

I have written this primarily for those of you who come and ask "How much should I charge". Also for those with the dilemma of Hourly or Sq ft rate. And for anyone else that might wonder what goes into a price. My info here is in no way complete but I hope it can serve as a starting point for some & general enlightenment for others. It's long but there's no way to get around it & get a message across.

HOW MUCH SHOULD I CHARGE?

Hopefully if you read all of this you will realize that very few people if anyone can give you an accurate figure & that if someone did give you a figure it would probably be incorrect & it would be pretty dumb to use a rate that anyone would tell you.

Following is an example:

What if I asked you to tell me how much to charge to clean 75,000 sq ft of sidewalks at a strip mall? How much should I charge?

Get a price in your head before you read on.....

Ok, now the variables on the job:

- The area where the property is has a population of 400,000 in 30 sq miles with an average household income of \$70k
- Average tradesman employee salary is \$12.00 per hr.
- Regular gas is at \$2 per gallon
- The Property Manager requires a \$5m \$10m business insurance policy & a \$2m \$4m vehicle policy.
- The property is in a low income / high crime area of this population.
- It is neglected with approximately 3 pieces of gum per sq ft & heavy walkup stains & heavy mildew throughout the property.
- I have to clean columns as well which are aggregate block 16" x 16" 12 tall, with heavy algae build up some areas. There are columns every 12 feet for a total of 156
- I also have to clean under canopy which is 1875ft long by a 15ft overhang 12ft high with a 16ft high peak.
- The sidewalks dimensions are 1875ft x 40ft
- There are 15 storm drains which will need to be capped & water pumped away from.
- There is only one water supply & it is 20ft back on the side at the north end of the property & only had a 5gpm flow at the spigot.
- There is an 8" curb face along the entire 1875ft that must be cleaned too & there is a 1" gap between the face & the curb.
- The property is under renovation & the parking lot has been freshly seal coated jet black. Along the 1875ft of sidewalks is the driving area which is approx 30 wide. (MUST BE RINSED)
- There is a bar on one end & a movie theater at the other & are late night restaurant in the middle. Thus I probably cannot start the job until perhaps 1am. There is also a gym at one end & a supermarket at the other which open at 5am & 6am, which means that those areas I will to navigate around at off hour times.
- The sidewalks are standard 4000 lb concrete but are apparently chalky
- I'm a fairly new pressure washer. 2 years experience

- My pressure washer is an 11hp 3000 4gpm
- My heater is a little hotbox only capable of giving the incoming water a 40 degree rise in temperature.
- I have a 225g tank, 200ft of pressure hose & can attain as much garden hose as needed.
- I use Purple Stuff as my soap

Now that you know some of the variables, how much do you think I should charge? Is it even close to what you initially thought? It is described in this way in an effort to get people to understand that prices are very different for many different variables. You can forget trying to price this job by the hour, unless of course you were selling it by the hour after the job was completed but that isn't going to fly too often. This job must be done by Square footage pricing along with piece-rate, piece-rate being \$X per column, \$X for the drains. Now in the Square footage assessment of this property \$0.01 cent goes along way. \$0.01 = \$750. So a cent to little & you may lose money, a cent too much & you may lose the job. And that's only a cent, what if you bid it 2 - 3 cents to little, 3 cents & were now talking about \$2,250, that isn't chump change. It all depends on your particular market, the property, & the contractor. So when someone asks "How much to clean a strip mall with 75000 sq ft" How on earth can anyone give a correct answer? I've seen many, many people ask "How much should I charge" But NEVER have I seen anyone give even a quarter of a description of the property as I did above. Many times when I have seen that question, I have seen people blurting out answers, answers that are more than likely incorrect for the contractor seeking a price.

Asking someone here for a DOLLAR amount to charge & using what they say would be like asking someone you don't know for investment advice & then using it. It'd be dumb. I could tell you to dump all your money into XYZ Company, when I don't know jack about XYZ Company & they may go under any day, thus you'd lose your money.

