Revenue Per Labor Hour Worksheet

Compare job revenue with the total labor time used to earn it, including work around the service.

Printable PDF. Enter your values and calculate with a separate calculator; this file does not calculate automatically.

The calculation

Revenue per labor hour = job revenue / total person-hours

INPUT / RESULT	GUIDANCE	YOUR VALUE
A. Job revenue	Exclude sales tax collected	
B. Service person-hours	All workers combined	
C. Travel, setup and cleanup	Person-hours	
D. Job administration and follow-up	Person-hours	
E. Total person-hours	B + C + D; greater than 0	
F. Revenue per labor hour	A / E	
G. Direct job costs	Optional	
H. Revenue after direct costs / hour	(A - G) / E	

Use one currency throughout. Date: _____ Service / scenario: _____

Worked example

A $180 job needs 2 service person-hours, 1 hour of travel and setup, and 0.5 hour of administration. Total: 3.5 hours. Revenue per labor hour: $180 / 3.5 = $51.43. With $30 direct costs, revenue after direct costs is $42.86 per hour.

Illustrative values only. These are not recommended market rates or promises of results.

How to use your result

Add each worker's time, rather than only the clock time from start to finish. Convert minutes into hours by dividing by 60: 30 minutes is 0.5 hour. Use the same time categories when comparing jobs.

Keep the result in context

These measures are not profit per hour: overhead, labor compensation, taxes, and other costs still need to be considered. Use them to spot differences in scope, travel, and working time, not to judge service quality.

Your next decision

Which assumption needs checking before you spend money, quote a job, or commit to a schedule?

Continue with the practical decision guide and worksheet on the next pages.

Compare jobs using the same time definition

Work through the decision

The measure is only comparable when the time categories match. For each job, include all worker service time and the related travel, setup, cleanup, and administration used in your chosen method. Record clock time and person-hours separately when more than one worker participates.

Use revenue excluding sales tax collected, and keep direct costs consistent between jobs. Revenue after direct costs per hour is another useful comparison, but it still excludes overhead and labor compensation. It should not be labeled net profit. A high revenue measure may still hide expensive materials or equipment.

A situation to learn from

Illustrative comparison: Job A earns $180, uses 3.5 labor hours, and has $30 direct costs: revenue/hour $51.43, after-direct-cost revenue/hour $42.86. Job B earns $220, uses five labor hours, and has $20 direct costs: revenue/hour $44.00, after-direct-cost revenue/hour $40.00. A earns less total revenue but uses labor differently.

How to respond

Investigate rather than immediately cut a service. Was travel unusually long? Was scope underestimated? Did a new task require learning time? Look across several comparable jobs before changing the offer. A single difficult appointment may not represent the normal service.

Job comparison record

Use this page with your own service and circumstances. Record assumptions separately from confirmed facts, and update the plan using actual work.

Job / service scope / revenue excluding sales tax

Service person-hours / travel / setup / admin

Direct costs / revenue per hour / after-direct-cost measure

Reason for difference / adjustment to test next time

Review before taking the next step

Convert time carefully: 45 minutes is 0.75 hour, not 0.45. If two people each work 90 minutes, service labor is three person-hours.

- [ ] Same categories used for every job.
- [ ] Minutes converted by dividing by 60.
- [ ] Person-hours counted correctly.
- [ ] Measure never described as net profit.

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