

# Wealthy Plumber

## Welcome

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Okay. Everyone knows that marketing has changed a lot in the past twenty years and honestly it's all due to these. Right? We all have phones in our pocket. There are little computers that sit in our back pocket and they tell us what to do. They are the single source of attention for so many things these days and the power that they hold is pretty dramatic when it comes to the sway of humanity. Now the biggest thing is these have become our media devices. So when you think about the history of advertising, it always goes around, well, where are people paying attention? And right now, a lot of people are paying attention to their phone or they're paying attention to a screen somewhere, whether it's TV like the one behind me or it's their computer like the one in front of me. So you have to. You do not have a choice. You have to lead your advertising with a digital first approach. So I wanna talk a little bit deeper about just the marketing landscape in general because I think it helps solidify some of the understanding of why we do the things that we do and what you need to be thinking about as things move forward even. Because this landscape of marketing changes so stinking fast, so stinking often that you're often often left just wondering what happened and why the thing that you did over here didn't work over here. And it's something that you have to get accustomed to because it used to be that when you ran print radio television, you would just feel it. And we'll talk a little bit about that. So it used to be very straightforward. And honestly, I'm not going to lie. I kind of miss these days. And I mentioned before, I've been doing this for twenty years, so I got to see things go from print, radio, TV. What got me into this gig was wanting to make TV ads. So print radio and TV, and it transitioned into digital. And digital was at first very problematic and very like, a lot of people had mistrust over it. Now the tables have turned. People aren't broadcasting broadcast in the way that they used to. So what's ended up going on is there's the trust factor but there's also the factor that everything has gotten far more fragmented. And it used to be okay you had cable television, you had, broadcast television and your radio stations and they're all terrestrial and it was pretty easy to say I wanna buy spots here and this much and have this many and these drive times. But now everything has changed to where you get to go. I want this demographic and I want them everywhere that they might be. The problem with that is the everywhere factor is that they are everywhere. Every platform has an audience and some of your customers are going to be on that platform. So it's gotten fragmented. It's always shifting and you absolutely must non negotiable use a

digital first approach. Because if you can't be found on your phone, you don't exist. We used to have these really cool things called phone books. That was one of the first ads I ever did was a phone book ad. It was on the back and I had to put all these things into it. It ran and then we found that they got a bunch of calls. Well, and then, you know, gosh, about five years later, these things hit the market. And I was talking to a phone book salesman at one point. He said the day that happened is the day I quit my job and went for my teaching degree because I just knew that my phone book sales job was gonna dry up. So, and he was absolutely right. So you have to be able to be found. You a lot of the things we're gonna talk about is what you need to put in place. These things are because if you don't, all your print, your radio, your TV, they won't lead back to a central point called your business. And so you have to well, what you end up doing is you put together the foundation, you funnel people to that foundation, and then they they contact you. Then you start running traffic to that through advertising and marketing. You get them there. So we're gonna go over what you need to put in place. And while I say digital first, there's still a lot of traditional that can still work for you and it does vary by market and it varies by company, and a bunch of other factors. But one of the biggest things is mailers. Mailers still work and they still pull, but they can be expensive and you need to really think about how you're leveraging them into the market. And so we'll talk a little bit more about that as we get to it. Measurement is the one thing that everybody goes like, well, with digital, I can measure everything. Yeah. You can, but you need to have some analysis within that measurement. Don't just it's important to know what actually matters. There's a bunch of things called vanity metrics, and it's important to know that what has happened in your digital marketing isn't always the full picture. In fact, most often, it is not. There's a lot of untrackable things that a user will do. So you have to take their trends and adapt the thinking over what is the behavior of the user. So you can look at a campaign and think, oh, this thing's great. But when you actually dive into it, you realize there were some problems and that isn't what you actually wanted to happen. So this landscape is just moving and grooving. It's gonna keep changing. It's gonna keep evolving. And as you as you grow in your business, you're gonna have to take advantage of different chunks of it and those chunks will often like one will drop off and another will pop up and you just have to be flexible and nimble. Don't get too attached to any platform because what you're really after is not the platform and this is where people get stuck. They go, I want Google Ads, I want Facebook Ads, I want SEO. No. What you want is the customer and the customer can be found on all of these. But where do you find most of them for the cheapest is the first thing that you need to think of, and then you can scale from there and really start to command the market if you put these things in place and, enroll them out in a in a in a methodical fashion that helps amplify all the efforts you're doing. So let's dive in more. There's a whole lot to this, and I can't wait to get to it.

## How to get most out of this course

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Hey, guys. Real quick. You are in this course to get help. Okay? So the more you put into it, the more you're gonna get out of it. Right? So that said, I wanna show you a couple things real quick about the course. First thing, when you come in here to the community section, do not be afraid to come in here and ask questions, comment on other people's posts, make posts yourself, really use this to the best, to the best of your ability. Right? This is where you can interact with other people. You can get good ideas. You can get feedback on stuff. You can ask questions and get instant answers. So make sure and come in here and just ask your questions. Okay? Super important. The other part is in the calendar on the Zoom calls. K? The more you show up to these calls, the more successful you're gonna be. You know, this call might be about outbound dialing, which you may not want to know about. But there's gonna be little nuggets dropped in there that you are gonna learn stuff. K? And people are gonna ask questions in these classes where you may not have thought about asking that question, and now you're gonna get to hear the answer for. Okay? And if you can't make it to these classes, then at least go watch the replay and get the information. Okay? But the best thing would be for you to come to these. K? Come to the Zoom meetings and ask questions yourself. K? The more questions we have in these Zoom classes, the better. And I'll we will literally take the entire class and go over your plumbing business. We will dive as deep as we need to to make sure that your question gets answered. Okay? So if you're struggling with anything, dealing with anything, need help with anything, have questions about anything, you can always come to the Zoom class and you can get that question answered. Alright? So like I said, the more you put into it, the more you're gonna get out of it. So make sure that if you want to be successful in your business, you put a bunch into this course so you can get as much value out of it as possible.

## Bird's eye view

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One thing that I think is really important for you guys to understand is a bird's eye view of what a 4 to \$5,000,000 plumbing company looks like. Right? If you wanna go there and you wanna achieve that, then if you can have an idea of what that looks like and where you're going, then it's gonna be much easier for you guys to visualize yourself getting there. So we're kinda gonna cover a bird's eye view of what a \$5,000,000 plumbing company looks like, and I'm gonna give you the three main principles that I want you to focus on during this course. Okay? So what does a \$5,000,000 plumbing company look like? Well, it's simpler than you might think. Okay? And here's the basic structure of what that looks like. Alright? So the bird's eye view is you have the owner. K? And this is the exact structure of my plumbing business. You know? We have the owner. That's myself. And then we have a GM in place, a general manager that's gonna oversee, like, the day to day, the ins and outs of the plumbing business. And then you have your CSRs and your technicians. K? CSRs are responsible for customer service representatives. So they're gonna do answer the phones, maintain your CRM, all that kind of stuff. They are your communication between the customer, the technician, and the general manager. K? And your general manager is gonna oversee both of those, and your technicians are gonna be in charge of actually, like, getting the job, going and doing the job, talking to the customers, billing the customer, the whole nine yards. K? So to create a 4 to \$5,000,000 plumbing company, you're gonna need, you know, anywhere from eight to 10 technicians depending on your price range and where you're at in your market. K? And you're probably gonna need two CSRs because you wanna make sure and get that phone answered when the phone's ringing. And if you just have one CSR, you're gonna miss out on a lot of phone calls because she's gonna be on the phone. And then you're gonna need a general manager to manage all that if you want to pull away from the business as the owner. Now you could, you know, stay in there, and run a \$5,000,000 plumbing company, and you can be the general manager if that's what you want. Just something to keep in mind. So in the beginning, the important thing to realize is you have to play all of these hats. Right? So when you're first starting out, you are the CSR, you are the technician, you are the general manager, and you are the owner. So you're wearing all of the hats for these people. And as you grow, the first one you're gonna probably hire out is a CSR. You're gonna hire somebody to answer your phones. Right? That way, you don't have to answer your phones. You don't have to run your schedule. Somebody can do that for you, which is gonna free you up to do more technician stuff, more GM stuff, and more owner stuff. K? And then once you start developing, you know, getting your phone ringing, getting some marketing in place, you're gonna realize there's more work than what I can handle myself. That's when you're gonna start hiring technicians, and then you're gonna have technicians that are gonna go do work for you. Right? And then once you get to about three or four technicians, you can really pull out of the truck and then get yourself into the general manager hat. So that way you're only wearing the general manager hat and the owner hat. And that's when

