

ARE YOU PRICING THIS RIGHT? MULCH

SAME FOR ALL THREE

Price / yd \$120 Material / yd \$40 Avg wage / hr \$23 Burden × 1.35

⇒ **Burdened rate / hr** $\text{wage} \times \text{burden}$ \$31 Nothing below this line changes if the price or the crew's pay doesn't.

PICK YOUR MARGIN – THEN LIVE WITH THE CLOCK

	OPTION A	OPTION B	OPTION C
Target GP %	<u>35%</u>	<u>40%</u>	<u>30%</u>
Target GP \$ $\text{price} \times \text{GP}\%$	<u>\$42</u>	<u>\$48</u>	<u>\$36</u>
⇒ Allowable cost $\text{price} - \text{GP \$}$	<u>\$78</u>	<u>\$72</u>	<u>\$84</u>
⇒ Left for labor $\text{allowable} - \text{material}$	<u>\$38</u>	<u>\$32</u>	<u>\$44</u>
MAN-HOURS PER YARD	<u>1.23</u>	<u>1.03</u>	<u>1.42</u>

* Excludes pickup, travel, hard access and long carry

* Crew output isn't linear as crews grow – the 5th man adds least

* GP is not profit – overhead comes out first

* Prices are mine. Run yours.

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WHAT THAT BUYS THE CREW — YARDS PER 8-HOUR DAY

CREW SIZE	MAN-HOURS / DAY	A ÷ 1.23	B ÷ 1.03	C ÷ 1.42
2 GUYS	16	13.0	15.5	11.3
3 GUYS	24	19.5	23.3	16.9
4 GUYS	32	26.0	31.1	22.5
5 GUYS *	40	32.5	38.8	28.2

Crew size × 8 hours = man-hours in the day. Divide by the man-hours per yard from sheet 1: 16 ÷ 1.23 = 13.0 yards. Backwards: 24 man-hours ÷ 15 yards done = 1.6 per yard — find that row on the grid. * Five guys at one loading point: the math says it, the driveway doesn't.

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PRICE VS PRODUCTION – WHAT THE GRID ACTUALLY PAYS

Each cell is gross margin at that price and that pace. Same \$40 material and \$31 burdened rate as sheet one. Write the gross-profit dollars under the cells you circle.

hr / yd	\$100	\$110	\$120	\$130	\$140
1.00	29%	35%	41%	45%	49%
1.10	26%	33%	38% \$46	43%	47%
1.23	22%	29%	35% \$42	40% \$52	44%
1.40	17%	24%	31%	36%	40%
1.60	10%	19%	25%	31%	36%

+\$4
1% faster
↑

8% more
+\$10
→

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