



## Cost Rate Analysis

Labor is one of the most expensive contributors to job costs. The correct cost rate for a given work center can be the difference between making money and losing money, as well as winning and losing bids. Many companies do not update these rates on a regular basis, resulting in under-recovery of overhead costs, or lost work do to inflated quotes.

The EFI™ Cost Rate Analysis is a prepackaged service that will help your company determine the correct machine cost rates and implement a process to maintain these data as both costs and scheduled hours change over time.

### **How can EFI help?**

The EFI Cost Rate Analysis is a review of the labor and overhead components to cost rates to ensure that costs are adequately recovered and to properly align fixed and variable overhead cost components.

A review of fixed overhead costs helps to ensure that costs are appropriately allocated to the company, plant, department, and work center. Actual costs for labor, real estate, depreciation, investment allocations, utilities, front office staff, production management, and others are analyzed to ensure that all overhead costs are included in the rates.

Cost allocation calculations are performed using the most appropriate method for your business, taking into consideration space and time utilization, market factors, shift patterns, and job characteristics.

The output is a set of rates tied to actual costs and a framework for maintaining these data on an ongoing basis. This enables you to ensure that as expenditures and utilization change, you are able to adapt quickly, improving your ability to sell the right work at the right price.

Our team of professionals provides:

- Experience with thousands of customers worldwide
- A 360° understanding on customers' operations
- Visibility to where the market is heading
- Best-in-class business consulting practices

### **What are the benefits?**

The EFI Cost Rate Analysis will optimize and update your work center rates to improve the effectiveness of cost recovery and provide a realistic view of the cost of labor and contribution margins by:

- Ensuring that overheads include the correct components
- Allocating overheads at the correct level within the company, plant, department, and work centers
- Aligning the availability component of the calculation to the productive utilization of the equipment





## EFI fuels success.

We develop breakthrough technologies for the manufacturing of signage, packaging, textiles, ceramic tiles, and personalized documents, with a wide range of printers, inks, digital front ends, and a comprehensive business and production workflow suite that transforms and streamlines the entire production process, increasing your competitiveness and boosting productivity. Visit [www.efi.com](http://www.efi.com) or call 650-357-3500 for more information.



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