



# The Art of Pricing Profitably



- What is your hourly rate(s)?
- What is your minimum break even yearly/monthly/weekly?
- How much do you pay yourself as an “employee” of your company?
- Total invested in your company? If you had to start from scratch tomorrow what would it cost?

## Fixed pre-sale operating expenses

Category	Cost	\$	Category	Cost	\$
Building	Rent	\$75,000.00	Vehicle	Registration	\$225.00
	Liability and asset coverage*	\$20,400.00		Insurance	\$6,500.00
				.55 per mile sales	\$16,500.00
	Maintenance	\$1,200.00	Association /Education	CMA, AWI,ASID,AIA, NAHB, NARI	\$500.00
License/permits	Business license	\$150.00		Rotary/Lions/BNI	
	Fire inspection	\$250.00		College courses	
	Spray booth	\$250.00		Specialty Training	\$1,200.00
Utilities***	Electric**	\$3,600.00		Software maintenance costs	\$1,500.00
	Heat oil/gas**	\$600.00			
	Security		Services	Lawyer	\$2,500.00
	Dumpster**	\$720.00		Accountant/bookeeping	\$15,000.00
Communications	Phone(s)/Fax	\$780.00		Marketing	\$18,000.00
	Cell phone(s)	\$600.00	Insurance	Owner WC and/or disability	\$750.00
	Web host	\$180.00		Owner Life	\$1,970.00
	Internet Access	\$1,800.00		Owner Health	\$4,800.00
					\$174,975.00

## Variable expenses (proposed 12 month sales forecast in pipeline)

Category	Cost	\$	Category	Cost	\$
Employees	PAYROLL	\$506,708.00	Maintain	Sharpening Service	\$1,200.00
	FICA-SOCIAL SECURITY			Booth Filters	\$450.00
	FICA-MEDICARE			Maintain Fire Suppression	\$600.00
	FUTA			Forklift propane & Maintenance	\$700.00
	SUTA			Equipment rental	\$500.00
	WORKERS COMP			Locksmith	\$125.00
	HR			Chemical waste	\$1,800.00
	Subcontractors	\$32,500.00		Water Cooler/ food	\$1,200.00
	Health Insurance		Marketing	Entertainment	\$3,600.00
Utilities	Electric***	\$8,400.00		Biz Cards, brochures, mailers,ads	\$1,000.00
	Dumpster***	\$1,344.00		Tradeshows	\$0.00
<u>Vehicle expenses</u>	Fuel	\$7,500.00	Office supplies	Postage	\$100.00
	Maintenance	\$7,000.00		Consumables read note****	\$1,800.00
	Parking/Tolls/Tickets	\$500.00	Banking	Checks, deposit, ledger	\$100.00
	Mass Transit/Taxi	\$150.00		Fees	
	Airfare	\$500.00		Shipping (office)	\$300.00
	Hotel	\$500.00			
					\$578,577.00

How many of you know how much you have invested in your  
Operation and charge every customer to recoup that investment?

If you do not know what you have invested and you do not charge customers.  
for the investment how do you get paid back your principal investment costs?

Annual Inflation rate	2.17%
Monthly rate	0.18%
Asset/Investment amount	\$894,500
5 Year Standard Business Calculator	60
<b>Monthly Value</b>	<b>(\$15,736.84)</b>
<b>Gross Investment Value</b>	<b>(\$944,211)</b>
<b>Yearly Value</b>	<b>(\$188,842.13)</b>

Item Name	Replacement Value
Forklift	\$ 10,000.00
Cleaning	\$ 2,000.00
Racks	\$ 17,000.00
CNC	\$ 130,000.00
Bander	\$ 65,000.00
Vehicles	\$ 30,000.00
Software	\$ 30,000.00
Panel saw	\$ 10,000.00
Benches +smalls	\$ 30,000.00
Rip saw	\$ 10,000.00
Jointer	\$ 5,000.00
Planer	\$ 10,000.00
Moulder	\$ 55,000.00
Bandsaws	\$ 6000.00
Automated cutoff	\$ 45,000.00
Dual head	\$ 35,000.00
Shapers	\$ 15,000.00
Doweler	\$ 3,000.00
Pocket screw	\$ 5,000.00
Sanding tables	\$ 8,000.00
Edgesander	\$ 2,500.00
Hinge	\$ 1,000.00
Tooling	\$ 75,000.00
Booth	\$ 75,000.00
DC	\$ 70,000.00
Labor setup	\$ 100,000.00
Install setup	\$ 20,000.00
Office	\$ 10,000.00
Air system	\$ 10,000.00
Brand	\$ 10,000.00

Current replacement value if you had one month.  
 How much would it cost to replace everything you have?  
 Burned to the ground and you had to reinvent your brand?

## Owner(s) as an employee pay

	<u>Hours per week</u>	<u>Yearly Salary Value</u>	<u>What you are worth</u>
<u>Upper Management</u>			
CEO/COO/CFO	10 0.025	\$150,000.00	\$37,500.00
	0.025		\$0.00
Middle Management	0.025		\$0.00
Marketing	1 0.025	\$75,000.00	\$1,875.00
Sales	8 0.025	\$90,000.00	\$18,000.00
Engineer	2 0.025	\$65,000.00	\$3,250.00
Estimator	4 0.025	\$55,000.00	\$5,500.00
Project Manager	20 0.025	\$80,000.00	\$40,000.00
	0.025		\$0.00
<u>Physical Labor</u>			
	0.025		\$0.00
Fabricate	0 0.025	\$50,000.00	\$0.00
Install	0 0.025	\$50,000.00	\$0.00
Maintenance	0 0.025	\$30,000.00	\$0.00
Total	45		\$106,125.00
<This is equal to or more than you need to take home <a href="#">Salary Calculator</a> <<<<<Use this link to find out what you are worth for each "hat" that you wear working for your company			



At best how many billable hours per employee are there?

## Pre commission, pre profit hourly rate calculator

Item	Calculation	Amount	
Fixed overhead		\$174,975.00	
Variable Overhead		\$578,577.00	
Total Yearly Assets & Investment		\$188,842.13	
Total Yearly Owner/Operator Salary		\$106,125.00	
Total Yearly operating expenses		\$873,544.13	
Working Days	260		
Vacation days	5		
Holidays	6		
Personal days	1		
Total	248		
Working hours	1984		
Shop Rate	\$440.29		
Value Added Efficiency Ratio	0.75		
"Loaded" Rate	\$587.06		
"Billable Employees"	7	<<<<	8 employees, 1 sub, 1 owner=10
Every hour rate	\$62.90		One owner and one engineer overhead=8
Loaded Man hour rate		\$83.87	Sub part time, one foreman half billable=7



Info	Amount
Fixed expenses	\$174,975.00
Variable expenses	\$578,577.00
Depreciation	\$188,842.13
Owner Salaries	\$106,125.00
Materials and Supplies	\$432,000.00
You must sell a minimum of this much this coming year or you will lose money	\$1,480,519.13
The owner of the company is worth this much per hour	\$53.49
This is your Min. Sale for a new or non repeat client. If you work for a repeat client you can do a project for less money	\$5,969.84
Number of Salespeople	1
Your average weekly production in sales dollars need to be at least this much or you lose money.	\$30,844.15
Commissions	????
Profit add----	????

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Final price = costs + commissions + profit?????

Soft Variables



