

Ops 2: Labor Math — Loaded Cost, Utilization & Your Floor Rate

Labor Math — Definitions

Loaded Cost/hr (L) = (wages + taxes + benefits) ÷ productive hours. Utilization (U) = billable ÷ paid.
Target GM = your margin goal.

Floor Bill Rate

Rate $\geq (L \div U) \div (1 - GM)$. If you skip utilization, you will underprice labor.

Try It Yourself — Standard Resource Worksheet

Fill Inputs for each person, then compute the Results. (Use your overhead per hour from the calculator or the Inputs tab.)

Resource Name	Type (Salaried/Hourly)	Paid Hours/week	Annual Allocation (\$)	Hourly Cost (\$)	Bill Rate (\$/hr)	Billed Hours/week

Cost (\$)	Cost per Paid Hour (\$)	Overhead per Paid Hour (\$)	Weekly Overhead Cost (\$)	Total Weekly Cost (\$)	Utilization (Billed/Paid)	Revenue This Week (\$)

Cost (\$)	Idle Revenue Lost (\$)	Profit This Week (\$)	Gross Margin %	Potential Revenue @ 100% (\$)	Profit @ 100% (\$)	Margin @ 100%	Rate (\$/hr)

Reflection

- Which resources are underutilized and by how many hours each week?
- What is your biggest driver of lost profit: rate, utilization, or overhead?

■ **Action Step:** Choose one resource and improve either billed hours (+10) or rate (+10–15%) for the next two weeks—then rerun this worksheet.