WORKING FIELD PACK • $7 TIER
Current version — Nov 1, 2026. Update history:
https://restorationintel.com/contractors-absorbing-labor-costs-crawford/

EXECUTIVE SUMMARY: OPERATING ON THE 58% BRIDGE

In Crawford & Company's 2026 Managed Repair Market report (released Oct 8, 2026 by Contractor Connection), **58% of restoration contractors confirm absorbing higher labor costs** to protect carrier pricing, while **86% are affected by labor market tight spots** and **73% report operational impacts — most often longer job cycle times**. Lance Malcolm (Crawford Network Solutions) notes contractors absorb to protect strategic business relationships. This pack equips program operators with the tools to manage that bridge: calculating loaded job costs, pricing cycle-time drag, logging absorbed dollars, and eliminating tech shelfware.

The Four Foundational Bridge Tenets

CORE TENETS

- **1. Labor is Your Largest Controllable Cost:** Unlike materials or equipment depreciation, labor moves dynamically with workforce retention and field productivity.
- **2. Wages Ratchet Upward Indefinitely:** Raises given to lead techs to prevent departures never drop when quarterly volume softens. Absorption against flat pricing permanently compresses margin.
- **3. Program Pricing is Fixed by Agreement:** You cannot pass ad-hoc inflation directly to policyholders; pricing adjustments require structured carrier negotiations.
- **4. Bridges Are for Crossing:** Holding pricing buys time for market resets, productivity gains, or program repricing. Forgetting you are on a bridge leads to sudden insolvency or tech loss.

The Bridge Test: How Long Can the Hold Last?

EVALUATION

Test Dimension	Operational Requirement	Shop Status Check
Condition 1: Volume Holds	Carrier assignment flow remains high enough to cover fixed operating overhead.	[ ] Stable [ ] At Risk
Condition 2: Frontier Advances	Field output per person rises to offset higher wages via tight SOPs.	[ ] Inching [ ] Stalled
Condition 3: Rank Discipline	Competitors absorb alongside you; no peer breaks pricing first.	[ ] Holding [ ] Cracking

The 58% Hold Readiness Scorecard for Network Restoration Shops

SELF-AUDIT

Operator Governance Checkpoint	Field Standard Required for Program Viability	Current Status	Score (1–5)
1. Loaded Job Labor Accounting	Loaded labor calculated per completed job file (including burden & cycle drag), not as raw hourly pay.	[ ] Yes [ ] No	___ / 5
2. Cycle-Time Cost Line Tracking	Daily WIP overhead cost ($/day open) tracked as a distinct line item on all active files.	[ ] Yes [ ] No	___ / 5
3. 24-Month Absorption Ledger	Dated log of all absorbed wage/burden increases maintained with hours and cumulative dollars.	[ ] Yes [ ] No	___ / 5
4. 98% Tech Stack Utilization	Field apps actively utilized by techs on-site (real-time psychrometrics, room scans, daily notes).	[ ] Yes [ ] No	___ / 5
5. Carrier Repricing Alignment	Shop prepared to enter bilateral program repricing conversations backed by auditable data.	[ ] Yes [ ] No	___ / 5

Score interpretation: 21–25: Controlled Bridge Operator; 15–20: Moderate Margin Leakage; < 15: Severe Vulnerability (Risk of Tech Exodus or Cash Crunch).

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MOVE 1: KNOW YOUR LOADED COST PER JOB, NOT PER HOUR

Calculating labor by hourly base wages blinds operators to true job costs. In program work, margin is consumed by taxes, insurance, drive time, non-billable overhead, and job duration drag. Use this worksheet to calculate the true loaded labor cost per file across program assignments.

