

## 1.6 Sign and Print Overhead Estimator

This Estimator is provided as a reference for your overheads only, all business decisions should be carefully considered with the assistance and advice from your accredited accountant and/or appropriate financial planner. Use the following tool to your own discretion and add or delete items as you see fit.

### A: General Overhead Costs

	Yearly	Quarterly	Monthly
Cleaning	\$	\$	\$
Electricity	\$	\$	\$
Insurances	\$	\$	\$
Large Tools / Equipment	\$	\$	\$
Rates	\$	\$	\$
Rent or Property Purchase	\$	\$	\$
Security System	\$	\$	\$
Shop Supplies	\$	\$	\$
Small Tools	\$	\$	\$
Taxes, Licences, Permits – core to operation	\$	\$	\$
Utilities – Water / Sewerage / Gas	\$	\$	\$
Vehicle Expenses	\$	\$	\$
Waste Removal	\$	\$	\$

### B: Administration and Selling Expenses

	Yearly	Quarterly	Monthly
Advertising	\$	\$	\$
Bad Debts	\$	\$	\$
Bank Charges / Interest	\$	\$	\$
Computer Hardware and IT	\$	\$	\$
Depreciation Expenses	\$	\$	\$
Donations	\$	\$	\$
Dues and Subscriptions	\$	\$	\$
Internet and Website	\$	\$	\$
Office Supplies	\$	\$	\$
Miscellaneous	\$	\$	\$
Postage	\$	\$	\$
Professional Fees	\$	\$	\$
Repairs and Maintenance	\$	\$	\$
Telephone – Mobile / Landline	\$	\$	\$
Travel	\$	\$	\$

### C: Salaries / Wages / Benefits

	Yearly	Quarterly	Monthly
Admin and Sales Personnel	\$	\$	\$
Benefits	\$	\$	\$
Commissions	\$	\$	\$
Manufacturing & Service Personnel	\$	\$	\$
Subcontractors	\$	\$	\$
Superannuation	\$	\$	\$
Taxes – PAYE and Others	\$	\$	\$
Taxes - Service	\$	\$	\$
Worker's Compensation	\$	\$	\$

**D: Total Overhead Costs**

A + B + C	\$	\$	\$
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**E: Less Overheads Relating to Material Costs**

Material Cost Overhead	\$	\$	\$
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**F: Total Overhead Costs Relating to Direct Labour**

D - E	\$	\$	\$
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**G: Estimated Hours of direct Labour (Based on productive days)**

221 days			
i.e. 365 days less weekends	=	261 days	
261 days less public holidays (10)	=	251 days	
251 days less holidays (20)	=	231 days	
231 days less sick leave (10)	=	221 days	

**H: Recuperate Applicable Overhead Costs from Direct Labour**

F divided by G	%	%	%
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It is also interesting to know your ratio of indirect expenses (i.e. rent, utilities, insurance, superannuation, vehicles, maintenance cost etc) against your direct expenses (i.e. cost of labour and materials that directly contribute to producing your signage) This ratio is known as the Overhead rate and can be given as a ratio or a percentage. Simply divide your indirect costs by your direct costs and compare this overhead rate with other companies in your industry. If you want to convert this ratio to a percentage just times it by 100. eg  
 Indirect costs = \$20,000 divided by Direct costs \$50,000 = 0.4 x 100 = 40%

Knowing your expenses is essential to clearly evaluating your overhead costs. Whether you manufacture a sign today or not you will still incur indirect costs, which you need to recover by spreading across all of the jobs you process. Do a little research and fill in the above expenses, which is the first step in determining your accurate hourly shop rate. You also need to know how many billable hours you average per week including tasks not directly connected to manufacturing a specific job, these include talking to customers, ordering materials, answering the phone etc The only way to conclusively understand your actual billable production time is to track these working hours for a typical week, remember it is unreasonable to expect a full 8 hours of production time every day as so many other factors contribute to your time.

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