

# Labor Efficiencies Design

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This document provides an overview of the features related to labor efficiency found in Xactimate version 28.

The first Labor Efficiencies design was introduced by Xactware beginning with Xactimate version 2002. The features were implemented after analyzing the concerns of many customers from both the service provider and insurance carrier markets who desired a more accurate way of addressing economies of scale of labor among jobs.

## The Goal of the Labor Efficiencies Design

Labor is generally the largest variable in construction-related tasks. Factors such as job size and complexity, accessibility, and whether the structure is occupied all have a significant effect on the time needed to complete the work.

While labor productivity often varies between jobs, it is generally accepted in the industry that jobs can be categorized into one of two groups: 1) new construction and 2) restoration or remodeling. Within an estimate, customers can easily change their productivity default from Restoration/Service/Remodel to New Construction by checking the "New Construction" box as shown below (Figure 1).

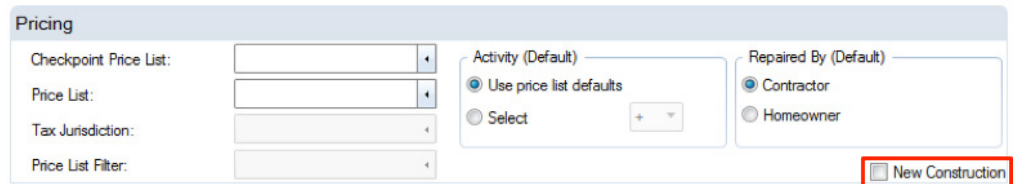


Figure 1 – Parameters screen in Xactimate version 28

## New Construction

The New Construction option provides a cost for each line item based upon the most efficient labor productivity available. This option is intended to be used for true new construction applications or for jobs in which a total "ground-up" rebuild is necessary. Additionally, it is possible that some portions of a large partial loss may be addressed using this efficiency setting. For example, as the rebuild process progresses, it is possible that a certain phase may be reached in which the remaining portions of the repair are more in line with a new construction scenario.

## Restoration/Service/Remodel

The Restoration/Service/Remodel option is for jobs other than total losses or new construction. When selected, this option provides a cost for each line item based upon a labor productivity that includes such things as drive time, mobilization costs, material delivery, and the overall reduction in productivity that occurs when repair professionals address the complex issues found in restoration and remodeling jobs (for example, matching drywall texture or working in an occupied home).

## Labor Minimums

In addition to performing the tasks required by a job, each tradesperson must also account for drive time, picking up materials, tool and equipment setup and take down, etc. Labor costs related to the time needed to perform these peripheral tasks are generally factored into each individual unit price. For example, the price per square foot quoted by a drywall installer will already account for the costs of performing these tasks based on the standard unit price for a job of moderate size. Since these peripheral tasks account for a very small portion of the overall time on the job, they average out over time when included in the unit price.

When a very small task or repair is required, however, these peripheral tasks can constitute a major portion of the overall time. Take the example of a small drywall repair of one square foot or less: The actual time spent performing the repair itself may be only 45 minutes. However, by the time all of these peripheral issues are taken into account, the tradesperson may have two to three hours involved in the repair.

For this reason, most trades have developed a minimum price or minimum amount of labor for which they must charge to effectively address these inefficiencies. Their standard unit price (square foot of drywall, square foot of paint, linear foot of baseboard, etc.) is therefore subject to this labor minimum charge.

Each labor efficiency setting provides the option to apply an automated minimum charge to the task being performed. Using labor minimums, customers can add standard line items containing materials as needed (DRY1/2, PNTSP, etc.). Xactimate will then supplement the labor portion of each trade until the predefined minimum charge is achieved. This is accomplished, when needed, by making a post-estimate adjustment to labor.

For more information about labor minimums, visit [Xactware.com/laborminimums](http://Xactware.com/laborminimums). For examples of how labor minimums can impact and be impacted by labor efficiencies, see Xactware's "[Labor Productivity in Xactimate Pricing](#)" white paper on the eService Center.

## Accurate Pricing

Ultimately, the prices used within estimates and the items included are completely up to the estimator. As stated above, the size and complexity of a job can have a significant impact on the amount of labor required to complete the job. Estimators must use their experience, skill, and knowledge of the job to determine the appropriate items and pricing.

Xactware is a publisher of pricing information, which is based upon the research of both hard costs, quoted pricing, and settled claims in each area. Xactware recommends that estimators thoroughly review the pricing used in their estimates and make any needed adjustments to ensure the greatest accuracy. Labor efficiency is one of the tools Xactware provides to help make this process faster, easier, and more accurate.

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