Step 1: Role-Based Hourly Wage & Payroll Burden Schedule

BURDEN SCHEDULE

Field Position	Base Hourly Wage ($)	Taxes & FICA (e.g. 10–12%)	Workers' Comp & GL ($/hr)	Benefits, PTO & Drive ($/hr)	Total Loaded Rate ($/hr)
Lead Mitigation Tech	$_____	$_____	$_____	$_____	**$**_____
Mitigation Technician	$_____	$_____	$_____	$_____	**$**_____
Demolition / Field Labor	$_____	$_____	$_____	$_____	**$**_____
Field Estimator / Scoper	$_____	$_____	$_____	$_____	**$**_____

Step 2: Job-Level Direct Labor Allocation (Sample Program Water Loss)

JOB FILE AUDIT

Project Phase	Assigned Role	Field Hours	Loaded Rate ($/hr)	Phase Direct Cost ($)
Initial Inspection & Scope	Estimator / Lead Tech	_____ hrs	$_____	$_____
Extraction & Containment	Lead Tech + Tech	_____ hrs	$_____	$_____
Controlled Demolition	Demo Labor + Tech	_____ hrs	$_____	$_____
Daily Moisture Monitoring	Mitigation Technician	_____ hrs	$_____	$_____
Equipment Teardown & Sanitization	Lead Tech + Tech	_____ hrs	$_____	$_____
(A) Total Direct Loaded Labor:		_____ **hrs**	**Subtotal:**	**$**_____

Step 3: The Cycle-Time Drag Calculation (The Second Bill)

CYCLE DRAG

Cycle Drag Element	Calculation Methodology	Shop Daily Factor	Total Cost Line ($)
Total Days Open (Assignment to Sign-Off)	Actual duration of job file	Days Open: _____	—
Daily File Administrative Carrying Cost	PM status checks, portal notes, billing inquiries	$_____ / day	$_____
Daily Receivables & WIP Financing Drag	Cost of unbilled WIP capital & delayed payment	$_____ / day	$_____
(B) Total Cycle-Time Drag (Second Bill):		**Daily Rate × Days**	**$**_____
TOTAL LOADED LABOR COST PER JOB = (A) + (B):		**Direct + Drag**	**$**_____

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MOVE 2: TRACK CYCLE TIME AS A SCORED COST LINE

In Crawford's survey, **73% of contractors report operational impacts, most often longer cycle times**. In program work, cycle time is not a soft operational feeling; it is scored by carrier partners, drives overhead absorption on every open job, and stretches receivables. Contractors who absorb higher wage rates *and* take longer per job are paying twice for the labor shortage.

The "Paying Twice" Financial Mechanism — DUAL BILL

Bill #1: Hourly Wage Rate Inflation: Absorbed directly when hourly compensation ratchets upward to retain technicians in a competitive regional market.
Bill #2: Open File Duration Drag: Experienced technicians stretch across too many WIP files; jobs sit open longer, consuming administrative bandwidth, tying up drying equipment, and delaying carrier audit/payment.

Carrying Cost Breakdown Per Extra Day Open — DRAG FACTORS

- **Project Management Check-ins:** File review, customer messaging, adjuster queries ($25–$45/day).
- **Equipment Opportunity Cost:** Air movers/dehus tied up vs deployed on new assignments ($30–$75/day).
- **WIP Financing & Working Capital:** Carrying payroll on open receivables ($15–$35/day).

Scored Program Work Cycle-Time Tracker (Log Active & Recent Completed Files) — FIELD CYCLE LOG

Claim # / Job	Carrier / TPA	Assigned	Signed-Off	Target Days	Actual Days	Variance	Drag Cost ($)	Root Cause of Delay
_____	_____	__/__	__/__	___ d	___ d	+___ d	$_____	[ ] Labor [ ] Auth [ ] Scope
_____	_____	__/__	__/__	___ d	___ d	+___ d	$_____	[ ] Labor [ ] Auth [ ] Scope
_____	_____	__/__	__/__	___ d	___ d	+___ d	$_____	[ ] Labor [ ] Auth [ ] Scope
_____	_____	__/__	__/__	___ d	___ d	+___ d	$_____	[ ] Labor [ ] Auth [ ] Scope
_____	_____	__/__	__/__	___ d	___ d	+___ d	$_____	[ ] Labor [ ] Auth [ ] Scope
_____	_____	__/__	__/__	___ d	___ d	+___ d	$_____	[ ] Labor [ ] Auth [ ] Scope