you're gonna come in to the office, and you're gonna start working on, you know, all of getting your price book nailed down, all your systems figured out, getting the business to run without you as much as possible, k, to where all you're doing is the general manager tasks that you would have a general manager do when you bring one in. K? And then eventually, once you have enough technicians to where you're bringing in enough revenue, then you can hire a general manager. K? And then you're gonna train him, and then your life is gonna be awesome because you're only gonna spend, like, an hour a week on your business. And the only hat you're gonna wear is this owner hat up here. Okay? So just know, you're gonna wear all these hats. And as you grow, you're gonna slowly lose hats. Okay? And as you lose a hat, you're gonna give responsibilities to these other people, and you're gonna give them SOPs, and you're gonna give them, you know, details on how to do their job and what you expect of them. And we're gonna cover all that in this course as well, so don't worry about it too much. I just wanted you to have a good bird's eye view of what a \$5,000,000 plumbing company looks like. K? And then next, I wanna go over the three key principles to a plumbing business. Okay? So here they are. Number one, keep it simple. K? We're gonna go over these one at a time as well, but just know, keep it simple. Serve the right kind of customer. K. There's other words in serving the wrong customer, and then you want to offer a premium product at a premium price. Okay? So let's start with the first one. Keep it simple. So as you grow and scale your business, right, you're gonna get complexity that comes in. Complexity comes with scale. Right? So as you add a CSR and as you add technicians, now all of a sudden you have people to manage. Right? You need SOPs for these people. You need processes for these people to follow. You need a CRM for these people. And so complexity starts to creep in. And so if you start with something complex, right, if you try to make your business really complex in the beginning, then you'll end up with this disaster at the end. It will be unmanageable. You won't be able to scale it. You won't be able to understand it, and it's gonna it's gonna create a total mess. Okay? So when you're building your company, I want you guys to focus as you go through this course. Anytime you go through and you're doing something in your company to keep it as simple as you possibly can. And then if you need to add complexity, like if you absolutely have to, don't add it until you have to. Okay? That way, you're left with this business at the end that you is really easy to manage. Right? It's it's easy to scale from the beginning because it's simple. And when you're going back and looking at profit and loss statements and spreadsheets and hours sold, it's way easier to understand because your business structure at its core is very simple. All the greatest businesses are very simple at their core, and then they become more complex as you scale. K? So keep it simple. And then the next thing is to serve the right kind of customer. You know, there's three different kinds of customers you can serve. You can do residential service, you can do commercial service, and you can do new construction, either commercial or residential new construction. For the

purposes of this course, we're gonna focus on residential service. And that is because that, you know, with new construction like, I used to do new construction, and I was more expensive than a lot of the guys doing new construction. And I was really good at it. I was really fast at it. But at the end of the day, I wouldn't make a ton of money off new construction. K? Not enough money to actually, like, hire somebody and bring them in and have them do new construction. New construction would work if you were doing it at a massive scale, and you had a really low labor rates. And you could get really good discounts on materials. And you could do, like, you know, hundreds of thousands of houses a year. That would work. You could make that work on new construction, but it's a very complex business model, and it's a very hard business model to get into. So we're gonna stay away from new construction altogether. And then you have commercial service. Right? So with commercial service, most people, who are getting service for a commercial building, you're not really dealing with, like, an owner of the building. So you're dealing with a manager or somebody who's in charge of all the maintenance, and they're more often than not concerned with the price instead of the service. Right? So they're after the cheapest price. Because the owner of that building is like, hey. I wanna maintain this building, but I wanna do it as cheap as possible. Because they're trying to make money off of that building. K? So with commercial service, they're more worried about the price. And so for that reason, it's really hard to charge enough in the commercial service world to make really good money. K? So with residential service, now all of a sudden, you get into this world where people appreciate good quality service. K? So they they want to hire people that are gonna take care of them, that are gonna offer them a good service, and they're willing to pay good money to have a good company come to their house and offer them a good service. K? So with a residential customer, it's much easier to go to their house and offer them a good service. Them appreciate your service, and you'll be able to charge enough to actually make a profit on every single job. K? And we're gonna go over how to charge and how to price your company and how to provide that service to the customer, in a later course. And third is premium product at a premium price. Okay? So what you're gonna find out as you go through this course and you go through the pricing calculator that running a plumbing business is not a cheap ordeal. It is very, very expensive. K? And so in my mind, you have two options. Right? If you wanna make money, you can charge a high price and offer a mediocre product. Right? Or you can charge a high price and offer premium product. So for me, I would rather raise my price a little bit and offer a premium product. Okay? Because in reality, this mediocre product still costs you a lot of money. And for just a little bit more money, you can offer a premium product. Okay? So an example of that is there's a donut shop in my town. They offer the the best donuts that I've ever had. They're super crazy looking. They're huge. They've got tons of different flavors. They're handmade, and they taste delicious. Okay? But they're, like, 8 to \$10 a doughnut. Right?

Which is way more than a doughnut that you could go get at the grocery store. So in this business model, it's premium product at a premium price. Right? They have a tiny little shop that they make their doughnuts in. And at the end of the day, I think they realize, like, they could make just regular old doughnuts. Right? But if they made regular old donuts, they still have their rent. They still have to pay their employees. They still have to pay for the supplies to make the donuts. They still have all these overhead costs. And so to make a premium donut, they might have a little bit more time into it. They might have a little bit more materials into it. But all of a sudden now because they put a little bit more into their donut, just a little bit more cost into their donut. Now all of a sudden, they can charge, you know, four times as much for this product than they could if they were just making, you know, just a plain old doughnut. So at the end of the day, they're able to raise their profit margins by a lot just by changing their product up into a premium product. And the same holds true for your plumbing business. K? You wanna make that as premium of a product as possible so that the price that you have to charge for your service is 100% worth it to the customer. K? And that's really what you gotta get in your head and start to understand. Again, we're gonna go over how to price it and how to offer this service. But I want you guys to understand this concept of, you know, premium product at a premium price. That's what you're trying to build. Okay? So three key principles. Keep it simple. As simple as possible. Complexity comes with scale. Serve the right kind of customer. So serve a residential service customer. They're the ones that you're gonna be able to charge enough and be able to grow a good plumbing business with and offer a premium product at a premium price.

