

# *How To Create Your Own Workable, Profitable Price Book*

Are you sold on flat rate pricing? (a.k.a. upfront pricing, straight forward pricing or bid pricing.) I hope so. There are lots of reasons why it's a good idea. The number one reason? Your customers want to know how much it's going to cost before they agree to the repairs or replacement.

The best way to present flat rate pricing is with a menu, a price book. Are you ready to build a rockin' great price book? Or upgrade the one you have? (If your book is more than an inch thick, I am talking to you!) Here are some tips for putting together a price book that helps your Service Techs better serve your customers. And, it makes life easier for the Techs, too.

## *Top 25 Tasks*

Ask your Techs to come up with a list of the top 25 service and replacement tasks. Or, have them go through your existing flat rate book. Ask them to highlight any tasks that they have actually used. Either way, you will end up with about 25 tasks.

## *Get Priced Right*

Frank Blau taught me this unbeatable selling price formula for an hour of labor: Add up all your costs of doing business – including generous salaries and benefits for you and your team. (You deserve to make lots of money doing the amazing, risky, essential, planet-saving work that you do. Add a zero or two to the amount you originally came up with.) Then, take the total costs and divide by the number of billable hours you hope to create. Inflate for profit. 20-30% would be darling. That's your price per hour for Labor. For each task, put in a reasonable amount of time...and whatever materials are needed, also inflated for profit. Add them together to create flat rate prices for your top 25 tasks. (You may want to show your team the math behind your selling prices. It can help them "buy in" if they see why you charge what you charge.)

**NOTE...***you could use a professional flat rate book service. Their support team can help you with your pricing calculations: labor hours, material costs and basic tasks descriptions. Just limit the number of tasks to 25.*

*You don't need separate tasks for every little variance. One reason so many flat rate books are so detailed is that they are designed to work with a "real time" inventory tracking systems. (My advice: Don't bother with the inventory link up. It's a waste of time and accounting effort and it rarely works like you want it to. Create a simple, manual truck restock system and code all material purchases to Direct Costs.)*

## ***Assemble The Binders***

Use 3 ring binders...one for each Tech. Inside, you will build your flat rate price books. You can protect the pages with those clear, plastic sheet protectors. Include in each book...

**Your company Mission Statement.** Do you have one? Create one. On your own or as a team. What do you stand for? Why are you in business? Keep it to 10 words or less. Memorize it and live by it. Print it up for the first page of every price book.

**Pictures of each Tech's family, travels, and hobbies.** This helps them keep their own motivations front and center...and it can build conversation and relationships with their customers. Each Tech can customize his or her book.

**Copies of licenses.** Credibility and confidence building.

**Cut-aways of basic components.** Find some generic photos online or have your favorite manufacturers provide their diagrams. This is super helpful for explaining what is or isn't happening with a customer's system.

**The Tasks.** Organize the tasks according to room...bathroom, kitchen, mechanical room. Include helpful add-ons on the same page as the main tasks. Use real-world words to describe the tasks and skip the techno-jargon.

**Before and After pictures.** Include pictures of happy customers – real names, no initials-only nonsense – and their testimonials. It is so helpful when a Tech can say, "Here's your neighbor Mrs. Fernwickey. She had the same hard water problem. She is pretty pleased with her new water softening system," as he points to Mrs. Fernwickey's smiling face and glowing words of praise.

**Checklists.** Show off what you do on every job. Use your diagnostic survey and your exit checklist to help your customers understand why working with you is different and better. Checklists show you care about doing things right every time.

*Can you keep the whole price book under 25 pages? The simpler, the slimmer the better?*

**Not in the book?** Establish a procedure to help Techs create prices in the field. For tasks that are not in the book, a simple pricing sheet is helpful. The Techs are best served to head to the truck to do the calculations...and they can call in to you or someone at the office to help with prices and parts availability.

**Test drive!** Have a “scavenger hunt” to find tasks in the price book and the appropriate parts on the trucks. Have fun role playing service and replacement scenarios. Play with the books before you use them in the field. They won’t be perfect. Use them as they are for a few weeks and have the Techs assemble questions and proposed changes. Meet once every two weeks for a price book powwow. Plan to update the book every quarter.

*Convert the whole thing to a PDF. And upload it to tablets. Cool!*

**Use ‘em.** Your Techs will get used to and come to appreciate a better price book. It will help them build relationships, deepen trust, and make good sales. Ride along and see for yourself. I’d love to hear about your experiences! Email me at [contact@barebonesbiz.com](mailto:contact@barebonesbiz.com) Better yet, send me a short video...load it up to my Facebook page at [www.facebook.com/barebonesbiz](http://www.facebook.com/barebonesbiz).  
Xo\$, Ellen



Ellen Rohr The Business Makeover Expert® teaches the few things that make all the difference to your business success: Easy financial clean up, profitable pricing and powerful business planning. As the Plumber’s Wife, she nearly sank her own family’s contracting business. Then, she learned how to keep track of the money and make more of it. She has helped thousands of business owners start, fix and grow their companies.

Ellen is a columnist for Huffington Post, PHC News, and a contributor to many business journals and trade magazines. She provides “in the trenches” insight that business owners can relate to.

Ellen is the author of four business basics books: [Where Did the Money Go?](#), [How Much Should I Charge?](#), [The Bare Bones Biz Plan](#) and [The Weekend Biz Plan](#).