Carrier Scorecard Protection Strategy — SCORECARD AUDIT

Carrier Relationship Risk: You eat the wage increase to protect the strategic relationship — but longer cycle times degrade your scorecard rank with the exact same carrier. If your cycle time drops your shop from Tier 1 assignment status to Tier 2 or 3, you absorb higher costs *and* lose job volume.
Action Rule: Isolate true drying time from administrative hold time. If cycle drag stems from carrier authorization delays or adjuster approvals, document it in portal notes immediately to protect your scored SLA metric.

MOVE 3: DOCUMENT THE ABSORPTION FOR REPRICING CONVERSATIONS

When the repricing window opens with a TPA, carrier, or managed repair program, the contractor who says "*our costs are up*" gets nodded at. The contractor who presents two years of dated, auditable absorbed increases with exact hours and dollar totals negotiates from strength. Maintain this ledger monthly to build your repricing case.

24-Month Cumulative Absorption Ledger (Program Work Field Record)

LEDGER REGISTER

Period / Date	Tech Role / Cert	Baseline Rate ($/hr)	New Rate Paid ($/hr)	Absorbed Delta ($/hr)	Program Hrs	Absorbed Subtotal ($)	Cumulative Dollars Absorbed
Q1 2025	Lead Mitigation	$_____	$_____	+$_____	_____	$_____	**$**_____
Q2 2025	Field Technician	$_____	$_____	+$_____	_____	$_____	**$**_____
Q3 2025	Lead Mitigation	$_____	$_____	+$_____	_____	$_____	**$**_____
Q4 2025	Demolition / Labor	$_____	$_____	+$_____	_____	$_____	**$**_____
Q1 2026	Lead Mitigation	$_____	$_____	+$_____	_____	$_____	**$**_____
Q2 2026	Field Technician	$_____	$_____	+$_____	_____	$_____	**$**_____
Q3 2026	Estimator / Scoper	$_____	$_____	+$_____	_____	$_____	**$**_____
Q4 2026	All Field Techs	$_____	$_____	+$_____	_____	$_____	**$**_____

Carrier / TPA Repricing Briefing Framework

NEGOTIATION PROTOCOL

1. Frame Absorption as a Partnership Investment: Demonstrate that for 24 months, your shop protected the carrier's customer experience and policyholder pricing by self-funding $_____ in regional labor inflation.
2. Prove Service Level Integrity: Pair the absorption ledger with your quality metrics (zero complaints, clean documentation, compliance with program rules) to prove that absorption did not compromise service levels.
3. Present the Structural Reset: Show that wage increases are ratcheted and permanent. Request a defined baseline rate schedule adjustment rather than open-ended concession requests.

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MOVE 4: SPEND THE TECH YOU ALREADY BOUGHT — STOP PAYING FOR SHELFWARE

98% of surveyed contractors use technology across estimating, communications, project management, and field applications. The network has finished adopting the tools — meaning easy productivity gains are taken. The remaining competitive edge is *utilization*: making field apps the place where work actually happens rather than shelfware with an unused login.

The Four Core Technology Verticals — Field Utilization Audit

UTILIZATION AUDIT

Technology Category	The Shelfware Failure Pattern	The High-Utilization Operating Standard	Field Compliance
1. Estimating & Scoping	Handwritten paper notes taken on site; estimator types Xactimate/Symbility scope 3 days later.	Room dimensions, line items, and photos captured directly in mobile scoping app on initial visit.	[ ] Full [ ] Partial [ ] None
2. Communications & Documentation	Photos sit on tech's personal camera roll; job notes dumped in portal after adjuster complains.	Timestamped photos, daily drying progress, and policyholder updates synced directly from site.	[ ] Full [ ] Partial [ ] None
3. Project Management (PM)	Job status tracked on office whiteboards or in PM's memory; milestone bottlenecks invisible.	Field milestones updated in real time by techs (en route, drying set, monitoring, sign-off).	[ ] Full [ ] Partial [ ] None
4. Moisture & Damage Apps	Moisture readings scribbled on paper sheets; dry standards and psychrometric curves unverified.	Bluetooth moisture meters auto-sync readings into drying chambers with automated GPP calculations.	[ ] Full [ ] Partial [ ] None