## Why you're in business

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One of the most important things to figure out in your business is what I like to call your why. Okay? Where you're going and why you want to get there. K? So you can ask yourself these couple questions. Why are you in business? Right? And where are you going? Right? Where are you going with your business? K? So why are you in business? Is it to make more money? Is it to have more freedom? Is it to spend more time with family, sail around the world, hike the PCT Trail, whatever. Right? There has to be a reason that you're in



business. To be in business just to be in business isn't gonna cut it. And I know that everybody has a reason. Right? There's definitely a reason why you're in business and things that you wanna do and the lifestyle that you wanna live that's behind the reason you wanna be in business. Okay? So to think about that and identify that, it's gonna be really powerful. And then where are you going with your business? Right? Do you wanna grow it to 2,000,000 in revenue? 3,000,000? 4 million? 5 million? Do you wanna make a million dollars a year? 500,000 a year? Do you want 10 employees or 20 employees? What is it that you want out of your business? Right? All of these things are going to be very very important to define. Okay. And once you think about those questions and you come up with those answers, the next best thing that you can do is to write it down every single day. Okay. So get a little journal and just write down those things. K? I wanna grow my plumbing business to \$1,000,000 profit. I want to grow my plumbing business so that I can have the freedom to go hike the PCT Trail or so that I can afford this new Lamborghini, whatever it is. Write it down every single day. Okay? That will keep it right up here in your brain. K? It'll keep it top of mind, and it initiates what I like to call the law of attraction. Okay? It's just like if I wanted to buy a new Ford Raptor, and I was looking at Ford Raptors and thinking about buying one, all of a sudden, I would see Ford Raptors, all over town. A true story. This actually happened. I I was thinking about buying a Ford Raptor, and then all of a sudden, there were Ford Raptors all over town. And I was like, holy cow. I didn't know so many people had Ford Raptors, but apparently, they do. But so just by keeping it top of mind in my head, all of a sudden, I started to notice things. Right? Seemed like Ford Raptors just started being attracted to me. K? So just like writing these things down in your journal, it'll keep it top of mind, and then it will you will start your notice ways to get there. Things you can do to achieve your goals sooner. Okay? So write it down. A good book to read on this, if you wanna know more about the law of attraction, is The Science of Getting Rich. It's a great book. You can buy it on Amazon. You can get the audio book that I really enjoy. The guy who reads it has a really cool voice. It's a good book. One of my favorite books. Probably in my top five. K? So go get it if you haven't read it. It's a good



one. And here's the thing. If you don't write it down, k, here's what's gonna happen. One of two things. Number one, you're gonna get comfortable. K? And you're ultimately gonna get stuck. Right? So an example of that would be, you know, let's say, you wanna grow your business to \$10,000,000 a year, and you make it to \$5,000,000. And it's comfortable. Like, you start making really good money at \$5,000,000. And you're like, do I really wanna go there? And you get comfortable. Right? And so you get stuck at that \$5,000,000 mark. But if you've been writing that down saying I'm gonna get \$10,000,000. I'm gonna get \$10,000,000. I'm gonna get \$10,000,000. Then you would consistently make those decisions to get you there. And when you started to get comfortable, you would know. I'm going to \$10,000,000. Not that it's not okay to change your mind, but I've seen too many people get stuck before they're even successful. Right? So and then they end up with just a really crappy job. Like, I've saw I watched a guy. He made it to, like, 1 or \$2,000,000 in revenue. He was making \$200,000 a year off of his business, but he was still heavily involved in his business and working really hard, but he was comfortable with it. K? He was comfortable because it was normal to him, because he'd stayed there for so long. And he couldn't push past it to the point where he could remove himself from the business and gain a lot of freedom, which is actually the reason he started the business in the first place. So you can kinda see he got comfortable, and then he got stuck. And then it didn't he didn't achieve his goals that he wanted to achieve in the long run. K? And number two, it's gonna get hard at some point. It's gonna get tough. It's not gonna be this, you know, unicorns and roses and Skittles and rainbows. K? It's gonna get tough at some point. Running, scaling, you know, it takes a lot out of you, and it can be stressful. And there's things you're gonna have to do that are difficult. You're gonna have to grow as a human being. And when it gets hard, if you don't have a reason to keep going, and you don't have an idea of where you're going, you're gonna quit. K? And I know because I've done this twice. Right? I didn't have a good enough reason the first couple times I started my business. And when things got hard, rather than buckling down and figuring out how to make it happen, I quit. K? So either way, you don't want this to be you, so it's really important to figure out your why, where you're going,

why you wanna get there, and write it down every day. K? So what does it look like practically? Well, you need to sit down, and you need to just think. Right? And you can think, and you can figure this out with your wife, which I would highly recommend. If you have a business partner, you guys should do this separately and then come together and let each other know what your goals are, where you wanna go, and then agree on what you're gonna do with the business. K? And keep in mind, it's more than just business goals. Right? You're really trying to think about your life and what kind of life you wanna live, and then you can design your business to achieve your life goals. K? You wanna make your business work for you, not you work for your business. K? And that's about it, guys. I mean, that's really what you wanna do. So here's my story. K? Because I did this exact same thing. The third time I started my business, I was like, okay. I'm gonna make this work, and I wrote down these three things every single year for two years. I wrote down my plumbing business makes 1,000,000 profit every year. I own an SGX boat, and I have time to use it. And I own a kick ass camper van with all the bells and whistles. And I actually took a picture of that boat, and I hung it on my fridge. I guess what happened, guys. Here we go. This is my p and l. I made a million dollars net income. My plumbing business did. 1,583,000. After two years of writing it down every single day, I achieved the goal. Okay? Here's the boat I wanted. Right? SGX with an Optimax. This is the color I wanted. This is the picture I had on my fridge. I could have bought this boat, but I chose not to. I didn't want it anymore. Right? My goals had changed. But what the boat represented, the freedom to go do what I want, when I want, and the ability to buy such an expensive object, I achieved that, guys. Instead of buying a boat, I packed up and sold my house, and I moved to Florida. K? I have ultimate freedom now. And that's what that boat represented to me. So in my mind, I got it. K? I achieved my goal. And then number three, here's my kick ass camper van that I've been working on converting. So I was able to buy a camper van, by all the windows by the roof rack the AC units the solar panels all the wiring the water tanks and I'm working on converting it myself because that's what I wanted to do. Okay. So you can see by writing these three goals down every single day. And designing my life. I was able to make it happen. Okay, and

so can you so write your goals down. Design your life design your business around the life you want share it with your spouse and your business partner and then go make it happen.

## Order of operations

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What's up, guys? So real quick, I wanna go through the order of operations for this course. K? So we designed this to be gone through in an organized fashion, to help you put the steps and pieces in place that you need in place in the proper order. Okay? So when you go to the classroom section, this is intended to go through from left to right, left, like welcome, getting started, pricing, and then top to bottom. So then you would move down to the next row, go through marketing, growing and scaling, scheduling, building your team, sales one zero one, price book, software, building your fleet, SOPs. K? You can skip ahead. You have access to everything in here. K? But it is designed to go through left to right, top to bottom. K? And you'll notice as you go in actually, that's probably a bad example. As you go in, there will be things that you can do, action items along the way. So if you see this down here, action item, download this calculator, fill it out, fill it out, and determine your hourly rate. Those are things that you need to do before you move on to the next step. So make sure and do the action items as you go along. Okay? Now there are some big wins in this course that if you can hurry up and get to, you will be successful much faster. Okay? The first one of those is in this pricing section. When you go through the pricing module and you get down here to hourly rate calculator, you're also gonna see this hourly hourly rate calculator review. You can get your calculator reviewed on our weekly hourly rate review call. This is super helpful and super useful. Tons of people fill out their calculator wrong or don't understand it all the way, and we can really clarify all the ins and outs of your business on that call. So make sure and make that happen. K? The

