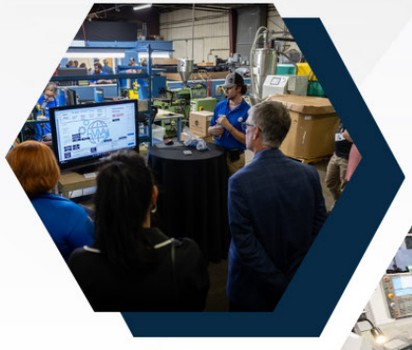
THE COMPETITIVE ADVANTAGE FOR U.S. MOLD BUILDERS.

2024
Shop Rate Report

A report summarizing charge rates for services supplied by U.S. mold manufacturers in engineering, moldmaking and specialty services.





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This report also is available for viewing in an interactive format. To access this version, visit here.

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CHARGE RATES FOR ENGINEERING, MOLDMAKING AND SPECIALTY SERVICES

Respondents were asked to submit their total charge rates across a variety of engineering, moldmaking and specialty services. Reported rates are featured on the following pages. The total charge rate was calculated as follows:

(Average labor cost + overhead) + profit = charge rate

Definitions:

Average labor cost (with benefits): the total cost for the employee (inclusive of benefits) that runs the machine/provides the service

Overhead cost: all facility/building cost (NOT inclusive of general and administrative costs)

Charge rate: the total labor and overhead cost, plus profit
Example calculation:

Average labor cost (with benefits):	$38/hour
Overhead cost:	$24/hour
Total cost/hour:	$62/hour
Total profit:	30%
Charge rate: ($62) + (30%) =	$80.60/hour

OTHER DEFINITIONS

The average, median and mode also are calculated for the range of charge rates for each surveyed service.

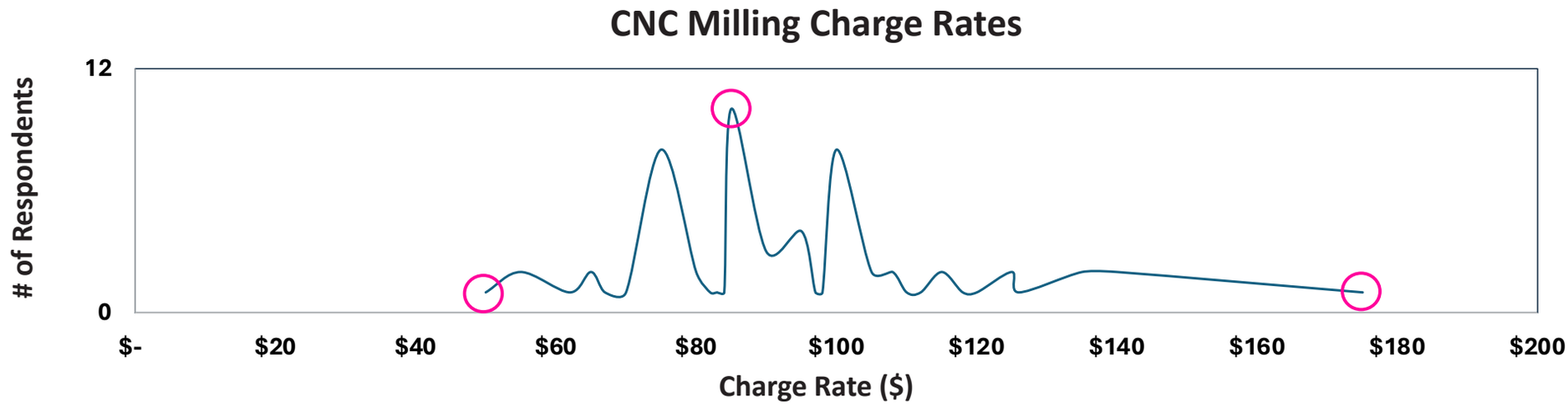
The average is equal to adding all submitted rates together and dividing them by the number of submitted values. The median is equal to the middle value of the ordered charge rates submitted for each service. The mode is equal to the most frequent charge rate submitted for each service. *Because there was often more than one charge rate that occurred frequently in each set of charge rates, the top three to four modes for each service also were identified.*

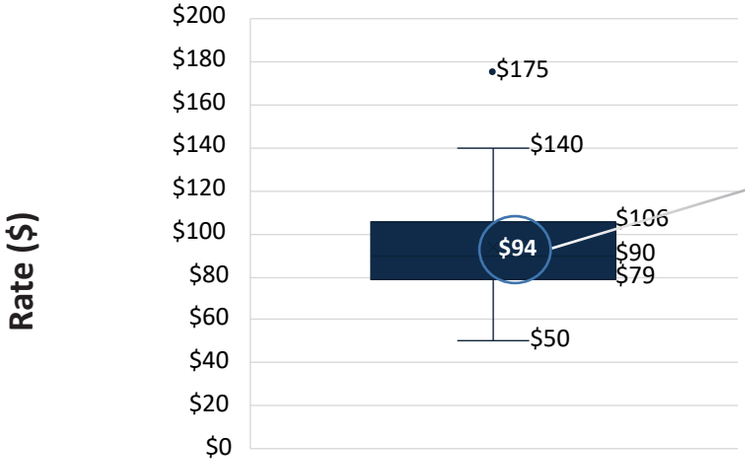
CNC MILLING
CHARGE RATES

7% AVG. CHARGE RATE INCREASE (2024 V. 2023)

NO. OF COMPANIES REPORTING: 66

CNC milling, or computer numerical control milling, is a machining process that employs computerized controls and rotating multi-point cutting tools to remove material progressively from the workpiece and produce a custom-designed part or product.





MOLD DESIGN STATS	CHARGE RATES
Avg.	$94
Min.	$50
Max.	$175
Mode	$85
<75	12%
>100	27%
Companies Reporting	66

Industry Insight :
External Factors on Shop Rates in U.S. Mold Manufacturing

External factors have continued to influence machine and engineering rates, impacting U.S. mold shops' profitability and ability to grow. Mold shops, along with other parts of the manufacturing sector, are entering a VUCA environment: Volatile, Uncertain, Complex and Ambiguous. These macroeconomic factors are sure to have an impact on mold shops' operations and profitability. Three months out from the 2024 U.S. elections, mold builders face ambiguity around tariffs, inflation, interest rates and tax laws, much of which will be dictated by which political party controls Washington next year.

Inflation & Rising Interest Rates. In the U.S., inflation is under better control than it was 12 months ago, but still not low enough for the Federal Reserve to signal an interest rate cut is inevitable. As a result, most manufacturers have pulled back on investments they might otherwise be making. As has been noted in the past, rising interest rates will impact tool shops serving the durable goods sector more than the non-durable goods sector, but all are likely to have less access to capital in the near term.

Expiring Tax law. In 2025, many of the provisions of the Tax Cuts and Jobs Act of 2017 will expire. Absent Congressional action, tool shops will face increased tax bills through increased rates, bonus depreciation changes, loss of special deductions and more. On top of that, Congress still has not yet fixed the IRC Section 174 research expenditure issue (at least at the time of this writing). Beginning in tax year 2022, mold builders were required to capitalize their research expenditures, which can include costs in connection with the design and development of a new tool. The capitalized amount is amortized over five years, significantly increasing most tool shops' taxable income. While the treatment of these expenditures is a timing difference, the effect has been particularly painful for tool shops.

As noted in the data, passing along these additional costs in the form of increased shop and engineering rates has proven difficult. Coupled with the increased tax bills for many U.S. tool builders, profitability for U.S. moldmakers has surely suffered absent cost-reduction or continuous improvement efforts.

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