CHARGE BY THE SQUARE FOOT NOT BY THE HOUR

ALWAYS price by the SQUARE FOOT &/OR PIECE-RATE, NOT BY THE HOUR - Some people use an hourly rate to figure pricing, this is simply wrong. If you have experience in doing the jobs then you will know how many square feet you can clean per hour. If you know how many square feet you can do per hour under what conditions then YOU WILL NEVER GO WRONG WITH CHARGING BY THE SQUARE FOOT. Once you find your rate, NEVER drop it to accommodate your increased speed. You will eventually get faster, Starting out you may get 700ft an hour, one day you will get to 3000ft an hour, this speed increase is your RAISE & your compensation for the equipment & it's tailoring to your profession. *It really pains me when I see guys that drop their rate because they increased their speed, that increased speed is my gravy!*

When you start out in this business it may take you 2hrs to do a driveway & you may get \$100 for the job, so you made \$50 an hour. If you charge by the hour then as you get faster you make less money than when you were a newbie. That same Driveway you can

now do in 30 minutes, 1/4 of the time, would you then charge only \$25 for it? I hope your answer is an astounding NO! For some people it is yes though, why? Why in the world would you only charge \$50 or \$25 for a service that when you were new & stupid in the business you had gotten \$100 for? Again I'll say, there are people who do it. How stupid is this, in effect they are lowering they're prices for they're superior knowledge & equipment? Mind Boggling isn't it! Our experience is where we get our raise, charging by the hour you will lose that raise.

By the way, that \$100 driveway that took you 2 hours, which now only takes you 30 minutes. Well now you can still charge the same \$100 for the job & you're making \$200 an hour!

BIDDING A JOB DEFINED-

Bidding any cleaning has tons of variables. Following are a few of your fixed variables. *There is more than this. This is just to give you an idea of what goes into a price.*

General Business

- **Area Demographics** This is probably the most important factor in pricing. Demographics tell you what the market will bear. A contractor in Los Angeles will get more than a contractor in backwoods Tennessee simply because cost of living is much higher thus incomes are much higher. Where it's more expensive to live there are higher incomes & the economy is self adjusted to this fact. Thus if you live in LA & get pricing help from someone in Backwoods Tennessee your probably going to go bankrupt. Demographics include things like: Income, Property Values, Population Count, Population Density, and Industry.... These are very important factors for setting prices for your area.
- **Competition** What your competitors are charging is an important factor. You can only charge so much more than your competitors before your prices become astronomical to customers this goes the opposite way too, charge to little & many customers will think you are too cheap.
- **Water Recovery issues** In some area it is mandatory to always recover water from any project, thus adding to the cost of the job.

Overhead Expenses:

- **Payroll** differs with areas, standard pay in backwoods Tennessee is not going to be the same as LA thus payroll reflects greatly on the end price. I may be able to hire competent help for \$10 an hour but for you it may be \$20 an hour. *Thus my pricing will not be adequate for you.*
- **Real Estate prices, Rent** Real Estate differs from city to city, county to county & state to state. What you "HAVE" to pay for a location is another expense that reflects in your price & it's a variable that changes from town to town. Thus, how can anyone give you pricing unless they are in the same exact demographic area as you.