second one is here in the marketing. Once you get into this marketing piece, and you start working with a marketing company, it is life changing for your business because now you're getting calls coming into your business on a regular schedule that you can make money on. K? After that, it's going to be scheduling and CSR duties. K? If you can learn how to run your service call properly, then you are going to be much more efficient and make way more money. K? The next big win is sales one zero one. When you learn the proper sales process for your team to follow out in the field, it's remarkable the change that that will have on your business. K? Then we walk you through building your own price book over in that section, and we walk you through getting on software. We walk you through getting on ServiceTitan because that is the best software there is, and it's what we all use. K? So we can help you out the most with that software. That's, again, another huge win in your business. Once you get on software, it streamlines your business and allows you to have data that you wouldn't otherwise have, and then you can start making data driven decisions to further your business. Okay? At this point, you should be doing by the time you get to this point and you're on software, you should be doing very, very well for yourself. K? Second part, like, next win would be getting standard operating procedures in place so that your team knows exactly what they're doing, when they're doing it, why they're doing it, and how it fits into the bigger picture. K? And they know exactly what's expected of them. K? Accounting, you can learn all about accounting. This is where all the past Zoom calls are held. So So if you're wondering about a certain topic, you can go find it in the course. You can also scroll through Zoom calls and see if we covered that topic on a Zoom call. K? Recommended books, I recommend you guys read all of those books. Downloads, anything you find in the course that you can download, like hourly rate calculators, email templates, time cards, employee agreements, SOPs, those kinds of things. They're in the download section. Okay? One part we just added here is the social media content. We will be updating this monthly with fresh social media content that are in the form of Canva templates that you can go take, put it into Canva, put your logo, and edit a few a little bit of information for your name. And you will have social media content for your plumbing business for the entire month. Okay? We

add content to this. Every single month, we refresh the content. So you always have fresh content to use. So that is the course. K? Now if you do this left to right, top to bottom, go through it, do the action items. I 100% guarantee you a year from now, you will be so much better off. You you can grow to a \$2,000,000 business in the next year. You could be doing 5,000,000 next year if you follow the steps in this course. Can't stress that enough. See you guys in the next class.

## Roadmap to success

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What's up guys? Welcome to the Roadmap to Success Checklist. This is basically the course broken down into step by step checklists. So if you follow this from top to bottom, it's the steps that you need to take in your business to be successful. Okay? And it's split up by steps, but then it's also split up by focus. So you see here steps one through four, focus on this. Okay? So I'm gonna walk through this with you so that you have a clear understanding of what it is that you need to do. And then you can always reference this video and you can reference this checklist if you're wondering, what do I need to do next? Okay? And it's laid out in a manner of thinking about so it's laid out in a way where it's identifying where your next biggest holdup is or where what's holding you back from moving you forward and it's attacking that thing, right? So you always wanna identify, okay, what's my biggest constraint in my business and how can I get rid of it? Okay? And so another good way to go about that is in the beginning of the day when you're doing your journal, go, what can I do today to get me to where I wanna be tomorrow? Right? What's my biggest constraint? How can I work on it today and make sure and get that thing done today? Sometimes that's just gonna be going out and being a technician and that's okay, okay? And then you have to be okay with all of these steps taking time. They're all gonna take time to get done and you have to be okay with that. Okay? A lot of times we see big picture and we get super excited to be way out there, but it's the continual 1% steps every single day that eventually get us there. Okay? So let's get into it. K. First off, come up here, click file, make a copy. That'll make a copy that you own. K? That way you can go in here and check it off, or you can print it off, hang it on your wall, and check mark it with a pen or a pencil, whatever you want. Steps one through four, the

focus is getting the basic set up so you can make money. The goal is to make money and there's a strong focus on consistent cash flow. 'll see this as a recurring theme throughout. The number one thing you lack when you first start your business is cash flow. Most people aren't sitting on giant piles of cash. And even if you are, you should be reserving that cash flow to reinvest in the proper areas in your business so that you can grow, right? Okay, so let's roll in. Step one, getting started. Purpose to make sure you have your bases covered, okay? So you need to pick a name, you need to get the proper licensing, you need to get vans and tools, you need to get a logo, okay? If you have the money right now to get a good logo, so to go get a good logo done, it's worth it, okay? But if you don't have money for a fancy logo, that's okay. You can do it later. Okay? It's not gonna kill you. Okay? And then as soon as you're making any money at all, you should hire a bookkeeper and then you need to keep your paperwork organized. Don't be the guy who's got papers all over the hood of his truck. Like that organized, take it home, file it away, keep it nice and neat, okay? That's step one. Most of you have this done, so bravo. Step two is pricing, okay? Purpose, to start making money. Right? Your biggest concern is cash. So the first thing we wanna get going is your pricing. So put cash aside to reinvest into marketing. That's really what you're trying to do. You're trying to make it so that when you go to a job, you can actually make money and have money left over so that you can take that money and then you can put it into marketing. Okay? So use our hourly rate calculator to determine your hourly rate. Once you've done that, book a call with me that will help you out tremendously. We'll make sure that's solid and then start charging flat rate. So you're gonna go figure out how many hours it's gonna take you. You're gonna multiply it by your hourly rate. And then you're gonna double your materials and add it to your hourly charge, right? And you're gonna present that as one whole cost to the customer, okay? In that step, you can use a notepad to present estimates if you don't have software. It's 100% okay. I would rather you use a notepad to present estimates than spend time going and getting on a software, right? Because software isn't holding you up right now, it's money that's holding you up right now, okay? And once you get your pricing fixed, now you have the ability to go to a job and make money, the next thing we need you to do is just get more jobs. And software isn't gonna get you more jobs. But step three is marketing. So the purpose of this is to start getting work so that you can put more cash aside to reinvest back in your business. Okay? So now you go out, get jobs, you go do work, and because your expenses are still low, you're making maximum amount of cash. Okay? And the reason we want you to hit marketing is because it takes a while to get going. Okay? So what you're gonna do, you're going to hire a marketing company. Okay? And what you want from a marketing company are these three things here. Okay? You want website, pay per click, GLSA. I don't know if I said three things, but it's more than three. These things here. Website, pay per click, GLSA, GMB optimization, social media profile set up on Facebook, Instagram, LinkedIn,

GMB. You want listing management. That means they're gonna list you all over the Internet so you're findable. And you want your email marketing taken care of. K? This one might come in later. They might not set that up for you right away until you get on service Titan, but that's okay. You also want a marketing company that you can communicate with. You want them to be easy to communicate. You want a point of contact at that marketing company that you can call to get questions answered and get other things implemented. Okay? Super important. Communication is key. Okay. If you can't afford a marketing company or if you hire a marketing company, there's a time that it takes for the marketing company to build out all the assets. K? In that meantime, you need to do guerrilla marketing. There's a whole section in the course about guerrilla marketing, and you're gonna do that guerrilla marketing until your marketing kicks off or until you can afford a marketing company. Okay? And then likely anytime you're slow, you're just gonna go back to guerrilla marketing. Okay? Guerrilla marketing is takes lots of time, very little cash. So if you don't have work, you have lots of time, so you need to go invest that time that you have into guerrilla marketing. Okay? So once you have a steady flow of work coming in, like you're busy all the time, you, the first tech is busy all the time, okay? You're going to want to hire a CSR once you're getting one to two booked calls, okay? So step four is scheduling and CSR, okay? So the purpose of this is to dial in the scheduling and free up the business owner's time to make more money. So once the marketing kicks off, you're gonna start getting busy. So you need to start scheduling properly. Okay? So you need to start scheduling in two hour time chunks. Eight to ten, ten to noon, noon to two, two to four. That's how we do it in my company, okay? Once you're getting one to two jobs a day, booked jobs a day, it's time to hire a CSR, okay? Cause that's gonna free up your time to go do more jobs, which means you can go make more money and put more cash away, okay? Cash is your biggest restraint still, so you're gonna go try and make as much of it as possible and go stack it away so you can reinvest in your business. Okay? So because you're gonna be doing lots of reinvesting, so it takes lots of cash. Okay? That's how it boils down to. So you're gonna want to create a CSR employment agreement. You can see my SOPs, for example. Don't create all the other SOPs. Just create that one. Just the one that you need at the moment. K? Don't do anything before you need it. Don't waste your time on that stuff. Focus on the stuff that matters. K? Here's some stuff you can have the CSR do. Answer phones, book jobs, handle scheduling, social media messages and comments, GMB messages, GLSA management, company email, communicate with customers, schedule, reschedule, collect payment, etcetera, okay? This will free up a ton of your time to go make more money, Once you have this in place, you can move to the next steps. So steps five to seven, the focus, you're still gonna have a strong focus on bringing in as much money as possible. So you're still focused on cash flow all the way through step seven. After steps one through four complete, you can start to hire technicians. K? If you're getting busy, then technicians will create more cash flow. Right? You



