



# **Universal Law #1 Pricing**

## **Module Four: The Pricing Formula for Success**

**Step One: Calculate the Retail Price for your Parts and Material**

This should always be done using the \_\_\_\_\_ wholesale price of the parts you use, not a discounted price you may receive on a particular purchase.

Here is a sample calculation:

<i>Highest wholesale price of part</i>	<i>\$47.00</i>
<i>+ Add Sales Tax</i>	<i>\$3.29</i>
<i>Total Parts and Sales Tax</i>	<i>\$50.29</i>

*Multiply by 2*

*Retail Price for Parts & Material = \$100.58*

Keep in mind, there is one fatal flaw that can sabotage your parts and material pricing – calculating your retail price using a parts \_\_\_\_\_.

If you receive a discount from your supplier, do **not** include that here.

Here is an example using a discounted price (original amounts in parenthesis)

<i>Highest wholesale price of part</i>	<i>Discount</i>	<i>Original</i>
	<i>\$42.30</i>	<i>(\$47)</i>
<i>+ Add Sales Tax</i>	<i>\$2.96</i>	
<i>Total Parts and Sales Tax</i>	<i>\$45.26</i>	

*Multiply by 2*

*Retail Price for Parts & Material = \$90.52 (\$100.58)*

If you use the discounted price, you would earn \$10 less by selling that part to the homeowner. The part didn't change and your service didn't change, so there is no reason that your pricing should change.

Always use the \_\_\_\_\_ retail price of the part to determine your pricing.

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**Step Two: Calculate the Retail Time to Make the Repair**

This is best determined by analyzing your service invoices by task and determining the average time each specific task requires.

Throw out the \_\_\_\_\_ and the \_\_\_\_\_ time as they can skew your average time.

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**Step Three: Calculate the Retail Price for your Labor**

**Retail Service Wage Multiplier Example**

**The Formula's Base**

The formula is based on the top technician \_\_\_\_\_ in your market.

Identify the top wage in your market and then multiply it by \_\_\_\_\_ to add 15% to that amount. This new amount will be the X factor your pricing formula is based on.

$$X = (\text{top technician wage in your market}) * (1.15)$$

**Example:**

Top wage in your market = \$26.09

X = \$26.09 x 1.15 = \$30 an hour

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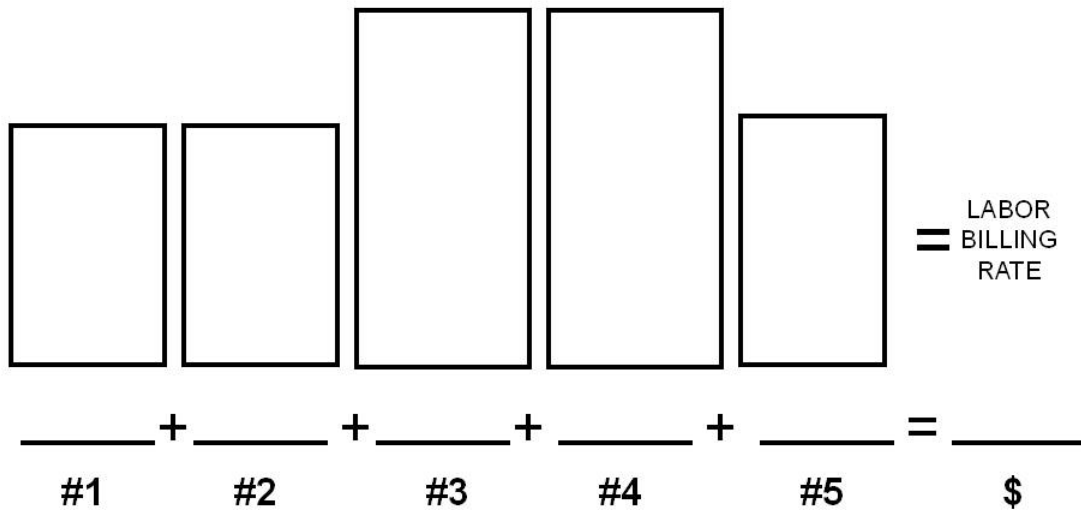
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## The Five Components of the Wage Multiplier Formula

### Retail Service Wage Multiplier Base Wage (\$/ Hr) = X



#### Component One: Technician Base Wage

Using the  $X = (\text{Top Wage}) \times (1.15)$  formula, determine what your company's  $X$  will be. Once you know this number, it becomes the basis of your formula. And you'll enter your  $X$  into this section of the formula.

#### Component Two: 50% Productivity

In an 8 hour day, on average, your technicians will only be 50% productive. Half of their time will be spent driving between calls, sitting in traffic, stopping at the office, or running other tasks. Only 50% of their day, on average, will be spent in the home with customers.

To compensate for this lost time, add another  $X$  into your formula here.

#### Component Three: Overhead attached to the Technician

This category includes all of the overhead costs that are directly related to your technician. For example, this includes items like uniforms, workers' comp insurance, payroll taxes, etc.

Multiply  $X$  by the Clockwork multiplier for your trade.