- **Workers Comp** Workers comp can differ from state to state. It's a real expense that directly affects the cost of your services. For some it is mandatory for others it's not.
- **Insurance** Again a variable that is not carved in stone. What requirements one contractor has may differ from another.
- **Fuel Prices** Can be a significant difference. I'm in Florida; on average fuel here is \$.15 a gal cheaper than in California. A busy company can easily burn through 200 gallons a week on one rig. Yeah, that's only \$30 bucks a week per rig but add that to other cost differences & it adds up.
- **Marketing & Advertising Cost** Again, varies from place to place. Greatly in some cases. Yellow page add in Backwoods Tenn. may only cost you \$150 a month but in LA the same add could cost you \$850 a month. Add in other mediums & this gap could get pretty huge, via Coupon Circulars, Billboards, TV spots, etc... Your best high profile media's will have significant price differences from place to place. Just for a test what are people here paying for Yellow page adds. I pay \$600 a month for Dollar bill size 3 color adds.
- **Branding:** Branding is incredibly important in pricing. Branding is how you have marketed your company & how it is perceived by the customer, it's about the buzz. Examples of branded companies would be like Tylenol, Caress, Irish Spring, Meineke Mufflers, Carpet Masters, etc. These are examples of large companies but think about companies in your area that are small but are well known. These well known companies are branded as industry leaders in your area whether you realize it or not. A branded company will always get more \$\$ for their services "on average" than the unheard of companies. The more recognizable your company is the more you will get for your services. It doesn't matter than I can get a new muffler for half the price at Bob's Muffler shop; I'm going to Meineke because I can trust them because I know the name. I've never heard of Bob's shop he'll probably break my car in some way. It doesn't matter than I can get XYZ syrup for my pancakes I'm getting Aunt Jemima's because I know that smiling head-wrapped lady on the bottle must have the best syrup.

The Contractor

- **Experience** Experienced contractors will undoubtedly be faster than newbie's.
- **Equipment** The longer you are in the business the more you will adapt your equipment to what you do.
- **Business Plan / Marketing Plan** Affects your pricing significantly. Reason: There are many ways to attack any business. Your Biz & marketing plan are outlined for your own strategic offense to your market. If I wanted to be a house washer for instance my Biz & marketing plan would reflect this. In this I would allot \$X amount of money to this plan to brand my companies name in the House Washing market. In this effort I would expect a significant premium for my services.
- **Contractors "Individual" Level of Cleaning Quality:** Does the contractor do a thorough cleaning on 100% of every job, or does the contractor do a good job on part & just blow off the rest. This is significant when bidding against others & in setting your prices. If you do a great job & they do a fair job why would you chase their pricing? It's comparing Apples to Oranges.
- **Contractor Sales Ability** This one is HUGE!!! It is THE most important to setting YOUR OWN prices in YOUR area. Whether you are selling your own

service or have a sales person. The ability of the seller is all the difference in the world. A seller that is dirty unshaven or unkempt in any way will not sell as much as his identical knowledge counterpart who is clean & neat. This doesn't mean that a shower & a shave are going to make you a good seller.

A seller must have a good working knowledge of sales, A good seller knows that a no does not mean pack your stuff & go to the next prospect. A good seller knows that the first objection is not the real objection. A good seller will close at least 5 times (I think its 5) before giving up (that's based on customers calling you, not cold calling). A good seller builds rapport with the customer before moving in for the "Yes". A good seller gets a lot of little yeses before going for the big one.

Your company's sales ability has EVERYTHING to do with the price you get for your services & the success of your business. Too many companies are just order takers, laying down a low price looking for a quick signature. A little sales skill can net you an additional 25% 50% even 100% on a job.

I find it funny & pathetic when I see guys out there that are flat out busy as hell & still lowball. The busier I am the more I charge. I maintain a 1 in 5 closing ratio on call in's most of the time, it's not because I am a bad salesman, it's because I charge high & 1 in 5 is where I want to be, I have adjusted my pricing to get 1 out of 5. If I want 1 out of 3 I would just lower my price accordingly (which would still be more than most of my competition, I sell well!). If I get my phone to ring 100 times I am guaranteed 20 new jobs.

Here's a little Selling breakdown for you to gnaw on. Say you can do 20 jobs a week. Say the jobs are \$100 each with a closing ratio of 1 in 3. This means you need your phone to ring 60 times to get the 20 customers say at a marketing cost of \$15 (\$5 for the ring, \$10 to do the estimate) per ring. It will gross you \$2,000. Figure your actual job cost to be \$50 a piece so you will net \$1,000 after job cost less the \$15 a ring for the 60 rings = \$100 that week.