don't wanna do this until steps one through four complete. If you don't have a marketing machine that you can go put more money in to keep technicians busy, it's a bad idea to hire technicians before you have that machine in place. You wanna put that machine in place, make sure it works, and then hire the technicians. Okay? So rule of thumb for adding techs is if you are rescheduling or moving jobs to the next day two to three times per week, okay? That means that if you're doing that two to three times per week for a couple weeks in a row, that means I can hire another technician, okay? So during this time, you should also be focusing on pushing your marketing, okay? Because ultimately you want to hire more technicians. More marketing is how you're gonna do so, okay? Like you're gonna push your marketing budgets to create more work and then in getting more marketing, you're gonna be able to hire another technician, okay? That's how it works. It's a cycle that you're gonna play for a while, okay? So you can also invest into rebranding at this time if you have the cash available, if you didn't do it way up in the beginning, okay? If not, focus on creating cash, okay? If you hired Mammoth Marketing, they're gonna do your rebranding for you as part of your marketing package. So that's kind of a step up if you hire them, okay? Because you get it done all at once. If you don't have the cash and you haven't reinvested in it and you don't have Mammoth as your marketing company, then you're gonna need to go hire Kick Charge Creative to do your branding. And if you don't have the cash, I would focus instead on more marketing and technicians, okay? Because they're gonna help you create the cash to be able to invest in that, okay? At the same time, while you're doing all that other stuff, this is the craziest part of your business, you can start building your price book. Okay? So step five, start hiring technicians. The purpose of that is to create more cash flow so that you can start buying your time back one tech at a time. Okay? So hire technicians once rescheduling/moving jobs two to three times per week for a couple weeks. Okay? You're going to have to spend more on marketing as you hire more technicians. Be prepared for that. After the third technician, you shouldn't be in the field anymore, okay? Once you get third technician, he's out in the field, the only time you go back in the field is if one of your three guys has the day off and you need to make sure that your business is still creating enough cash flow, then you can go back in that field for that one day or two days or however long he's gone, okay? What you wanna spend your time doing in that moment once you have three guys out in the field, that buys you time, okay, to be able to play general manager and work on the business, right? So you're still gonna be focused on hiring guys, doing more marketing, pushing forward in that area, but then at the same time, you're gonna also start playing general manager and then you're gonna work on the business in the form of everything down below, okay? So step six, rebrand. If you haven't rebranded yet, this is a great time. Only if you have the cash available again, okay? Otherwise skip step seven and revisit this once you have some cash available. But by this time you should have the cash available, okay? The purpose is to help you look more professional and to help

your marketing efforts. Okay? If you rebrand and you look more professional, it's gonna help your marketing efforts. Okay? So rebrand, new name, new logo, unless your name was good to begin with, then that's fine. Wrap your trucks, distribute new branding on your website, social media and Google and wherever else you might have it online. Okay? Or even in your office if you've got, you know, paper and don't know, notepads and pens and junk, do it there too. So step seven. Okay? Build your price book. So now that you're in the office, you have time during the day to build your price book, k? So the purpose, basically to get you set up to go on ServiceTitan, k? You have to build your price book before ServiceTitan will really do you a whole lot of good. So start creating your price book, follow the steps in the course, make sure and build all your options. It's all on the hourly rate calculator sheet. It's all included on the tabs on the bottom. That's where you're gonna build your price book first, And then later you're gonna put it into the software, okay? So once your price book is done, you're in the office, you're rebranded, you are playing general manager, you have time to work on your business. That's when you're gonna get on software, okay? If you have a ton of cash before this and you wanna get on software earlier, that's fine. But only if you have the cash to do so, okay? Otherwise, don't get on service titan until it's the thing holding you up from creating more cash, right? So at this point in your business, if you've got three guys out in the field and you're wanting to hire a fourth guy, it's getting a little bit like the Wild Wild West, okay? And you're gonna need ServiceTitan to keep going, right? You're gonna need the systems and the processes that ServiceTitan and the efficiency and the streamlining that ServiceTitan provides in order to keep growing. So ServiceTitan, like that becomes the number one holdup in your right? I need to get on ServiceTitan so I can create more cash flow, right? Everything is around creating more cash flow, okay? So purpose of this, increase efficiency and streamline processes, okay? So you're gonna onboard a ServiceTitan, you're gonna build out your price book, build out your options, set up your membership plan, you're gonna sign up for MarketingPro, you're gonna build your review request automations, you're gonna build your email marketing automations, and you're gonna start using ServiceTitan for all of your day to day operations, okay? That's gonna clean up your mess. Now you can continue to scale. Step nine to 10, your focus is on this. You're gonna continue to grow and scale with a strong focus on cash flow. You're gonna be willing to push your comfort level on marketing budgets. This is at the point at when your marketing budgets start to get kind of big. But you have to commit to them and you have to be willing to push on them. And start introducing more marketing efforts outside of your marketing company. So once you have three or four guys going and you've got the internet marketing going, a lot of times it takes more than just the internet marketing to start keeping that big of a ball rolling, okay? So once you get to that point, you're gonna have to do more marketing, okay? You're also going to get a general manager once you have enough technicians out in the field to hire one, okay?