Component Four: Overhead attached to the Business

This category includes overhead costs that aren't directly related to your technician. This includes expenses such as rent, utilities, fuel for trucks, supplies, etc.

Multiply X by the Clockwork multiplier for your trade.

Component Five: Your Net Profit Before Taxes

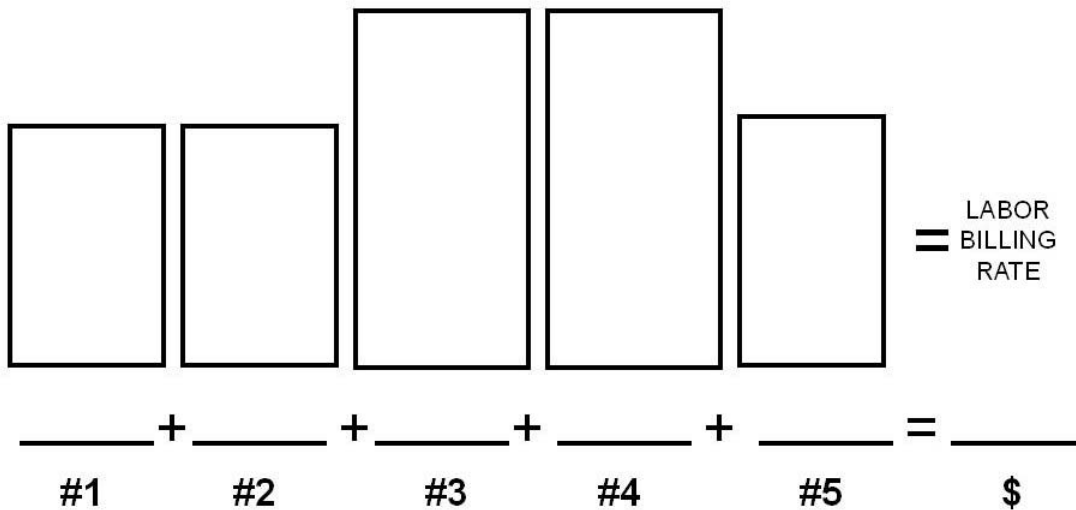
With this last component, you tie your net profit before taxes to the wages you're paying your technicians because the amount that you enter here is tied to X.

Multiply X by the Clockwork multiplier for your trade.

To determine your retail labor billing rate, add the amounts of #1-5.

**Complete this example as you follow the Universal Laws video.**

**Retail Service Wage Multiplier  
Base Wage (\$/ Hr) = X**



X = \$39.13 x 1.15 = \_\_\_\_\_

Component One: Technician wage = X or \$\_\_\_\_\_

Component Two: 50% Productivity = X or \$\_\_\_\_\_

Component Three: Technician Overhead = .5X or \$\_\_\_\_\_

Component Four: Business Overhead = .5X or \$\_\_\_\_\_

Component Five: Net Profit Before Taxes = X or \$\_\_\_\_\_

**Find your official Clockwork Home Services Multipliers here:**

- **One Hour Air Conditioning, Benjamin Franklin Plumbing, and Mister Sparky:** *OpX General Manager's Guide in the Planning & Reporting Tab.*
- **AirTime 500:** *General Manager guide of Instafix in the Introduction of Financial Success tab*
- **Plumbers' Success International:** *Managerial Excellence binder of your Profit Success System under the Financial Excellence tab*
- **Electricians' Success International:** *Instafix guide under the Pricing tab*
- **Roofers' Success International:** *Instafix guide under the Pricing tab*

**Step Four: Combine the Rates**

Example:

$$\text{Part Price} = \$50.29 \times 2 = \$100.58$$

$$\text{Labor Price} = \$180 \times 1.5 \text{ hours} = \$270$$

$$\text{Total Retail Repair Price} = \$370.58$$

If the part price is \$50.29, your retail price would be \$100.58. And if you have a labor rate of \$180 and a task that requires 1.5 hours, you can determine that your total retail repair price is \$370.58.

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**Scheduled Service**

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## **Retail vs. Selling Price**

The idea of retail vs. selling price, this only refers to marketed \_\_\_\_\_ items.

This does not apply to \_\_\_\_\_.

- Your \_\_\_\_\_ price is the lowest price you will accept to achieve your desired profit level.
- Your \_\_\_\_\_ price is the price you publish to the marketplace that includes room to offer a discount or promotion at appropriate times and still reach your profit goals.

Since your selling price is where you earn your desired profit, you should **not** accept pricing \_\_\_\_\_ your selling price point.

Once you know your retail and sales prices though, you'll know the range you can operate in while still earning the profit you have in mind.

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## **Find Your Trade's Replacement Pricing Materials Here:**

- **One Hour Air Conditioning, Benjamin Franklin Plumbing, and Mister Sparky:** *In FranConnect, go to "Library" then "Replacement" and download the document named "Equipment Pricing Formula."*
- **AirTime 500:** *Instafix General Manager guide under the Introduction of Financial Success tab*
- **Roofers' Success International:** *Instafix guide under the Pricing tab*