Now increase your price %40 to \$140, your closing ratio WILL drop, to say 1 in 5. Now you have to get your phone to ring 100 times for the 20 jobs, but now it will cost you more marketing dollars to get the phone to ring more times, but it is still just \$15 a ring. Now, the same 20 jobs will gross you \$2,800 at the same job cost of \$50 each so you will now net \$1,800 that week less the \$15 a ring for 100 rings, which means you now made \$300 that week. 200% more than with the 1 in 3 closing ratio. *The Moral of the story here is, "It's pays to get no's!"*

These are just a "FEW" of the items that go into a price. Grant it, some are seems less of than issue than others but when added to the other lesser issues they tend to add up.

Job Variables

When pricing there are several critical job variables to consider. These are all dramatic when considering the price since these variables change from job to job. This is focused on commercial flatwork but it should give anyone in any field an idea of what goes into a price

- **Gum?** Lots of gum = lots of time
- **Mildew?** Heavy mildew can take more time to clean
- **Estimate last time cleaned?** The longer it's been since it was last cleaned, the longer it's going to take to clean it this time.
- **Obstacles?** Columns, Planters (*(Plants can really hurt buy causing you to try & not blow out all the bark ground covering & when you do you have to clean that too)*) Columns can significantly increase your time on the job even though you may not have to clean them, merely from the fact that you will have to work around them threading your hose in & out, & in & out. A job 2000 ft long with a column every 20 feet may take a few hours more time to complete than one with no columns. This can have a greater impact when it's a job that you "should" complete in one day but will now require a 2nd day because now an extra 3 hours of working around columns becomes an additional 5 - ... hours because of breakdown, setup & driving time.
- **Water availability?** You need water & lots of it. If you are cleaning a property that's 2000 ft long & only has 1 water supply on one end it's going to be tough going especially if it's a spigot with a low rate of flow. 5 gpm at the spigot will only be maybe 3 or 4gpm at the end of 400 ft of garden hose thus in most cases you will require a significant tank. In addition you will only be able to run one machine at a time or you will beat the tank too often. (*unless you have a really big tank*)
- **Hours of operation?** Movie theaters, restaurants, & bars can inhibit your working hours. Working around these places can be time consuming & sometimes this needs to be calculated into your pricing since it can add up several hours to a job trying to work around these open & often busy establishments. Hours of operation are also affected by what's near your property, for instance if the property (or part of it) is next to a residential area you will probably not be able to work in the wee hours of the morning due to noise ordinances.
- **Location of property?** Is the property near a residential area? If so you could find your hours of operation even more limited. I was run off by the cops more than once in my early days for breaking noise ordinances near residential areas, and was levied a \$250 fine for it once.
- **Concrete type / condition?** Fiber mesh can be slower to clean than standard crete. Reason is that fiber mesh is softer than standard thus you will need to drop pressure &/or increase technique or you'll stripe the it. In addition gum removal takes more finesse since the concrete is softer. Rookie gum removal can cause divots, so cleaning & gum removal takes more time & time = \$\$\$. There are other concrete variables too general hardness, age *the older the pour the harder the crete usually,* porousness,
- **Curb Face** Will you need to clean it? 9,800 lft of curb face cleaning could add hours to the job if it's bad. Can make rinse harder too if where the curb face hits the tarmac there is a space. In that space is a boatload of dirt dying to come out & into your face. This dirt may need to be rinsed away across the driving area (*especially if it's seal coated*)
- **Is the parking lot Seal coated?** If the parking lot has a nice fresh looking "super" BLACK seal coating on it, it can add on half again the time it takes to do the job for you will need to fully rinse AT LEAST the driving lane across to the parking area or it will leave a nasty white residue on the area. And if you do not do this you will quite possibly find yourself back at the place using your surface cleaner on the entire drive thru area & possibly more!!
- **The dimensions of the property?** If a property is 75,000 sq ft the amount of time will differ depending on how that 75k is laid out. If it's 5000 ft long by 15 feet wide, you will move quicker than if it's 1875 by 40. The reason lies in the rinsing issues, in most cased you cannot allow a surface to dry before rinsing since many types of stains will re-adhere. In addition you will have more solids to push off the cleaning