Tech Utilization Scoring Matrix & License Value Audit

LICENSE AUDIT

Application Stack	Monthly Cost / Seat	Active Seats	Daily Active %	Productivity Gain Realized?	Action Required
Mobile Scoping / Estimating	$_____	_____ seats	____ %	[ ] Yes [ ] Marginal [ ] No	[ ] Train [ ] Enforce [ ] Cut
Documentation / Photo App	$_____	_____ seats	____ %	[ ] Yes [ ] Marginal [ ] No	[ ] Train [ ] Enforce [ ] Cut
Field Job Management (PM)	$_____	_____ seats	____ %	[ ] Yes [ ] Marginal [ ] No	[ ] Train [ ] Enforce [ ] Cut
Moisture & Sensor Sync	$_____	_____ seats	____ %	[ ] Yes [ ] Marginal [ ] No	[ ] Train [ ] Enforce [ ] Cut

The Productivity Imperative: If you are paying $200–$500/tech/month for mobile tools while technicians still call dispatch for job notes, you fund software overhead without capturing output gains.

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BRIDGE GOVERNANCE PROTOCOL: WHEN TO HOLD, WHEN TO REPRICE

Bridges must lead somewhere. Holding labor costs is justified only while volume covers overhead and tech utilization advances. When market conditions tighten, the tech shortage becomes the raise, the raise becomes the repricing conversation, and the industry moves in the same season. Use this governance register to establish shop review thresholds.

Quarterly Labor-Cost Bridge Review Register

QUARTERLY AUDIT

Quarterly Review Metric	Current Shop Baseline	Warning Trigger Threshold	Action Mandate if Triggered
Loaded Labor % of Revenue	___ %	Exceeds budget by > 4.0%	Audit cycle-time drag; freeze overtime; re-calculate loaded job rate.
Average Job Cycle Time	___ Days	Increases by > 2.0 days	Isolate carrier auth delays; enforce mobile documentation on-site.
Cumulative Absorption ($)	$_____	Eats > 35% of net program margin	Assemble 24-month ledger; schedule formal carrier/TPA rate review.
Lead Tech Departure Risk	[ ] Stable [ ] Vulnerable	Competitor pays > $2.50/hr premium	Adjust retention structure around cycle performance, not tenure.
Field Tech App Utilization	___ % Daily Active	Drops below 85% compliance	Mandate mobile scope & drying log sign-offs before job completion.

90-Day Implementation Action Plan for Network Restoration Shops

90-DAY PLAN

Phase	Operational Milestone	Responsible Role	Sign-Off
Days 1–15	Complete Loaded Labor Cost per Job calculation (Base Wages + Burden + Cycle Drag) for top 20 program files.	General Manager / CFO	[ ] Done
Days 16–30	Implement Cycle-Time Second-Bill Tracker; isolate administrative open days from active drying duration.	Operations Manager	[ ] Done
Days 31–60	Build 24-month Absorption Ledger retroactively; quantify total margin funded to support carrier program.	Lead Estimator / Billing	[ ] Done
Days 61–90	Execute 98% Tech Stack Utilization audit; eliminate paper handoffs and mandate live mobile field entry.	Field Supervisors	[ ] Done

Executive Sign-Off • Bridge Management Commitment

AUTHORIZED

"We acknowledge that labor cost absorption is a bridge, not an operating model. We commit to tracking loaded job costs, pricing cycle-time drag, maintaining our absorption ledger, and enforcing field app utilization across all program work."

General Manager Signature: _____ Date: _____

Operations Manager Signature: _____ Next Review Date: _____