

Quick Bids for Small Jobs

by Tom Swartz

Give accurate bids over the phone with a small-jobs price book

For years our small jobs went through the same sales and administrative channels as our larger jobs. Whether we were installing a \$100 screen door or doing a \$20,000 kitchen remodel, we met with the customer, wrote up the estimate, issued a contract, and went through the scheduling process. As a result, the amount of time and money we spent on estimating the small jobs was eating up the profit. In many cases, we were even losing money.

In 1988, we launched our Handyman Service, a new division of our company designed to handle small jobs and make them profitable (see "No Job Too Small," 1/91). We defined these jobs as anything that can be completed by one person in a day or two. We didn't set a strict dollar volume since costs are greatly affected by materials, but the majority of these jobs fall in the \$100 to \$300 range and few are higher than \$2,000.

Creating this service entailed finding new ways to streamline our sales and estimating process. We realized that many of our calls were for the same sorts of small jobs, such as patching drywall, repairing or cleaning gutters, trimming interior doors, or recaulking windows. Developing a manual with standardized prices for these typical jobs would keep us from re-estimating similar jobs every time they came in. It would also let us give the customer a close-range estimate right away, usually over the phone. Finally, having a price book would mean that anyone, with a little bit of training, could give an accurate price.

While we developed the book for our Handyman Service, a similar system would be useful for anyone doing a lot of small jobs. The ability to quote a price quickly and then stick to it tells our customers we are experienced and gives them confidence in our work. By comparison, pricing on time and materials, something we still have to do occasionally on some small jobs, means cautioning the customers that the price is approximate. It also practically guarantees an argument if the cost is significantly higher than the initial quote.

Providing the price right up front is also an instant qualifier. We no longer find

ourselves running out on sales calls only to discover that the customers are just price shopping and can have their son-in-law do the work for \$20.

Some remodelers might argue that paying a sales call in person, even on a \$200 job, is a great opportunity to get to know a client. This may be true if your company is young or if business is slow. But last year we did about 1,500 small jobs that earned our company \$550,000, or 25% of our total sales. With this kind of volume, we can't afford to send a salesman out to each site.

Creating A Database

Our first step in developing our price book was to go back through two years of files and pull all the invoices on jobs that totaled less than \$2,000 and didn't involve subs. This gave us about 1,000 invoices.

Next we created a database in our computer. We used First Choice (Spinnaker Software Corp., 201 Broadway, Cambridge, MA 02139; 617/494-1200), but similar software, such as Dbase (Borland International, 1800 Green Hills Rd., Scotts Valley, CA 95066; 408/438-5300) or Lotus (Lotus Development Corp., 61 Medford St., Somerville, MA 02143; 800/872-3387), would work just as well. In some cases, an estimating program that allows you to combine the tasks which compose a small job might do the trick. Timberline's Precision Estimating Plus (Timberline Software Corp., 9600 S.W. Nimbus, Beaverton, OR 97005; 503/644-8155) is a good example.

We established three fields on which to sort our data. The first we call "Type." This gives the general nature of the work, such as "Carpentry," "Painting," or "Plumbing." The second we call "Classification," which further focuses the job. If the type is "Carpentry," the classification might be "Exterior Doors." The next field is "Phase." In this example, the phase would be "Install storm door."

We also created a series of fields to help us analyze job costs. Our database originally included labor hours, labor costs, material costs, and what we charged for the job. This gave us a job history and helped us in setting our handyman prices. To avoid confusion, we erased all this information once we came up with our price.

In our last field, called "Description," we input as much detailed information as possible about a particular job. For example, under "Install storm door" we might write, "Remove existing aluminum storm door, install new 3'-0" x 6'-8" Larson storm door (number 273-55) supplied by customer with three standard hinges, latchset, and door closer (all of which come with the door)."

As we've refined our book, we've shortened our descriptions enough that they can be read quickly. But we've left enough information that

HANDYMAN PRICE LIST					
CLASSIFICATION	PHASE	DESCRIPTION	PRICE	CLARIFY	
Deadbolt	Install	Install single cylinder deadbolts - deadbolt to be Schlage #G120	210.00	98.50	
Ext. Door	Install	Install exterior door, 1 3/4 solid 210 core door	65.00		
	Weather Strip	Furnish and install weatherstripping around the door	295.00		Ea. 150.00
	Screen	Replace screen door and jamb	79.00		
	Lockset	Install lockset using Schlage #3 finish	55.00		
	Closure	Repair rear door closer	75.00		
	Break-in	Repair sprung door due to break-in	85.00		
	Threshold	Furnish and install a new aluminum threshold	105.00		
	Cut Off	Trim bottom of front door, put in high rug threshold to fit the door opening	55.00		
	Adjust	Put longer woodscrews in hinges so service door will close properly	185.00		
	Install	Install a new exterior door unit - labor only - pre-hung or slab only	75.00		
Garage Door	Repair	Repair overhead garage door cable	100.00		
	Opener	Install garage-door-opener hardware	50.00		1st door
	Cut Off	Cut off doors to clear carpet	35.00		ea. additional door
Int. Door	Cut Off	Cut off doors to clear carpet	75.00		
Show/Doors	Install	Inst. shower doors			

The author's Handyman price book makes it possible for his small-job salesmen to give accurate telephone quotes. Specific descriptions of completed work make it possible for the salesman to compare the job being quoted with similar jobs done previously. The book is updated regularly and is also accessible in the company's computer database.

the salesman can make sure the job that's being quoted is close to the one described in the book.

