Christy Signs — T&M Service Vehicle Profitability Plan

📚 1. Purpose

This analysis establishes the baseline **operating assumptions, revenue expectations, and profitability drivers** for a **Time & Material (T&M)** service vehicle operated by Christy Signs.

The goal is to determine the productivity, cost structure, and sales targets necessary to operate a service vehicle profitably and sustainably.

🏗️ 2. Scope

- Covers **traditional service work** (non-Night Patrol).
- Includes **Skyesoft** system usage for dispatch, reporting, and tracking.
- Assumes **time billed at $105.00 per hour** for 1 technician + 1 service truck.
- Includes **material sales** using a standardized markup method.
- **10% sales commission** applies to total revenue (excluding taxes).

📊 3. Key Assumptions

Factor	Value	Notes
Labor Billing Rate	$105.00/hour	Fixed rate for service calls
Billable Hours Per Day	6.5 hours	Fair productivity assumption
Billable Days Per Month	21 days	Accounting for PTO, holidays
Sales Commission	10% of total revenue	Applies to labor + material
Material Pricing Method	Average vendor cost × 2.5 markup	Margin protection strategy
Working Weeks Per Year	50 weeks	Assuming 2 weeks PTO

🛠️ 4. Productivity and Revenue Calculations

Timeframe	Result
Billable Hours Per Day	6.5 hours
Billable Hours Per Week	32.5 hours
Billable Hours Per Month	136.5 hours
Billable Hours Per Year	1,625 hours
Labor Revenue Per Month	$14,332.50
Labor Revenue Per Year	$170,625

Material revenue will vary based on parts used per ticket, using the 2.5× markup model.

📦 5. Material Pricing Methodology

- Collect cost data from **multiple approved vendors** (minimum of 2).
- **Average** the cost quotes.
- **Apply 2.5× markup** to the averaged cost to determine customer billing price.

Example:

- Vendor A: $95
- Vendor B: $105
- Vendor C: $100
- **Average Cost = $100**
- **Sale Price = $250** (2.5 × $100)

This ensures stable margins (approximately 60%) regardless of supplier pricing fluctuations.

💸 6. Revenue Flow

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Labor Revenue (Hours × $105)
+ Material Revenue (Average Vendor Cost × 2.5)
= Total Revenue

- Sales Commission (10% of Total Revenue)
= Net Service Revenue (Before Vehicle, Technician, and Overhead Costs)
```

📌 7. Next Steps

1. **Quantify Fixed Costs:**
    - Technician wage, burden (taxes, insurance)
    - Truck lease, insurance, fuel, maintenance
    - Allocated overhead (admin, office, software, Skyesoft)
2. **Estimate Materials Mix:**
    - Gather typical parts used per ticket to model material contribution.
3. **Calculate Break-Even:**
    - Determine minimum required billable hours and material sales to cover all costs + generate target profit.
4. **Scenario Testing:**
    - Model variations (lower ticket volume months, reduced billable hours, parts-heavy jobs, etc.)

✅ Current Status

Section	Status
Confirmed Billing Rate	✅ $105.00/hour
Billable Hours Productivity	✅ 6.5 hours/day baseline
Labor Revenue Projections	✅ Calculated (daily, weekly, monthly, yearly)
Material Markup Plan	✅ Standardized at 2.5× average vendor cost
Cost Estimating	⏸️ (On hold)

🏁 End of Draft

Prepared for internal development and financial modeling of service operations under Skyesoft framework.