And you're gonna onboard that position and train that position, okay? The goal here is not only to create more cash flow, but it kinda shifts here. The goal is to create more time for you to focus on being profitable and creating systems. Because at that point, making sure that you're profitable once you bring in that general manager, right? Now you have, you increased overhead and you've pulled way out of the business, right? You're just working on it from a high level. You have to be 100% sure that you're being profitable, okay? And Then you're gonna start to systemize and streamline your whole business at that point. What that's gonna do is it's gonna create more profits and more cash flow. Again, so the real focus is on profits and cash flow. Step nine, you're gonna grow and scale. Okay? So the purpose, once you hire a general manager on, you need to grow past that general manager so that you gain a little extra margin in your business. Okay? That will make up for some of the inefficiencies you have in your business because as you grow, it gets more inefficient and you need to take the time to systemize it and streamline it. But you need to grow a little bit so that you can gain the margin which buys you the time to systemize. So step nine is grow on scale. The purpose is to create more cash and more profit. Like at this point, you're gonna start putting away some money. You're gonna wanna raise your marketing budgets as needed. You're gonna have to introduce other forms of marketing as needed as well. Okay? Like local events, more slash better social media on top of what your marketing company is doing. And this is right around like four or five guys. Okay? YouTube ads, OTT, sponsored local sports teams, do billboards, TV, radio, whatever. Like just do more, okay? Start with most cost effective to least cost effective. That's how I would do it. And this is a pretty good order for that. You're gonna wanna buy more vans, buy more equipment, hire more guys, hire second CSR if needed, all that good stuff because you're trying to get to six to seven techs, okay? Step 10, you're gonna hire a general manager, Okay? And the purpose is to free up more of your time so you can focus on growth, profitability and systems. Okay? So hire a general manager. Rule of thumb, when you're at six or seven techs, that's when you can bring in a general manager. Okay? Having a general manager will help you or have your general manager handle the following, okay? You want them to do day to day ops, CSR management, tech management, training, Monday morning meetings, grumpy customers, and anything else you need done. K? Take your time with him. Get him trained up rocking and rolling before you move on to steps eleven and twelve. K? Because you wanna make sure he's solid before you move out and start doing stuff and not watching the day to day. K? So steps 11 through 12. So now you you have the blueprint. Basically, you have built a pretty decent sized business. You have a general manager. You have scaled a few techs past the general manager, so maybe you're eight techs, nine techs, right? And now it's time to come back into that business and create a business that runs without you. Okay? It's really hard to do from the onset. It's much easier to build it and then look at it and go, how do I make this run without me? That's what you're gonna do in this step, okay? There's two things that you

need to make that happen. You need to make sure you're being profitable, and then you need to implement systems into your business, okay? You're gonna need to focus on squeezing out maximum profit margins, okay? You're gonna use data from ServiceTitan to make sound decisions to optimize your company. At the same time, you're gonna work on creating systems in your business. Okay? So step 11, systemize. Okay, so the purpose of systemizing is to create a process and a way of doing everything in your business so that you are not needed. K? Ideally, you wanna work yourself out of a job. A good way to do this is to leave for an extended period of time to see what goes wrong while you're away, then come back and put a system or a process in place to fix it. That's what I did. First time we left for two weeks, second time we left for a month, came back to see what was broken, and then we put a process or a system in place to fix it. Okay? So once you do that, you're gonna write your SOPs. Okay? You can use mine as a guideline. You're gonna put your SOPs in Trainual. This should be a capital t. And then you're gonna introduce your SOPs to your team, and you're gonna make sure and train them on your SOPs so they know what your SOPs are, where they can get them, and what the information is in the SOPs so that when they need to know something, they go to the SOPs instead of to you, the business owner. Right? That's the goal. So all those questions that you always get on the daily, you know, the day to day, every single day you're getting asked the same questions, those are the things you put in your SOPs. How your company runs, how you do everything. K? There's a process for everything. So once you get that done, you're going to maximize efficiency and profits. Okay? So and this is an ongoing step. It never ends. Okay? And the purpose is to lower your risk. So you wanna run your business with maximum margins, least amount of risk. K? So you lower your risk and you create safety in your business. This is an ongoing process that never ends and you should continually be striving to do better. K? So you're gonna start tracking all of your data in service night and you're gonna look at that data and you're gonna go, man, wanna make an informed decision about this thing, but I need more data. So you're actually gonna learn what data you need to track by tracking data. And then you're gonna be able to think logically and find potential weaknesses in your business and solve the problems using data. Okay? And you're gonna learn how to do that. You're gonna learn how to use the data to track your progress moving forward. Okay? That's how you can completely remove yourself from the business. So now there's no emotional involvement into your business, it's just numbers and data, okay? So last step, step 13, enjoy yourself because you deserved it, okay? At this point, you could chill out and enjoy yourself. Even if you want to continue growing your plumbing business, I would suggest at this point, once you've reached that point, take some time to figure out what's next. Go on vacation, chill with your family, reflect on what makes you tick, what makes you happy, what makes you feel fulfilled, ponder what's next for you, okay? Literally be like, set the time aside and just be okay with it. Because when you get to this point, it's a weird change of life. It's a little

different than what you're used to, okay? So be okay with taking time to figure out what makes you tick, what makes you happy, what makes you feel fulfilled. Ponder what you want to do next, whether that's grow your plumbing business some more, go do something else. Doesn't matter what you do. Just ponder what that is and then go after it. Okay? So make a copy of this. I think this will help the guys who need step by step action items. The only way you should be able to skip steps is if you're sitting on mountains of cash. Right? So if you're sitting on a giant pile of cash and you wanna go get on ServiceTitan or you want to do any of these steps like do branding right out the gate because you have cash, that's cool. But if you don't have cash, then you need to be focusing on how can I get more cash flow? It should actually be your focus the entire timeline. No matter what step you're in, it needs to be what's holding me back from getting to the next step and what do I need to do today to get that next step. K? The business is built one action at a time, 1% every single day. If you do that daily over the course of a year, you're gonna be so far ahead that you're gonna look back and think, that was ridiculous. K? See you guys on the next one.

## Getting Started

### Book Keeping

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All right. Let's talk about bookkeeping, probably your favorite topic, right? So if you own a plumbing business, you're gonna have to keep your books. It's a super important part of your business. And if you don't keep your books throughout the year, it's going make tax season a total nightmare. So, you don't really need to keep your books like first thing. You don't need to go hire a bookkeeper, but the second you start making any money in your business, okay? The second you start going out and invoicing customers, you're gonna wanna go hire a bookkeeper, okay? And so if you're just starting out, I would look for one that's maybe local that charges by the hour because it's not gonna cost you very much in that case for them to keep your books, because you're not gonna have much going on. If you're, you know, further along in your business, I would find somebody that you can communicate very well with. Okay? So I've gone through quite a few bookkeepers in my business. My first bookkeeper was an

older lady who had a legit bookkeeping business, and she was really hard for me to communicate with just because of the age difference. And she didn't understand the way that I wanted to do business. And she wanted to follow the rules very strictly. Right? And I was more like, well, what happens if we don't do this? And sometimes it's a \$50 fee. So for example, let me give you an example. Your bookkeeper is gonna want you to pay quarterly taxes, right? Because it's required by the IRS that you pay quarterly taxes. And in order to pay quarterly taxes, you have to know how much that you're gonna owe in order to pay quarterly taxes. So they're gonna want you to do is then go hire an accountant to come look at your books and then give you how much you're gonna need to pay in taxes. It's called an estimated tax payment. That hiring an accountant to do that and the time it takes with your bookkeeper is likely gonna cost you, I don't know, 8 or \$900 just to figure that payment out. Well, the fee for not making that payment is usually only about \$50 So me personally, I choose not to pay the quarterly tax payments. I wanna keep the money in my bank account so that I have it. And then I'll pay all my taxes at the end of the year. So I set taxes aside throughout the year into a separate account. And then at the end of the year, I pay those and I pay the fees for not paying my quarterly taxes. Right? And, it ends up saving me money because I don't have to hassle an accountant every time I wanna figure out how much my quarterly taxes are. So, and that's kind of up to you guys. You don't have to do that. That's just how I do it. But, you know, my first bookkeeper wouldn't work with me on that. She really wanted those quarterly taxes paid. And I ended up finding a bookkeeper who has a bookkeeping business, who deals with, you know, multiple service industries. And she was very easy to communicate with. I can pick up the phone and I can call her. I can send her an email. She always gets back to me and I really appreciate that. Especially nowadays now that we're bigger and we've got a lot going on. The fact that I can just pick up my phone and give her a ring is super, super cool. So all that to say, you need to go get a bookkeeper. Okay? If you're making any money at all, go find a bookkeeper and then find one that fits your style, that fits within your budget. And you can always change, but do your best to get one now that you can communicate with, that fits your style, that you like. Okay? Because you're gonna have this ongoing relationship for quite a while.