surface at longer distances which will also slow you down. You might think it's the same difference either way but it isn't. The wider it is, the further it is to push the water off the more you will have to push, plus it will reduce the span which you can clean at one time this will cause you to actually have to rinse even more since you will find that you need to rinse the solids off the area where you will resume with your surface cleaner. Example: If you can only clean 800sqft before you begin to dry, on a 10'wide sidewalk you can span 80' prior to needing to rinse. But on a 40' wide walk you can only span 20'. If you have to rinse off 3 feet of your new work area then you will be rinsing several hundred extra feet on the 40' walk. Plus, as I said the rinse will contain a heavier load to push off across the 40ft.

Parking areas can be the worse. Huge square areas say 200 by 200' can be fairly brutal to deal with especially if you have no way to pick up the water & are forced to push all the messy water to certain locations.

The above is tailored for the flat washers. If your trade is something else just sit & think for a few of what your variables are &/or will be. Most things will have significant variables. Whether it's just a matter of how dirty they are compared to others. Or things like the pitch of a roof, age of the shingles. Type of soot going up a vent hood, type of cargo a truck is carrying, where the truck routes to, these are just to name a few. Think about it, look at your target market & see where things are going to change from job to job or place to place. Water issues, incomes, hours of operation (*in some neighbor hoods you are limited to the hours you can work, this may affect you in more ways that you realize. For instance a job in an area like this you would not want to start after a certain time thus it may need to be a 1st job of the day*) Hours of operation can nip anyone in the bum too, if a trucking company wants trucks washed after hours & they are next to a residential area then you will need to cease operations around 10pm, maybe earlier.

When I bid a job I take all of the above into consideration & bid accordingly. I don't have a price sheet, I have a Price Book. I charge differently for up to 1000sqft, 1k - 3k sq ft, 3k - 5k sq ft, 5k - 10k sq ft, 10k - 20k, 20k - 50k, 50k - 100k & then I have different multipliers I use for each of the "Job Variables" above if they exist & I have variables for those variables. For instance Light Gum, Medium Gum, Heavy Gum... All set forth a different rate because the different conditions effect the overall time I will have in the job.

There it is in a nutshell, nearly all you need to know to price a job!

Now however you are still wondering, what the hell do I charge & how do I figure it out. Well, that's pretty easy to answer. Do Research! See what others are charging in similar fields. Similar fields are not necessarily pressure washing people or painters. Similar fields are nearly any blue collar profession. Auto Mechanics, Masons, Electricians, Fabricators, Framers, Roofers, etc... All these companies will be similar in \$\$\$\$. An auto shop will charge \$X per hour for labor *depending on the area, remember DEMOGRAPHICS* Auto Shops are actually a prime example of it too. They refer to their book & see a job takes 4 hours, their labor rate is say \$65 an hour but the job, for an experienced mechanic, only takes 2 hours to complete. They still however charge you for 4 hrs @ \$65 an hour; in reality they are making \$130 an hour! This touches on what I mentioned above about charging a rate & not lowering it due to your increased speed.

Those trades mentioned in the paragraph above will also provide you with a base of

reference for your eventual payroll as well, if you want good employees that is. In my area helpers in those fields will make around \$8 - \$12 an hour, thus I have to pay my helpers the same. Leads will make \$12 to \$16 an hour thus if I want competent leads I need to pay the same. I have several times seen on the boards where people say they charge, or tell others to charge \$25 - \$35 an hour for their services. If I took this advice where would I make money having to pay say \$15 an hour to a lead & \$10 to a helper? That \$25 an hour that some suggest would not even cover my labor. Even at \$35 an hour I would still lose money. Yes I realize that that \$25 - \$35 may be meant as "man hours" but- 1. They don't say it that way so some WILL misinterpret it & 2. Even at \$35 per man hour I still won't be able to get the latest Reeboks for my kid!

