



Crew Utilization: The Idle Capacity Cost

A crew billing 1,500 of 2,000 available hours is running at 75% utilization, which sounds fine until it is priced: 500 idle hours per worker at a \$32.50 loaded rate is \$32,500 a year, paid whether or not a single job used it.

Utilization percentage is easy to compute and easy to look past. 75% sounds like a solid number, most of a crew's time is going toward billable work. What the percentage does not say on its own is the dollar cost of the 25% that is not, and that number is where the real signal is.

A worked example: 75% utilization, priced

A crew billing 1,500 of 2,000 available hours a year is at 75% utilization, 500 idle hours per worker. At a \$32.50 loaded labor rate, that is \$16,250 in idle cost per worker, \$32,500 across a 2-person crew, paid regardless of whether those hours produced any revenue. The utilization percentage alone does not communicate that this is a real, recurring five-figure cost, only the dollar figure does.

Why idle cost clamps to zero above 100% utilization

A crew billing more hours than technically available (overtime-heavy periods, for instance) is not carrying negative idle cost, it is overbooked, a different problem entirely with its own risks (burnout, quality slippage, no schedule slack for emergencies). The idle-cost calculation clamps to zero above 100% utilization rather than reporting a nonsensical negative number, and flags the overbooked condition separately.

Comparing crews against a revenue benchmark, not just utilization

Utilization measures hours, not dollars produced per hour. Revenue per Crew Benchmark and Revenue per Field Employee compare actual revenue generated against an expected figure derived from the required billable rate and expected utilization, catching a different failure mode: a crew that is fully utilized (busy) but pricing or selling work below the rate the business actually needs, which idle-cost tracking alone would miss entirely since the hours are being billed, just not at the right rate.

What to do with a persistent idle-cost number

A one-off slow month is not a pattern. A persistent idle-cost figure across multiple periods is a signal worth acting on in one of two directions: either the crew is oversized for current demand (see

the staffing and crew-size engines), or there is a sales and scheduling gap keeping billable work from filling the available hours that do exist. The dollar figure does not diagnose which, but it makes the cost of not diagnosing it concrete.

Key takeaway. A utilization percentage hides a real dollar cost. Translate idle hours into idle cost at the loaded labor rate before deciding whether a utilization gap is tolerable or a problem worth fixing.

Assumptions

- The worked example uses 1,500 billable hours against 2,000 available hours, a \$32.50 loaded labor rate, and a 2-person crew, all illustrative round numbers.

Frequently asked questions

What utilization percentage should a crew be targeting?

There is no universal target, it depends on how much schedule slack the business needs for emergencies, weather, and non-billable tasks like training or equipment maintenance. Many field-service operations target somewhere in the 75 to 85% range, treating 100% as unrealistic and usually a sign of an overbooked, brittle schedule rather than an efficient one.

Is idle cost the same thing as overhead?

No, overhead is the business's fixed costs (insurance, shop rent, admin) independent of any specific crew's hours. Idle cost is the labor cost specifically tied to hours a crew was paid for but did not bill, a narrower, crew-level number that overhead accounting does not usually surface on its own.

Can a crew have a good idle-cost number but still be unprofitable?

Yes. Low idle cost only means the hours are being billed, it says nothing about whether they are billed at a rate that actually covers the business's real costs. That is exactly the gap Revenue per Crew Benchmark is built to catch.

MarginWorkshop is a free set of transparent decision engines for contractor businesses. This guide is educational, not a guarantee of any outcome.