Finally we've printed out copies of the book for our small jobs salesman, who gives about 95% of the phone quotes, as well as for our office staff. Copies also go to our handymen, who may use the book to give a quote to a customer while they're in the field. The current version is about 20 pages and includes 164 items. We use a three-ring notebook with tab indexes to make the book easy to use. Our staff can also access the database on the computer by entering key words, prices, or any other information.

Setting Prices

While inputting all this information is fairly straightforward, things get complicated when the time comes to sort through it all on the computer and decide which jobs to keep in the database and how to price them. My first step was to eliminate all the jobs that were very specialized or unusual, such as getting squirrels out of the attic or hanging a tie rack on someone's closet door. Next I consolidated the jobs that were similar. For instance, we had dozens of different descriptions of various gutter repairs. I consolidated these to four jobs: maintenance, repair, and cleaning (one-story house or two-story house).

As a rule we mark up labor and materials 100% to achieve a 50% gross margin on small jobs. But this varies from job to job. It's not unusual in our book to have two different prices for each line item: one that we charge for installing the materials and one that we charge for both installing and supplying the materials. If we're not supplying the materials, we may add extra time to cover us in case we damage the materials and have to replace them. We also add that extra labor since we're not making anything on materials.

For example, to install a storm door we allow three hours of labor, even though we're likely to take only two-and-a-half hours or less to do the job. Our cost per hour is \$18, including taxes and insurance. With a 100% markup, that's \$36 an hour, times three hours, for a total cost of \$108. If we're supplying the door, we can only get about a 40% markup on it. We've found that it's hard to go higher than this on big ticket items since people generally know what these items cost and prefer to buy them directly. Our charge to install the door we supply is \$348. That includes \$90 for two-and-a-half hours in labor, \$10 for disposing of the old door, and \$248 for the new storm door.

We also charge more for jobs that have to be done under adverse conditions. Anyone who's worked in an attic in the Midwest on a steamy day in July knows that you need more time to get the job done. The same goes for a mouldy, muddy crawlspace in the middle of a rainy April.

In some cases I've substituted a unit of measurement to cost by. For example, we charge \$50 for every 8 feet of soffit we install on a one-story house. This includes all of our labor and materials. (In this case we mark up our materials by 100%.) We also use a combination of unit pricing and flat rate charges for some jobs. To fill hairline cracks in brick veneer, we charge \$185 for 200 square feet. We then charge another 60¢ for each additional square foot.

The problem with developing a price book is that once you've got it done, it's time to start updating it. We try to go through and adjust our prices once every quarter, based on changes in overhead, material costs, and other factors. We also add new jobs as our experience and our services grow.

Using The Book

There are a few tricks to using a price book correctly. When pricing over the phone, it's imperative that our salesman ask the customer to be very specific in describing the job so that he can visualize the work. If someone calls asking us to come out and replace some missing roof shingles, we need to find out whether the roof is leaking. If so, we'll probably need to add in the cost of patching some drywall and doing some touch-up painting. We'll also find out how many shingles are missing (people can answer this more easily than if you ask how many square feet of shingles are gone), the shingle color, whether the roof is steep, and whether any gutters need to be repaired.

Next we give them a price range for the job, between \$100 and \$150 to replace fewer than 20 shingles, for instance. This gives us some room for error, since our handyman may get to the site and discover the shingles the customer said were green are actually gray. Having some cushion in the price means the handyman can run to our supplier and pick up the correct color. It also means we can often give a bill that's lower than the price we quoted, something all customers appreciate.

If we get out there and discover the price will be significantly higher, we call the clients and explain the difference. But if we'll only lose a few dollars, we go ahead and do the job anyway. It's easier, and probably less expensive, than going to all the trouble of rescheduling.

Finally, as we've gained more expertise in pricing jobs over the phone, we've learned when to follow the book and when to send a handyman over to look at the job first. Our price book is meant to serve as a guide, not a bible. Servicing your customers well sometimes means being flexible. ■

Tom Swartz is president of J.J. Swartz Company, a 71-year-old remodeling firm with offices in Decatur, Champaign-Urbana, and Bloomington, Ill.