Anyway, look around at the trades in your area. You are worth at least what they are. If you're green with no experience then you'll need to charge more. Once you have a figure in mind you need to have an idea of what you can do. Divide the hourly rate you decided on by how many square feet you can clean per hour & that will give you a starting point for a square footage rate. From there you can tweak the price for the variables of the job. Small jobs you tweak it up, huge jobs you might tweak it down. As you get faster you will see your hourly income increase with the same square footage rate, just as a Auto Shop charges \$65 an hour for a job but really gets \$130.

Another way to price small jobs & items is by "PIECE-RATE". I have set piece-rate for many things that I clean. Saves time on small stuff. For instance I charge \$XX.XX for average driveways. I don't care that they may be a couple hundred sqft bigger sometimes. My flat rate takes that into account, it's set to clean "up to" 1000 sqft & make good money, anything smaller is better money. I do this because it's more cost effective. Anytime it takes me to measure the job it time lost. On my rate though, I do add for the variables, with driveways the most common is simply level of dirtiness/mildew. If it's really bad I'll add in a few bucks. *I use rate for things like Driveways, columns, heavy equipment, screen enclosures (for these I have a rate sheet for variables like uprights, purling, chair rails wall height etc..) columns, patios etc... For the most part I use it for all the little stuff, with exception on screen enclosures - however for these my rate sheet is better than square footage pricing since it allows for more structural distinctions)*

The math to figure out a price structure is the same no matter what you do. Figure out a starting Hourly rate, based on your local trade businesses & divide that into your projects math. Math being, How many trucks can you clean an hour, how many linear feet of home (different for 1 story & 2, etc...), how many backhoes per hour, how much roof space per hour, etc... Once you get a rate NEVER lower it unless you can't compete.

The above method is more for the newbie contractor than the veteran. For veteran contractors I'd suggest you find the average rates for service in your area as suggested above & then multiply that times 1.5 or 2 for what you should be making.

Adjust down from there to find your price. Remember that a major part of getting the contract signed is SELLING! If you're not selling you're not going to get the money! I once had a guy tell me that I wouldn't get any new business around here because he had already gone to everyone & tried. I chuckled at this for many reasons. There are many reasons this could happen. The first that came to mind for me was that the guy desperately needed a shower & a shave. People buy the sales person as much if not more than they buy the service. An average salesperson with a respectable understanding of "sales", closing the sale, writing the sale, building rapport, delivering the pitch, has an average 1 in 3 closing ratio in America. So, if you train yourself in sales you should be able to do the same. If you're closing 3 out of 3 you're asking too little. If you're closing 1 out of 6 you may either

be a bad sales person or asking too much, or perhaps you are busy all the time & selling just right to attain a premium price for your service. When I get swamped I've jacked up my price %100 percent before, I've lead my closing ratio to as high as 1 in 10 on call ins. 1 in 10 isn't bad for double the money!

On the surface many of us make similar money. But in reality it's quite different.

Just a Note;

"IF you can't price it, you shouldn't be doing it"

Start small, small jobs are easy to bid, there is plenty of room to screw up. From small jobs, work your way up, you'll learn as you go what to watch out for & how long what takes. In time you will acquire the knowledge to bid larger jobs; it will be when you have gained the necessary experience & are ready for it. Don't be in too much of a hurry to get to the big jobs as enticing as they may be because doom lurks in them in more ways than you can imagine. When you underbid a job you lose money & your competitors lose money, the only one who makes money is the customer & there the ones that are supposed to be paying for it.

Cody

PS Anyone that makes it through this that has anything to add to it please yell. I know this is still very lacking in painting the big picture or pricing. I've had this on my system in works for a pretty long time now & it's not done by a ways, hopefully one day I will finish it & post it on its own little webpage. Then whenever someone asks "How much should I charge" you can clobber them over the head with a hyperlink to it & say there ya go!

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