	\$	240,000	14.4%
Total Expenses	\$	124,985	\$	1,499,817	89.95%	\$	1,499,449	90.00%

Net Profit/(Loss)				Monthly	Annually	% of Revenue	Annually	% of Revenue
	\$	13,960	\$	167,516	10.05%	\$	166,605	10.00%

Experiment on Your Own

How much in monthly sales would produce the profit you want this year? Plug some numbers in and see.

Use the spreadsheets to play **what if** games, substituting the data in the multiple variables in order to figure out what the best and most realistic scenario is for you.

There are several routes to higher profits, including: increasing volume by decreasing price, reducing overhead; increasing sales price; and increasing field labor productivity (typically, better productivity is the most effective option). These spreadsheets will help you to examine each of those possible solutions for your business.

Now that we have examined what the numbers look like right now, let's build the budget for next year in [Step 6 - Budget and Cash Flow](#).

Step 6 - Budget and Cash Flow

The worksheets in this step will allow you to build a budget for the coming year with a running total month by month of what your cash flow will be.

NOTE: Please don't be intimidated by the massive amount of data displayed in this step. If you are an average user, you can stick with using just the top worksheet for the overall company and ignore all of the other departmental worksheets below that.

We will discuss the “Linked versus Unlinked” button in a moment. For the moment, we will leave it set at its default “Unlinked.”



Overall Company Budget & Cashflow			January		February	
Annual Projected Sales Revenue	% Left to Allocate	% For Month	Dollars For This Month	% For Month	Dollars For This Month	
\$ 1,133,129.93	Projected Sales from Billable Hours	0.00%	8.37%	\$ 94,842.98	8.33%	\$ 94,389.72
\$ 533,333.00	Job Materials Sales Revenue	0.00%	8.37%	\$ 44,639.97	8.33%	\$ 44,426.64
	Additional Sales Revenue	0.00%	8.37%	\$ -	8.33%	\$ -
\$ -	Revenue From Any Other Sources	0.00%	8.37%	\$ -	8.33%	\$ -
\$ 1,666,462.93	Total Revenue			\$ 139,482.95		\$ 138,816.36
Annual Projected Labor & Material Expenses	% Left to Allocate	% For Month	Dollars For This Month	% For Month	Dollars For This Month	
\$ 92,421.15	Vacation, Holiday, Sick, Training	0.00%	8.37%	\$ 7,735.65	8.33%	\$ 7,698.68
\$ 401,264.58	Office/Non-Billable Labor	0.00%	8.37%	\$ 33,585.85	8.33%	\$ 33,425.34
\$ 286,131.21	Field Labor	0.00%	8.37%	\$ 23,949.18	8.33%	\$ 23,834.73
\$ 480,000.00	Job Materials Expenses	0.00%	8.37%	\$ 40,176.00	8.33%	\$ 39,984.00
\$ 1,259,816.94	Total Labor & Job Materials Expenses			\$ 105,446.68		\$ 104,942.75
Annual Projected Overhead Expenses	% Left to Allocate	% For Month	Dollars For This Month	% For Month	Dollars For This Month	
\$ 18,000.00	Advertising/Marketing	0.00%	8.37%	\$ 1,506.60	8.33%	\$ 1,499.40
\$ 46,200.00	Building/Utility Expenses	0.00%	8.37%	\$ 3,866.94	8.33%	\$ 3,848.46
\$ 15,000.00	Consultant Fees	0.00%	8.37%	\$ 1,255.50	8.33%	\$ 1,249.50
\$ 17,000.00	Employee & Training Expenses	0.00%	8.37%	\$ 1,422.90	8.33%	\$ 1,416.10
\$ 47,700.00	General Office Operations	0.00%	8.37%	\$ 3,992.49	8.33%	\$ 3,973.41
\$ 26,800.00	Insurance	0.00%	8.37%	\$ 2,243.16	8.33%	\$ 2,232.44
\$ 500.00	State & Local Taxes and Fees	0.00%	8.37%	\$ 41.85	8.33%	\$ 41.65
\$ 7,200.00	Tools & Shop Supply Expenses	0.00%	8.37%	\$ 602.64	8.33%	\$ 599.76
\$ 49,600.00	Vehicle & Equipment Expenses	0.00%	8.37%	\$ 4,151.52	8.33%	\$ 4,131.68
\$ 12,000.00	Other Expenses - Depreciation	0.00%	8.37%	\$ 1,004.40	8.33%	\$ 999.60
\$ -	Other Expenses	0.00%	8.37%	\$ -	8.33%	\$ -
\$ 240,000.00	Total Overhead Expenses			\$ 20,088.00		\$ 19,992.00
\$ 166,645.99	Net Assets Before Taxes			\$ 13,948.27		\$ 13,881.61
			January		February	

