Labor Efficiencies Design

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Table of contents

Overview 3

Labor efficiencies architecture 3

Restoration/Remodel/Service 4

Large restoration/Remodel 4

Total rebuild or similar 4

Considerations when selecting an efficiency model 5

Labor minimums 6

Accurate pricing 6

Overview

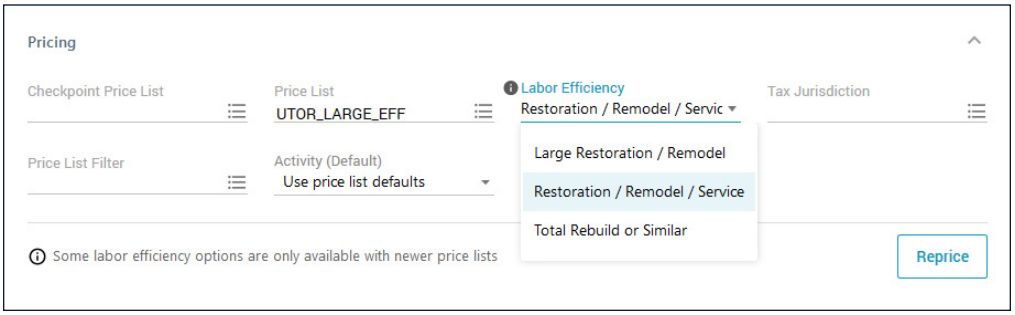
This document explains the features related to labor efficiencies found in Xactimate®.

The first Labor Efficiencies design was introduced by Verisk beginning with Xactimate version 2002. This feature was 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. Verisk is expanding its labor efficiency architecture to provide more options in estimating differing job sizes and job conditions. These enhancements will be available with an upcoming Xactimate update and subsequent price list publications.

Labor efficiencies architecture

Labor is generally the largest variable in construction-related tasks. Factors such as job size, complexity, accessibility, and whether the structure is occupied all have a significant effect on the time needed to complete the work and will vary from job to job. In Xactimate, default supporting event assumptions are defined for each trade to account for these factors, which are unique to each trade for different job size categories, called Labor Efficiencies.

Xactimate's original Labor Efficiency design provided a choice between two models: Restoration/ Remodel/Service and New Construction. Verisk's expanded efficiency architecture relabels and redefines the existing categories and adds a third category for "Large Restoration/Remodel". The model selections will appear in the same location within the Pricing tile on the Parameters tab of the estimate (and in the same/similar location in each platform product) when a compatible price list is associated with the estimate accurate way of addressing economies of scale of labor among jobs. With an upcoming update to Xactimate, and subsequent price list publications, Verisk is expanding its labor efficiency architecture to provide more options in estimating differing job sizes and job conditions.



Restoration/Remodel/Service

The Restoration/Remodel/Service efficiency is typical of most restoration/remodel/service jobs where work is being performed on finished structures. The site may be occupied and may require coordinated deliveries and work schedules.

When selected, this option provides a cost for each line item based on 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).

Large Restoration/Remodel

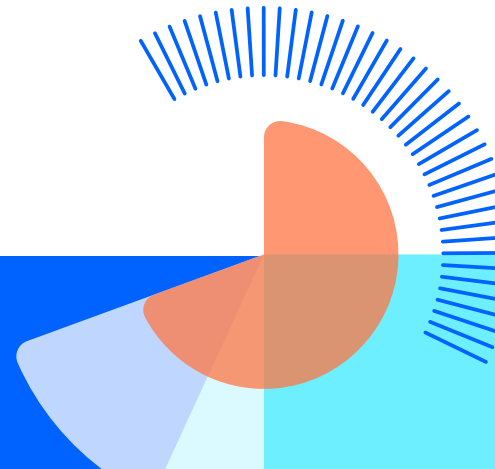
The Large Restoration/Remodel labor efficiency is a new option to Xactimate and is typical of work being performed on larger restoration/remodel jobs that are easily accessible for workers and are separated from adjacent finished areas. The site is typically not occupied, and deliveries and work can be scheduled with minimal obstacles.

The related efficiency model and unit pricing under Large Restoration/Remodel fall between Restoration/Remodel/Service and Total Rebuild or Similar efficiency options. This model assumes a large quantity efficiency that is offset by working in a restoration or remodel environment.

Total rebuild or similar

The “Total Rebuild or Similar” efficiency replaces the previous “New Construction” model. This efficiency is typical of work being performed on larger restoration/remodel jobs that are easily accessible for workers and are separated from adjacent finished areas. The site is typically not occupied, and deliveries and work can be scheduled with minimal obstacles.

The Total Rebuild option provides a cost for each line item based on the most efficient labor productivity available. This option should be used for ground-up rebuilds and new construction applications. Additionally, some portions of a large partial loss may be addressed using this efficiency setting. For example, as the rebuild process progresses, a certain phase may be reached in which the remaining portions of the repair are more in line with a total rebuild scenario.



Considerations when selecting an efficiency model

Every job is unique in factors such as location, environment, and accessibility; types of repairs; equipment; materials and quantities; and the individuals and entities involved. Estimators should consider the factors that may affect the efficiency or pace of work when choosing a labor efficiency model. Even though one or multiple factors may indicate that the job should be classified in a higher-efficiency model, other factors, if they exist, that will slow efficiency, should still be considered in the model selection. For instance, a large commercial drywall project—especially one requiring scaffolding, with difficult access, and complex worker scheduling—may be better classified as a Restoration/Remodel/Service job than as a Large Restoration/Remodel job.

Here are some basic factors that may be helpful to consider when determining the efficiency model to apply. This is not intended to be a comprehensive list; other factors that can impact labor efficiency will need to be considered.

Quantity

- Is the volume of work sufficient to create greater labor efficiencies and a more productive work environment?
- For example, if it is a complete rebuild, or very large quantity job, it may align better with the Total Rebuild or Similar labor efficiency.

Access and environment

- Is new work joining to existing work?
- Are workers in proximity to occupants?
- Can materials be freely delivered without scheduling, permits, or special staff?
- Is the jobsite easily accessible for workers?
- Do existing landscaping, structures, or other features impact labor efficiency?
- Are workers required to operate near current occupants?

Labor minimums

In addition to performing job tasks, each tradesperson must also account for driving time, picking up materials, tool and equipment setup and takedown, 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 these peripheral issues are included, 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.

Accurate pricing

For more information about labor minimums, see Verisk's Pricing Data Services webpage. For examples of how labor minimums can impact and be impacted by labor efficiencies, see the Labor Productivity in Xactimate Pricing white paper on the eService Center.

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 it. Estimators must use their experience, skill, and knowledge of the job to determine the appropriate items, labor efficiency, and pricing. Verisk's Property Estimating Solutions team publishes pricing information based on the research of hard costs, quoted pricing, and settled claims in each area. The Verisk team 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 Verisk provides to help make this process faster and easier.

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