



Universal Law #1 Pricing

Module Six: Implementing StraightForward Pricing

Once you've made the decision to change your pricing, the next step is communicating your decision effectively to your team.

What message should you deliver to your team?

Everything starts with _____.

Remember, superior business ethics must be at the heart of _____ transaction.

Meeting with your team

During your meeting, you can use an exercise that explains the costs of doing business and where every dollar goes that they collect from the homeowner.

Example of a \$300 service visit:

On that visit, this is how much would go to the cost of sales:

Cost of sales:		
Materials & Subcontract	\$45.37	14.5%
Labor	\$64.17	21.4%
Warranty labor	\$2.67	0.9%
<u>Total cost of sales</u>	<u>\$110.41</u>	<u>36.8%</u>
Gross Margin	\$189.59	63.2%

From that gross margin of \$189.59, you would subtract your overhead expenses:

Overhead:		
Advertising:		
Yellow page ad	\$10.86	3.6%
Direct mail	\$15.00	5.0%
Telephone advertisement	\$1.13	0.4%
Total advertising expense	\$26.97	9.0%
Employee:		
Administrative	\$35.10	11.7%
Training meeting wages	\$2.40	0.8%
Payroll taxes – FICA	\$8.18	2.7%
Payroll taxes – FUTA/SUTA	\$1.07	0.4%
Vacation/Holiday	\$2.85	1.0%
Workers comp insurance	\$2.40	0.8%
Employee group benefits	\$9.62	3.2%
Uniforms	\$0.67	0.2%
Recruiting & Hiring	\$0.90	0.3%
Total Employee Expense	\$63.18	21.1%

Facility:		
Depreciation-Tools/Equip/Furn	\$1.13	0.4%
Building maintenance & Repairs	\$0.08	0.0%
Office equipment lease	\$0.48	0.2%
Shop supplies	\$0.08	0.0%
Company provided tools & supplies	\$0.15	0.1%
General liability insurance	\$2.10	0.7%
Rent	\$1.95	0.7%
Utilities	\$0.75	0.3%
Equipment maint & repairs	\$0.06	0.0%
Telephone	\$2.10	0.7%
Total Facility Expense	\$8.87	3.0%

Vehicle/Fleet:		
Vehicle lease & repair	\$18.96	6.3%
Vehicle depreciation	\$1.50	0.5%
Fuel	\$4.10	1.4%
Insurance	\$1.70	0.6%
Total vehicle/Fleet expense	\$26.26	8.8%

Administrative:		
Permits & Licenses	\$0.75	0.3%
Outside legal/Accounting/Consulting	\$3.50	1.2%
Bad Debts	-	0.0%
Office postage	\$0.30	0.1%
Office supplies	\$0.75	0.3%
Forms/Contracts/Printing	\$1.58	0.5%
Cell phone/Radio communication	\$2.50	0.8%
Credit card fees	\$1.43	0.5%
Travel/Ent	\$0.25	0.1%
Total Administrative Expense	\$11.06	3.7%

What you're left with from that \$300 service visit after subtracting the cost of sales, the \$136.34 in overhead, and the income taxes is \$32.97.

Total Operating Expense	\$136.34	45.5%
Net Profit Before Taxes	\$53.25	17.8%
Income Taxes	\$20.28	6.8%
Net Profit After Taxes	\$32.97	11%

Immediate Impact Imaging (Example Script for Meeting)

“Would you like to work with a company that delivers the best customer service and pays the highest wages?”

“Your company belongs to an international organization – Clockwork Home Services – that helps people in the contracting business. CHS represents some of the best companies in North America, and it provides us with assistance on how to remain the top company in the area or how to become the best in the area.”

“One of the most important aspects of any great company is the people. You are the company.”

“If you are the best technicians in the country and we are the best company in town, would you agree that we should be paid like the best? Would you be opposed to being the highest paid technicians in the area, averaging 15% more than any other company?”

