Allocation
Financial Concepts

What is Allocation?

When we dispatch a technician to perform work, we are going to pay for labor, material and equipment to complete a job. These costs will require us to pay cash directly to our vendors, and those costs will be charged to the work order. These are what we call **Direct Costs** – they are costs directly associated with completing the work order.

Additionally, there are **indirect costs** with managing a work order. At NAC, there are a number of indirect costs associated with managing a work order, such as the wages, rent, computer systems and other expenses associated with running a business. In order to accurately assess the true cost of the work order, we estimate the amount of these indirect costs and charge them to the work order. **The charge for indirect expenses is what we call allocation.**

Notes:

Allocation for the Branches:	
Journeyman Labor Allocation:	$12 per hour
Apprentice Labor Allocation:	$12 per hour
Service Truck Allocation:	$10 per hour
Bucket Truck Allocation:	$20 per hour
Service Fee Allocation:	$10
Piece Rate:	50% of Cost