

Managing Your Company In A Tight Economy

By
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Produce the Product

Material

What is
bought

Labor

Prod. Hrs X
Avg. Wage

Equip.

Prod. Hrs
daily / hourly

Subs

General Conditions (Job Overhead)

Material

\$ _____

Labor

\$ _____

Equip.

\$ _____

Subs

\$ _____

Markups

Tax on material
benefits)

Labor Burden (taxes, ins.,

Overhead

Profit

Ding Dong Factor

Bid

How Many Men Should I Put On A Job?

Total Hrs.	Days to Complete	Hrs. needed per day	Hrs. worked per day *	Men Needed
3,200	/ 36	= 89	/ 8	11

*Minus travel, set up times, fudge factor (General Conditions)

When Should I Be Finished With The Job I'm On?

Hours bid for
Uncompleted work

1,400 hours

/

Hours working
per day

88

Days left

16

How Long Should I Be On This Job?

Total hrs. In bid	Optimal size crew		Hrs. worked day per man	Total crew hrs. per day		Days on job
2,100	6	X	8	48	=	44

(2,100 hrs divided by 48 = 44 days on job)

By The Hours

Job	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.
ABC	1210	1865	1745	1690	800		
DEF	2420	2310	2080	1450	1650	620	
GHI	1930	1720	1640	1980	1200	1100	940
JKC	980	1100	1450	600			
MNO	3200	3100	2980	2840	2610	1720	1450
PQR	4400	650	930				
STV		2100	1980	1710	1790	600	
VWX				2980	2670	2550	2100
YZ					1280	1920	1730
CDE						3200	1700
FGH					2100	1940	1880
IJK						2940	2710
	*14140	**12845	12805	13250	14100	16590	12510
	* 14,140 / 173 = 82 men						
	**12,845 / 173 = 74 men						

Average Crew Wage

Foreman	\$18 hr
Leadman	\$12 hr
Laborer	\$10 hr
Laborer	\$10 hr
Laborer	\$10 hr

Total crew cost is $\$60 / 5 =$ \$12 per hour

Average Crew Wage \$12 per hour

10% overtime \$1.20

Subtotal \$13.20

10% fudge factor \$1.32

Average Wage \$14.60

Equipment Costing

1. Purchase price	\$24,000.00
Plus interest	4,800.00
Minus salvage value	<u>(3,800.00)</u>
	\$25,000.00

Lifetime Usage – 40 weeks X 5 days a week
= 200 days a year X 5 years = 1,000 days
\$25,000.00 / 1,000 days = \$25.00 per day

$\frac{1}{2}$ purchase price X interest rate X length of ownership - \$12,000 X .08 = \$960 X 5 = \$4,800.

Equipment Costing

- 2. Maintenance + insurance + Licensing
 - $11,000.00 + \$8,000.00 + \$1,000.00$
 - $\$20,000.00 / 1,000 \text{ days} = \20.00 per day
- 3. Fuel – 6 gallons X \$4 = \$24.00 per day
- Total - \$25 + \$20 + \$24 = \$69.00 per day

Labor Burden

	Field	Office
Company Share FICA	_____	_____
Work comp.	_____	_____
Federal unemployment	_____	_____
State unemployment	_____	_____
Liability insurance	_____	_____
Vacation 1	_____	_____
Health insurance 2	_____	_____
Holiday pay 3	_____	_____
Breaks	_____	_____
TOTALS	_____	_____

1. Vacation calculation – Total vacation weeks divided by total workforce weeks in a year.
2. Health insurance calculation – Total health benefits payment for a month divided by total payroll for a month.
3. Holiday pay calculation – Total holiday days divided by total workforce days in a year.

Overhead Recovery

Mr. Vander Kooi's favorite subject
Our Greatest Nightmare

- It must be recovered
- Not your accountants overhead
- Properly, fairly, & logically allocated

Overhead Recovery

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It must be recovered

Total Overhead	\$800,000
ABC Job	<u>- 31,000</u>
	\$769,000
XYZ job	<u>- 53,000</u>
	\$716,000

Profit & Loss

Sales

Direct Cost of Sales

Material

Labor

Labor Burden at bid Percent – journal entry

Rental Equipment

Company Equipment (from time cards at bid rates – journal entry)

Subcontractors

Total direct cost of sales

Gross Profit

Indirect Cost of Sales / Equipment

Company equipment/overhead (journal entry credit from Ovh. Rec.

Depreciation

Interest (on equipment loans)

Insurance (on equipment)

Maintenance and repair

Profit & Loss

Gas & oil

Licenses

Mechanic – if have one

Mechanic labor burden – if have one

Shop rent (if have one)

Shop Utilities (if have one)

Total Indirect Cost of Sales/Equipment
(profit/loss on equipment)

Indirect Cost of Sales/Labor Burden

Labor burden (journal entry credit from cost of sales)

Labor burden (journal entry credit from mechanic)

Labor burden (journal entry credit from overhead)

FICA

FUTA

SUTA

Workman Comp

Liability

Profit & Loss

Vacation pay

Holiday pay

Field health insurance

Other

**Total Indirect Cost of Sales/Labor Burden
(Profit/Loss on LB)**

Overhead

Advertising

Depreciation (office equipment and furniture)

Donations

Dues and subscriptions

Insurance (office items and health / life)

Interest and bank charges

Downtime

Labor burden (downtime)

Office supplies

Professional fees

Profit & Loss

Rent
Salaries office
Salaries officer
Labor burden office
Small tools and supplies
Taxes – business
Telephone
Travel and entertainment
Utilities
Yard expense
Overhead vehicles
Radio systems
Misc.
Licenses bonds
Education
Uniforms & hard hats
Computer
Bad Debts
Total Overhead

NET PROFIT / LOSS

