



# When to Hire Your Next Crew

At 95% utilization, overtime costs \$5.42 more per billable hour than a new hire would. A \$240,000-revenue crew pays for its own startup cost in 5 months. Both numbers say the same thing at once: hire now.

Every growing crew hits the same wall eventually: too much work, not enough hands, and the honest question of whether to keep leaning on overtime or commit to a hire. Two different numbers answer it, and they tend to agree with each other before either one is obvious on its own.

## The first number: what an hour actually costs right now

At 95% utilization, a \$32.50 loaded labor rate, and a 1.5x overtime multiplier, the cost of covering one more billable hour with overtime is \$48.75. Bring on a new hire instead, at a \$65,000 annual loaded cost expected to run at 75% utilization, and that same billable hour costs \$43.33. The gap, \$5.42 per hour, is not close. Above the 90% structural-overtime threshold, that gap crosses the point where a new hire is flatly cheaper than the overtime it would replace, and the recommendation flips to hire-now.

## The second number: does the new crew pay for itself

A new crew expected to bring in \$240,000 in annual revenue, at a 42.4% contribution margin, generates \$101,760 in annual contribution. Against \$18,000 in incremental annual overhead and a \$35,000 fixed startup cost (trucks, equipment, onboarding), the net annual value is \$83,760, strongly positive, and the startup cost pays back in just 5.01 months. A verdict of "strong" means this is not a close call.

## Why both numbers matter, not just one

The staffing trigger point answers whether the current crew is stretched enough to justify adding headcount at all. The break-even answers whether the specific revenue opportunity in front of the business can actually support that headcount. A high utilization number without a revenue opportunity to back it up is a burnout risk, not a hiring signal. A strong break-even without the utilization pressure to justify it risks hiring ahead of real demand. Checking both before committing is what keeps the decision honest in either direction.

## What backlog and demand add to the picture

Backlog Required Before Hiring and Demand Needed for Another Crew answer a related but different question: not "is the current crew stretched" but "is there enough confirmed and pipeline work sitting behind the stretch to keep a new crew busy." A staffing-trigger hire made against a thin backlog risks a new crew sitting idle within a quarter, the same idle-capacity cost this guide is trying to avoid in the first place.

**Key takeaway.** Hire when the cost-per-hour gap between overtime and a new hire is wide and the new crew's expected revenue clears its own startup cost fast. One number without the other is an incomplete case either way.

## Assumptions

- The worked example uses a \$32.50 loaded labor rate, a 1.5x overtime multiplier, a \$65,000 new-hire annual cost at 75% expected utilization, and a 90% structural-overtime threshold, all illustrative round numbers.

## Frequently asked questions

### What if utilization is high but the break-even case is weak?

That is a real signal, not a contradiction. It usually means the current overtime crunch is temporary or project-specific rather than a durable demand increase, worth absorbing with overtime a while longer rather than committing to a full crew's fixed cost against uncertain ongoing revenue.

### Why does the new-hire utilization assumption (75% here) matter so much?

A new hire is rarely billable 100% of the time, ramp-up, training, and non-billable overhead eat into it. Using a realistic expected utilization instead of 100% is what keeps the cost-per-billable-hour comparison honest against overtime, which is always fully billable by definition.

### Does this apply the same way to a specialist hire, not just a full crew?

The staffing trigger point math is the same regardless of role, cost per billable hour compared against overtime cost. The break-even side is crew-specific, a specialist hire (an estimator, a dispatcher) is a different revenue-and-cost shape covered instead by the management-layer engines in the companion guide.

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