## Funding

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So one thing you're gonna have to think about when you're starting your plumbing business is you're gonna have to think about funding, okay? And most plumbers think it takes tens of thousands of dollars to get started. They kind of imagine, okay, I'm gonna need a bunch of vans. I'm gonna have to fill those things with tools. They're gonna cost me a hundred thousand dollars a piece. I'm gonna need like a million dollars to get going. In reality, that's not the case at all. To get started, you need a logo and your licensing and a van and the minimum amount of tools. What I like to call the MVP, minimum viable product, okay? So when you're starting, think of your funding as I need just enough funding to just get going, just to get my foot in the door and get going. And then after that point, as long as you're pricing yourself properly, then you're gonna be able to make enough money to actually be able to go buy vans and get tools and stock them and hire more guys and do more marketing all with the cash that you're making from your business. Okay? So you need a lot less funding to get started than you think. And, don't let that stop you from actually starting your business. Okay. So there's a few different ways you can go about the funding. Okay. And you're gonna have to decide and go figure out how much funding you need. You know, I think I started mine on like \$10. I got the licensing. I got a logo made. I got my vehicle, and I got my tools. And I got the minimum amount of marketing that I needed set up for about \$10. And then I was able to go out and bill the customer and make money. And I was able to make that \$10 back in less than a month. Okay? So once you start doing some marketing and you start getting some work, you know, when it's just you and a truck, your expenses are really low. So if you're priced properly, you can start putting away a lot of cash. Okay? And then you're gonna use that cash to go grow your business. Right? And that's kind of the path that you're gonna take is you're gonna get yourself going and you're gonna work. Okay? And it's you're gonna have to work hard. It's not gonna be the easiest thing in the world. And you're gonna have to wear all those hats like we talked about. And you're gonna start stacking away cash until you get enough cash stacked away to really start growing and reinvesting that cash in your business. Okay. So as far as funding goes, you've got a few different ways you can get funding from the beginning, right? You can put it on a credit card. That's what I did in my business. I didn't have any money. I think I had \$1,500. I had a family to support and I didn't have a job at the time. So for me, my only option was I got to get this company going. I got to get it working because I need to go make some money so that I've got income coming in so that I can support my family. Now luckily, my wife had a job. She was a teacher. So that helped out quite a bit. And so that made that less risky, right? So I put about \$10 on my credit card, got it going, and like I said, paid it off within a month. So that's one option. Another option that you might have is cash. You might have some cash laying around that you can then go spend on your business and invest in your business now in order to get it started. Okay. The other thing is you might have a job. So, you you might have a job working for somebody and there's



things that you can do while you're still working before you quit your job. Like come up with a name, get a logo, you can buy a van, you can outfit your van, you can even get tools in your van. You can even get very minimal marketing like ready to go and ready to start for when you do quit. Okay? So then you can use your job and the money you've got coming in from your job to support you and your family. And then maybe just put, you know, the other stuff on your credit card a little bit extra. Or maybe you're making enough at your job now to where you can start purchasing those things and over the next couple months be set up to go then quit your job and start your company. Okay? So just know it doesn't take a ton of cash to start your business. It takes a little bit of cash. And once you get going, you're gonna make that cash back and you're gonna be able to pay yourself back. Okay? And then, one other thing to think about here is it depends on, you know, what kind of move you make depends on your situation. Right? If you're the sole breadwinner in your home and you've already and you have a job currently, right? You're not gonna wanna go just quit your job and then have to wait a month or two months to be able to get your name and your logo and get a van and get some marketing going. That stuff's gonna take time. So maybe you wanna keep your job and get all this stuff going and then go do some side work. Put a little cash away and then quit your job. But you might be a single guy and you might have a ton of cash on hand. So it might make sense for you to just say, go to your employer and say, hey man, I'm out. Peace. See you later. And then go spend the next couple months working on these things. Right? Maybe doing, you know, a random job here and there for the people who know that you're in business now. So kind of take a look at your situation and decide kind of what route is gonna be best for you and the way that you're gonna go about getting the funding to start your plumbing business. But whatever the matter, don't let the funding stop you from starting. Okay? Because I can guarantee you if you just get started and you get this ball rolling, there is so much more at the other end. Right? Once you have this thing going and it's making you good money, you can make a million dollars a year relatively easy with your plumbing business. And you can make that million dollars without working very much for it. Like I said, you know, last year was the first time I made a million dollars with my plumbing business, and I worked maybe an hour a week, maybe two hours max some weeks. And so that's pretty cool to be able to work that little and then be able to pull in that much cash. And that has freed me up to do things that I actually want to go do. Okay? So I hated being a plumber. I love being a plumbing business owner. Like, love business. So now I'm in this world where I got myself out of plumbing and now I'm able to go do all these things that I wanna do. Like open up these other businesses, provide coaching for plumbers, teach you guys things. And it's a wonderful, wonderful way to live. And you can be there just by starting. Okay? That's where you got to start first. And a lot of guys let the funding stop them. But, if I was you, I'd say, okay, How am I gonna get to funding? How am I gonna make this work rather than seeing the funding problem and quitting?

That's what makes the difference between a successful person and a non successful person.

## Licensing

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One thing you're gonna wanna make sure and do is get the proper licensing for your business. Okay? And this is gonna differ from state to state, the different steps you have to take in order to get the licensing and the bonding and the insurance that's required for you to operate in your state or your local county. Okay, so make sure and go research that and find out what those steps are and make sure that you get the proper licensing, the proper bonding and the proper insurance. All right. And if you need help, like you can go get help from a lawyer and they will help you set up your business and your business licensing and your business structure and all that stuff. It'll just cost you a little bit of money. Usually you can go to your state website and find out that information for free and usually thumb your way through some paperwork and figure it out. A good place to go hire a lawyer to help you out with that kind of stuff would be on Upwork. You can go on [upwork.com](https://www.upwork.com) and you can look for, you know, licensing lawyer and help you get a license all set up. Now they may not know your local, you know, county codes for your plumbing license and that, but they help you get your business license set up. For most of you, you know, a lot of people start out as a sole proprietor and then they move into an LLC. I would recommend just setting up an LLC from the get go. That way you don't have to change it later because eventually you're gonna wanna be an LLC with s corp status to help save you on taxes. But if all you did was get your LLC business license now, and then you can always apply for your s corp status later when your accountant tells you that that's a good idea. The moral of the story is just go get the proper licensing. Talk to a lawyer, talk to your CPA, you know, make sure you've got all your ducks in order before you start going and doing work.

## MVP

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So then you're gonna wanna get to work on your MVP, which stands for minimum viable product. So it's the minimum amount of product that you need in order to be able to take a phone call, go to the customer's house, perform the work, write an invoice, take payment, and send a copy of the paid invoice to the customer. Okay? So for plumbers, what's involved in the MVP is you're gonna need a vehicle, a van, or a truck, or some way to get around. I would recommend going and buying a brand new van and getting it set up so that you look professional from the get go. And then you're gonna need to fill that van with enough tools to be able to go do the work. Okay? So whatever kind of work that you're gonna get calls for, you need to be able to go there and have the tools available to you to be able to do the work efficiently and effectively and serve the customer well. And then you're gonna need your phone. You know, you're gonna need some way to take phone calls. So you're gonna want a phone, you're gonna need a way to answer your phone and a way to book your jobs, right? So then on your phone as well, like the last part of this minimum viable product, you're gonna need some way to process credit cards. I would recommend starting with QuickBooks because you're gonna need QuickBooks anyways. I would get QuickBooks online. They have a nice little app that you can download for your phone that then allows you to keep track of your customers, allows you to write up an invoice, allows you to take payment on the spot, and allows you to take credit cards as well. And then send the customer a copy of that, invoice. So you're gonna wanna go get all of these things, your van, your tools, make sure you've got a phone with a phone number for your business and make sure you've got a way to invoice your customer and process credit cards. And that's really all you need to get going and get started with billing a customer for work and then getting money in your bank account.

