

NNEP Overhead Rate Worksheet

Overhead belongs in P, not R.

Your overhead rate is the hourly cost of running your shop whether the machine is on or not. Rent, utilities, equipment payments, software, insurance — every fixed and recurring cost that exists regardless of whether you are sewing an order.

This worksheet totals your annual overhead costs, divides by your annual production hours, and gives you a single number: your overhead rate per machine hour. Carry that number into the Overhead Allocation line of your PRICE Quoting Worksheet.

Calculate this once. Update it when your costs change. Every quote you run after that will include it.

Why This Number Matters

The Overhead Allocation line in the Quoting Worksheet asks for: overhead rate x machine hours on this order. Most shop owners skip this line because they don't know their overhead rate. When they skip it, every quote understates Production Cost — sometimes by \$15-\$40 per order. On 200 orders per year at \$20 understatement each, that's \$4,000 in Production Cost that disappears from your margin before the order ships.

Wages Do Not Belong Here

Do not include your own pay, employee wages, or payroll costs in this worksheet. Overhead = the cost of the shop running (rent, equipment, software, insurance). Labor = the cost of people working — those numbers live in the Real Labor Worksheet. If you include wages here AND in Real Labor, you will count that cost twice and overstate your overhead rate on every quote.

Part A — Annual Overhead Costs

Enter EITHER a Monthly amount OR an Annual amount for each line — not both. Leave both blank for costs that don't apply to your shop.

Overhead Cost Item	Monthly (\$)	Annual (\$)	Effective Annual (\$)
Space			
Rent / mortgage (studio, home office, or storage)	\$ _____	\$ _____	\$ _____
Renter's or business insurance	\$ _____	\$ _____	\$ _____
Utilities (electric, gas, water — shop portion)	\$ _____	\$ _____	\$ _____
Internet (shop portion)	\$ _____	\$ _____	\$ _____
Phone (shop line or business portion)	\$ _____	\$ _____	\$ _____
Equipment			
Machine lease or loan payment	\$ _____	\$ _____	\$ _____
Machine maintenance contract / service plan	\$ _____	\$ _____	\$ _____
Computer / tablet lease or payment	\$ _____	\$ _____	\$ _____
Other equipment payment (line 1)	\$ _____	\$ _____	\$ _____
Other equipment payment (line 2)	\$ _____	\$ _____	\$ _____
Software & Subscriptions			
Embroidery software license / subscription	\$ _____	\$ _____	\$ _____
Business software (QuickBooks, scheduling, CRM)	\$ _____	\$ _____	\$ _____

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Adobe / Canva / design subscriptions	\$ _____	\$ _____	\$ _____
Cloud storage / backup	\$ _____	\$ _____	\$ _____
Other subscription (line 1)	\$ _____	\$ _____	\$ _____
Supplies & Consumables			
Needle replacement (annual estimate)	\$ _____	\$ _____	\$ _____
Hoop and frame maintenance / replacement	\$ _____	\$ _____	\$ _____
Cleaning and maintenance supplies	\$ _____	\$ _____	\$ _____
Packaging supplies (bags, tissue, boxes)	\$ _____	\$ _____	\$ _____
Other consumables (line 1)	\$ _____	\$ _____	\$ _____
Business Costs			
Accounting / bookkeeping fees	\$ _____	\$ _____	\$ _____
Business licenses and registrations	\$ _____	\$ _____	\$ _____
Professional memberships (e.g. NNEP)	\$ _____	\$ _____	\$ _____
Marketing / advertising (fixed, recurring)	\$ _____	\$ _____	\$ _____
Shipping supplies / labels (standing stock)	\$ _____	\$ _____	\$ _____
Bank fees / merchant processing fees (monthly avg)	\$ _____	\$ _____	\$ _____
Vehicle / company auto (payment, insurance, registration)	\$ _____	\$ _____	\$ _____
Professional development / trade shows / conferences	\$ _____	\$ _____	\$ _____
Other business cost (line 1)	\$ _____	\$ _____	\$ _____
Other business cost (line 2)	\$ _____	\$ _____	\$ _____
Total Annual Overhead Costs		\$ _____	

Part B — Annual Production Hours

Production hours = the hours your embroidery machine is actually running, not total hours you work.

	Value
Average machine hours per day (typical production day)	_____
Production days per week (typical week)	_____
Production weeks per year (subtract vacations and slow periods)	_____
Annual Production Hours	_____
<i>hrs/day x days/wk x weeks/yr</i>	

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YOUR OVERHEAD RATE PER MACHINE HOUR

Total Annual Overhead ÷ Annual Production Hours

per machine hour

How to Use This Number In Your Quote

In the PRICE Quoting Worksheet, the Overhead Allocation line reads: overhead rate x machine hours on this order.

Example: if your overhead rate is \$8.50 per hour and this order takes 2.5 machine hours: $\$8.50 \times 2.5 = \$21.25$ overhead allocation for this order.

Most shop owners skip this line because they have never calculated their overhead rate. Now you have. Calculate it once — every quote after that carries it forward.