This worksheet displays the same projected sales numbers that we saw in Step 5, just in more detail. The labor expenses are broken out into individual categories and the company overhead costs are shown by category total. Additionally, there are spots for you to enter your projected material costs, materials revenue and other revenue.

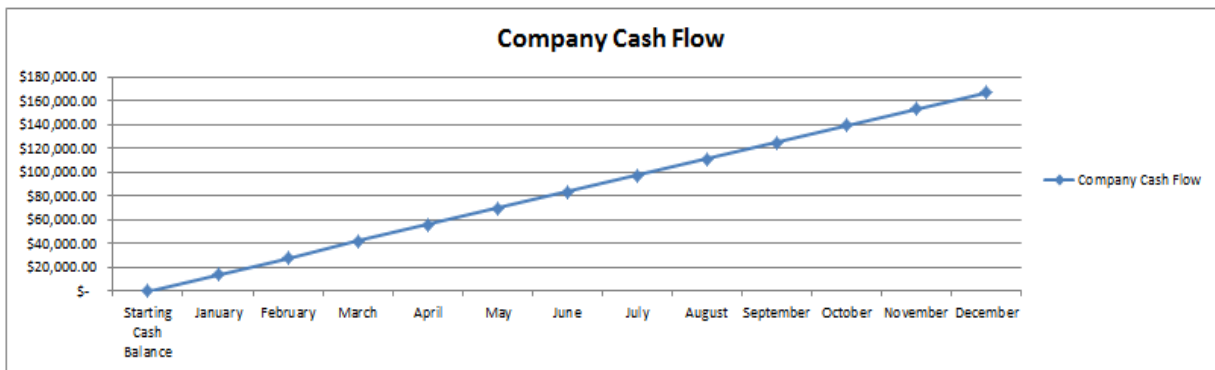
Along the right side of those dollar totals are columns for each month with a percentage. Adjust these percentages up or down for each month based on when you expect to incur costs or realize the revenue in each row. By default, these percentages have been split evenly between the twelve months.

For example, if you know that the company will be doing more plumbing service calls in January as pipes crack in the cold weather, you would increase the percentage of *Projected Sales from Billable Hours* for that month. If most of your advertising expenses fall in the early spring and fall, load up the percentages for March and September on the row for *Advertising/Marketing*.

Company Cash Flow	
\$ -	Starting Cash Balance
\$ 13,948.27	January
\$ 27,829.88	February
\$ 41,711.49	March
\$ 55,593.10	April
\$ 69,474.72	May
\$ 83,356.33	June
\$ 97,237.94	July
\$ 111,119.55	August
\$ 125,001.16	September
\$ 138,882.77	October
\$ 152,764.38	November
\$ 166,645.99	December
\$ 166,645.99	Ending Cash Balance

Immediately below the monthly table are a chart and a graph that will show a running total for the company cash balance.

Remember that this cash flow chart is just a planning tool and is based on the data you have entered in Steps 1 through 3. It is a projection based on your expectations of costs and the anticipated productivity of your workers. If your actual costs are different or productivity varies from your expectations, your actual results will vary.



