



How to Price Your Trades Services for Profit:

Checklist + Spreadsheet!



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Introduction



Whether you've been in business for a while or are just looking to start your own plumbing company, it's always good to analyse your service prices and make sure you're not undercharging and putting your business into debt. When calculating how much should you charge, make sure to include the following:

Note:

Don't forget to take a look at the spreadsheet too! You'll be able to input your own numbers and use the existing formulas to get an approximation of how much you should charge your customers per hour and per work order.



The Checklist



Calculate average yearly living expenses in YOUR area. Big city livin' comes with big city pricin'!



Calculate your yearly business expenses. We've listed the main costs in the spreadsheet at the bottom.



Figure out your taxes.



Number of billable days in a year.



Use the formula $L/[H * (1 - T)] + B/H$ to determine your base day rate, as follows:

Yearly Living Expenses = (L)

Yearly Business Expenses = B

Total billable days/year = H

Total Taxes (%) = T

*Your Day Rate = $L/[H * (1 - T)] + B/H$*



Now that you have your daily base rate, calculate what 5-10% of that means and add it to the sum to get your base rate + profit. You can further divide the number by the amount of hours you want to work each day and get your hourly charge as a result.





On a different sheet, make a template for the most common job costs and a list of every item that goes into getting it done, down to disposable plastic slippers.



Optional step! Write down the price of spare parts your suppliers have offered you and add 1-3% of the sum then add the final number to the base price + profit.

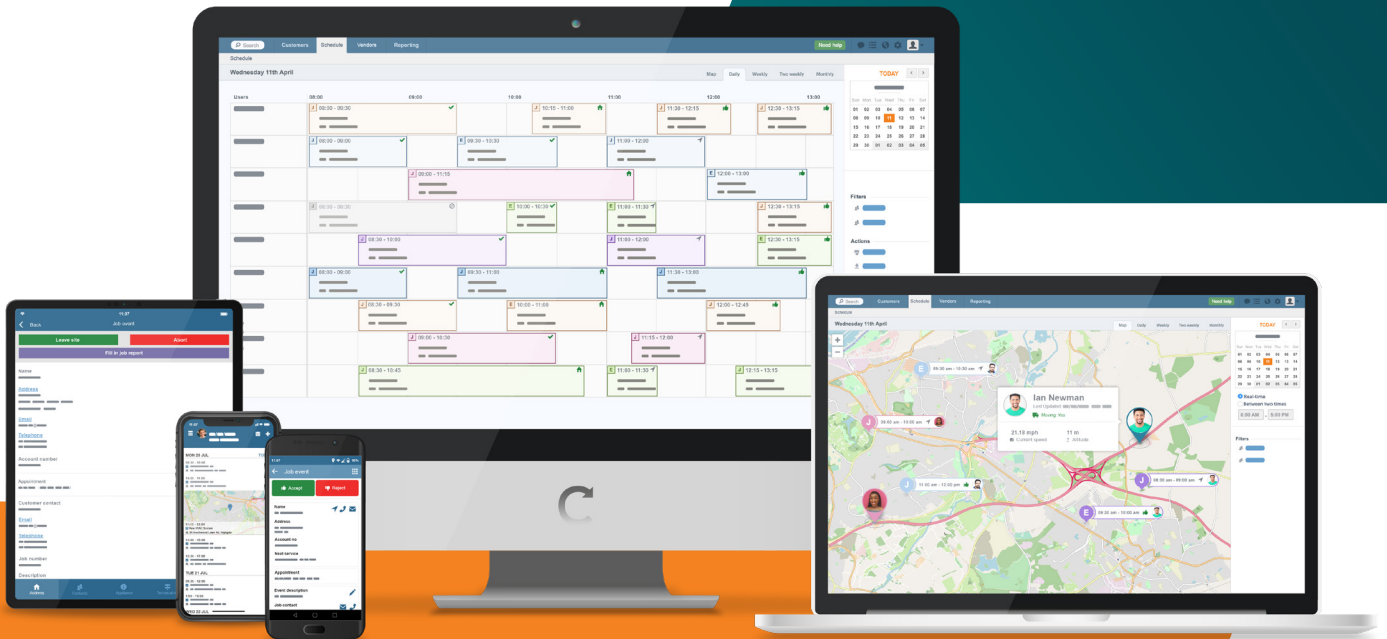


Make another list with areas where you can save cost or afford to incur a loss but keep this as an emergency only strategy then add all the savings up and you'll have your minimum price for a job that will still cover your own costs.



Final and most important tip: don't make it a fight to the bottom. A fair customer will pay a fair price for quality work as long as it all adds up.





Eager to see more? Discover how you can track job costs and evaluate profitability per job by using Commusoft!

Discover Commusoft