“That’s my goal – to make you the highest paid technicians in the area, averaging 15% higher pay than any other company.”

“To do this, though, we are going to have to change some of the ways we are doing business and start providing customers what they truly want.”

“We want to have the highest paid technicians in the area, averaging 15% higher pay than any other company pays, and deliver the best customer service possible that exceeds all expectations.”

“To be the highest paid technicians, we are going to have to take two steps. The first step is to establish a good first impression by implementing Immediate Impact Imaging.”

Here are 11 actions that we can take today to improve our impression on the client”

- 1. Improve our company uniforms and our personal appearance*
- 2. Use shoe covers, drop cloths and other items to protect our clients’ homes*
- 3. Improve our truck signage so people know who we are*
- 4. Clean and repair our service trucks and vans*
- 5. Improve how we answer the phone*
- 6. Answer our phone with a live person at all times*
- 7. Improve our personal grooming habits*
- 8. Clean up the exterior of our building*
- 9. Clean up our office, shop, and warehouse interior*

10. Post our insurance and licensing certificates
11. Eliminate smoking, tobacco, and drugs from the company.

“Would we offend our customers if we apply all of these steps?”

“Who writes our checks?” (Answer: The Customer)

“To reap the rewards of being the highest paid technicians around, are any of these steps unreasonable?”

“A lot of work went into the development of these steps, and we are certain that these steps will assist in instilling customer confidence in you as the technician and in our company!”

You may well ask, “Why are we going to all this trouble? We are already the best company.”

“The answer is to set ourselves apart from the competition. By doing these things, we will virtually have no competition:

- *Shoe covers, or “floor savers”*
- *Clean, fully stocked trucks*
- *Higher standards than building code installation*
- *Workmanship training*
- *Drug free employees*
- *Criminal background checked employees*
- *Superior guarantees*
- *Superior response times to calls*

“Our true competition is the customer’s view of our service compared to what they have seen on a daily basis.”

“Look at these companies who have taken service to a higher level:

- *Federal Express*
- *Nordstrom’s*
- *Saks Fifth Avenue*
- *Fine restaurants in your area*

“It’s time we did the same.”

“Remember, all we really have to offer our customer is service!”

“How we get there is by offering the customer consistent pricing coupled with our already high-quality workmanship. In this way, when a customer gets a price from us for the same job her neighbor just had done, the price is the same, which

instills customer confidence in you, the technician, and in our company. If we should run into any pricing problems, having our consistent pricing will help to handle those situations. Companies using standardized pricing report a great decrease in customer complaints. To create this level of service, I need your help. Can I count on you all to help me?"

How to Implement StraightForward Pricing:

- **On DAY 1, do the following:**
 - Prepare for your meeting by having photo copies of the StraightForward Pricing Guide to hand out for practice, but collect these from the technicians after each training session.
 - Gather your technicians, and ask them to bring their invoices from the previous day.
 - Explain that this is a price book that other companies across the country are using that is easier to use and understand.
 - Let them know that we are going to look into it to see if it will make our job easier.
 - Ask your technicians to name the most common repairs they perform and list them on a board or flip chart.
 - Then, hand out the photocopies of the guide
 - Ask them to find the common repairs they listed in the guide and write those on the board beside the repairs they gave you
 - Ask for an invoice from a technician to use for an exercise and explain the work that was performed on that job.
 - Ask your technicians to use the guide to determine what they would have written up on this particular call
 - Close out Day One by saying something like, "Thank you for your help today. I would like to continue analyzing StraightForward Pricing with your help, so tomorrow morning we'll dig into the pricing a little deeper."