For the majority of people using these spreadsheets, you can stop here.

For advanced users who want to forecast their cash flow based on the monthly costs that have been tweaked for each of the 10 possible departments and their General Office Administrative costs, read on...

Step 6 - Budget and Cash Flow for Advanced Users

There are additional worksheets included for advanced users who want to forecast the monthly costs for their General Office Administrative costs and each of the 10 possible departments.

Linked

Just switch the button at the top of this page to “Linked.”

Overall Company Budget & Cashflow		January		February	
	% Left to Allocate	% For Month	Dollars For This Month	% For Month	Dollars For This Month
Annual Projected Sales Revenue					
Projected Sales from Billable Hours	0.00%		\$ 94,842.98		\$ 94,389.72
Job Materials Sales Revenue	0.00%		\$ 44,639.97		\$ 44,426.64
Additional Sales Revenue	0.00%		\$ -		\$ -
Revenue From Any Other Sources	0.00%		\$ -		\$ -
Total Revenue			\$ 139,482.95		\$ 138,816.36
Annual Projected Labor & Material Expenses					
Vacation, Holiday, Sick, Training	0.00%		\$ 7,735.65		\$ 7,698.68
Office/Non-Billable Labor	0.00%		\$ 33,585.85		\$ 33,425.34
Field Labor	0.00%		\$ 23,949.18		\$ 23,834.73
Job Materials Expenses	0.00%		\$ 40,176.00		\$ 39,984.00
Total Labor & Job Materials Expenses			\$ 105,446.68		\$ 104,942.75
Annual Projected Overhead Expenses					
Advertising/Marketing	0.00%		\$ 1,506.60		\$ 1,499.40
Building/Utility Expenses	0.00%		\$ 3,866.94		\$ 3,848.46
Consultant Fees	0.00%		\$ 1,255.50		\$ 1,249.50
Employee & Training Expenses	0.00%		\$ 1,422.90		\$ 1,416.10
General Office Operations	0.00%		\$ 3,992.49		\$ 3,973.41
Insurance	0.00%		\$ 2,243.16		\$ 2,232.44
State & Local Taxes and Fees	0.00%		\$ 41.85		\$ 41.65
Tools & Shop Supply Expenses	0.00%		\$ 602.64		\$ 599.76
Vehicle & Equipment Expenses	0.00%		\$ 4,151.52		\$ 4,131.68
Other Expenses - Depreciation	0.00%		\$ 1,004.40		\$ 999.60
Other Expenses	0.00%		\$ -		\$ -
Total Overhead Expenses			\$ 20,088.00		\$ 19,992.00
\$ 166,645.99 Net Assets Before Taxes			\$ 13,948.27		\$ 13,881.61

When you activate this link to the individual department sheets, notice that the percentage columns in the **Overall Company** worksheet are obscured, along with the costs in the left column.

This is because the dollar totals for each month are now linked to the individual department sheets below instead. The dollars shown in each row are the totals of the corresponding rows from the General Office Administration and Department 1 through Department 10 worksheets below it.

Now you can set the percentages in each of your departments to more accurately track where and when your revenue will come in and your costs will be incurred. Any changes made to the department sheets will be reflected in the Overall Company worksheet at the top.

Note that at any time, you can flip the switch back to “Unlinked.” At that point, the Overall Company worksheet will again ignore any changes you have made to the department worksheets. Any entries you have made to the department worksheets will not be lost and would be applied again if the switch is flipped back to “Linked” again.

Conclusion

Remember, running a company responsibly and professionally requires taking the time to do some good financial analysis. Just working hard every day is no guarantee of success.

Take the time and use the tools now available to you to accurately evaluate your cost structure and then make good business decisions based on the numbers.

Check the PHCC Educational Foundation's online resources for more helpful business tools and ideas at: <http://phccfoundation.org>. You can contact the Foundation at (800) 533-7694.

Good luck!



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