- **On DAY TWO you would:**
 - Open the day by saying something along the lines of, “Thank you for joining me for a closer look at StraightForward Pricing. We made some great progress yesterday and I’m excited to build on it with your help today.”
 - Ask your technicians to bring their invoices and hand out the photocopies again.
 - Ask them to run the same exercise from yesterday on their own invoices
 - Ask the techs what they arrived at, and if there are discrepancies, find out what and why. Ask the majority why they arrived at their answer, and have them share with the team how they arrived at the price.
 - Collect the copies of the guide and the practice invoices
 - Close the day by saying something like, “Thank you for all of your help today. You can start to see how this system is going to make a huge difference, and tomorrow we’re going to look at the invoice that’s going to make all of this even easier.”
- **On DAY 3, you would:**
 - Conduct the same meeting, but now, introduce the new StraightForward Pricing invoice.
 - Practice filling out the StraightForward Pricing invoice by having your techs transfer the information from the existing invoices to the new invoice.
 - Ask the techs what they arrived at, and if there are discrepancies, find out what and why. Ask the majority why they arrived at their answer, and have them share with the team how they arrived at the price.
 - At the end, collect the guides and invoices again.

- **On DAY 4, you would:**
 - Identify which technicians are the least resistant or most optimistic about StraightForward Pricing.
 - Run the same exercise with all the techs for two or three more days
- **On DAY 5, you would:**
 - Continue your training with all of your technicians.
- **The following week:**
 - Have the technicians you identified watch the StraightForward Pricing videos online at your SGI group website or your franchise's Clockwork U page.
 - Have them create a credibility statement and role play it.
 - Have them role play using the guide with the new invoice.
 - Have these identified technicians run calls using the guide and the new invoice.
- **Two weeks later:**
 - Continue training all of your technicians on the guide.
 - Have the identified technicians share with the team how much easier this system is to use. This will create a desire in the rest of your team to use the guide.
 - Have everyone watch the online videos.
 - Once your technicians can effectively role play the presentation, they can earn the right to use StraightForward Pricing.
- **Three weeks later:**
 - Run exercises to ensure consistency on pricing jobs by giving the details to a job and asking your techs to price it. This will help ensure that your team is using the guide consistently.

Mastering the Presentation

To get comfortable with the StraightForward Pricing Guide, technicians should _____ presenting the book to clients because practice definitely makes perfect.

The process of presenting the guide begins with your technician developing a _____ statement to use at the beginning of the call, just before bringing out the guide. Their credibility statement would be something like:

Mrs. Jones, I'd just like to share a little about my experience with you. I've been in the industry for the past nine years, and I could have chosen any company in the area to work at. But I'm proud to be part of Widget Services and I choose to work here because of this StraightForward Pricing Guide that is designed to save you both time and money.

With the Credibility Statement, the technician establishes their credibility and experience and informs the client that they value the client's time and will help them save money.

Presenting the guide should be done with the _____ hand.

Open the book to the page with the pricing levels and hold it with your index finger even with the _____ pricing level.

With the pricing guide held up so the homeowner can see it with the technician's finger at the highest level, they should present the guide by saying:

Mrs. Jones, your repairs today will fall into one or more of these levels.

This method:

- Establishes that it's not your technician that is setting the prices; it's the levels in the guide.
- Sets the expectation that they may have work from more than one level for their home today.

Your StraightForward Pricing Tools

- Success Academy courses (www.yoursuccessacademy.com)
 - Events such as SGI Summits and Expos or Franchise Brand Dominance and Congress where you can meet with your fellow members and learn how they are implementing the pricing.
 - Manuals and materials, such as Instafix or OpX
 - Online training or videos on your affinity group's website or Clockwork University
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Mastering StraightForward Pricing also involves putting in the effort and practice to become comfortable with the guide. Mastering the guide can include using:

- _____ where technicians can learn from other technicians or where managers can verify that the guide is being presented properly.
- _____ with team members to polish your script and become comfortable with the wording and mechanics of presenting the guide.
- _____ boards to provide peer pressure and incentives to technicians to learn the guide and present it properly.

When your team is comfortable with StraightForward Pricing, you'll see their job satisfaction, their results, and your bottom line increase dramatically.