## Name

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With any good plumbing business, you're gonna need a good name. And unfortunately, what most people do is they name their plumbing business after their own name. They'll either name it like John's Plumbing or, you know, mine was J Rods Plumbing. My nickname in the trades was J Rod. Everybody called me J Rods, so I named my business J Rods Plumbing and Heating. And what sucks about that is that as you grow your business, pretty much everybody's gonna know who the owner is, and they're always gonna wanna talk to the owner, and your name is gonna forever be tied to that business. And it's also not easy to remember, right? So, hey, what was that name of that plumbing company? I think it was, J Rod's Plumbing or Jared's Plumbing or whatever, and they don't know how to go

search for it. So that begs the question, what makes for a good name? Okay. And there's a few things. So number one, want your name to stand out. Right? You don't want it to be super generic and just look like everybody else's name. Second thing is you want it to be easy to remember so that people can identify in their brain and remember, oh yeah, what was the name of that company? It was. And it comes to the top of their head, okay? Another thing is you can have it fit in with your market. Okay. So that where it looks like it's a local business and it's local to the area, or it can say something about your service or the quality of your service. Okay. So the most important part here is don't name it after your name. Okay? You're gonna wanna come up with a good name. And here's a couple of examples for you. So Prospector Plumbing and Heating, this is my company. It's in Fairbanks, Alaska, which is a gold mine town. So it makes sense to call something by prospector. Right? Our main mascot in the town is a prospector, a famous prospector. And there's a few other businesses that use the name prospector. So it's already well known. People can remember it easily, and it makes sense. It fits in the local community. Another example here is Fetchitect. I don't even know where they are, but, it's a good name that speaks to the service. Right? So you can just fetch a tech whenever you need one. Oh, I need a plumbing technician. I'm gonna call fetch a tech. And because they included the dog and the wrench, you know, the whole thing makes sense, and it'll likely stick in your head. So these are some examples of some good names. If you guys want more name ideas and good names, you can go check out a website called Kick Charge Creative, where they do a really good job with names, taglines, and logos. We're actually gonna talk about them in the next class on coming up with a good logo. So I'll see you over there.

## Logo

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All right, let's talk logos. So you guys probably already have a logo, but if you don't, you're going to need a logo. And then I want to talk to you about what's going to make a good logo and where to go to get a good logo and how to get one that's going to work for a good van wrap, right? So first off, you need a logo, okay? And it's kind of going to depend on your budget and where you're at on how you set this up. But first, let's go over what makes a good logo and what makes a bad logo. So you want your logo to stand out, right? You want it to be easily recognizable in your market and you want one that makes you look like a legit company. Okay? So when your trucks are driving down the road, you want people to be able to see your colors from like two miles away and go, that's that company, right? So like my trucks, for example, and we'll see a

picture of one here shortly. They drive down the road and you can see them from miles away and people know, ah, there's prospect or plumbing. That's their truck. Because nobody else has the colors that I have in the community and nobody else has trucks that look like mine. They're super recognizable. So then everybody starts to know who you are and they're like, they just think you're huge. And they're like, I see your trucks everywhere. Right? You wouldn't believe how many people tell me, dude, I see your trucks everywhere. How many guys do you have? Like 20 or 30? And they were telling me that when we had like four vans running around, right? So it's a really good way to do your marketing and it's a really good way to stand out. And it also makes you look like you're a real plumbing company. Okay? And that says to the customer that, okay, these guys, they actually have a company. They're actually going to honor their warranties. They're actually going to take care of me when they answer the phone and they tell me they're going to be there. They're probably going to get there. Okay. So it separates you from like the one truck Chuck plumbers to real plumbing company. Okay? And that's where the money is made when you're in a real plumbing company. All right? And this is just part of growing a real plumbing company. So here's some examples. Here's my plumbing company right here, Prospector Plumbing and Heating. You know, we're purple and green. We've got this dude with a white beard and a giant pickaxe. And, nobody else has anything like this in town. Right? Totally unique to the area. Here's another good one, Babe Plumbing. Right? So they took a Blue Ox. They're in Mankato, Minnesota. Babe the Blue Ox is very well known. Babe Plumbing, the colors are unique to the area, the orange and the blue, and they look awesome once you put them on a van. So check this out. What you can do with a good logo is then you can go put it on a van. Right? So you see this running down the road and you're gonna go, that's Babe Plumbing. Like it's orange, it's blue, it's got their colors, it's got the blue ox. And anybody in that neighborhood is gonna know this plumbing company right here, Babe Plumbing is at this house, no questions asked, okay? And here's one of my trucks. Like you see this driving down the road and you know, this is a Prospector plumbing truck. And we look like a real legit company. Okay? And that's who ends up hiring us is real, like people who want to hire a good company because they want they just wanna be taken care of. They don't wanna have to think about their plumbing anymore. Okay? So here's the flip side. Like you think somebody's gonna recognize this, AHS Plumbing. Number one, the name's really bad. And number two, the truck is not recognizable. And look at the colors, blue and red, just like every single other plumbing company out there. Okay? Nobody's gonna notice this driving down the road. Like, this was likely just a waste of money. And number two, this doesn't look super professional to the customer. So right? Like this guy right here, he could be a one truck check and the customer doesn't know. And the fact that he still has a Gmail account, ahsplumbing@gmail.com, it's not looking so hot for this guy, okay? So it doesn't set him apart. It doesn't make him look like a real plumbing company that's gonna take care of the customer. Here's

another example, Brad's Plumbing, right? He's got typical clip art, typical red and blue colors again, white van. It's an older van. It doesn't look super professional. It looks like, you know, one truck chuck butt crack plumber is gonna show up to your house and yeah, it's gonna be cheap, but it's not gonna be good. It's not gonna be warrantied. They're not gonna take care of me right away. There's a chance he's gonna have to push me off a few days and that's not what you want. Right? So that's kind of like the difference between a good logo, what a good logo can do for you and a nice van wrap can do for you, and what a bad logo and a bad vehicle wrap can do for you, right? So you wanna go for the good, go for the goods, right? You've only got your name, you're gonna come up with a good name, and then you're gonna come up with a logo, and you're gonna spend a lot of money on your wraps. So you might as well make it a good one, right? Why put a bad one on there when you can put a good one on there? Okay. So there's a couple ways to go about getting a good logo and getting a good van wrap design. And it kinda depends on where you're at financially. Okay? So if you're just starting out and maybe you don't have that much money and it's just you and you just need to get going. I would recommend going to ninety nine Designs, unless you have a bunch of cash. At ninety nine Designs, you can go and you can get a logo made for, you know, a couple hundred bucks that will be good enough to just get going and have on a website or or have somewhere. Or if you go hire a marketing company, they can sometimes come up with a logo for you as well. Right? A real simple, easy one. Okay? The other option is, you know, if you're a little further along in your business and you're ready to hire a marketing company, which we'll go over when a good time to do that is I think you should do that as soon as possible because that's how you're gonna get work in the door. If you sign up with Mammoth Marketing, they're a really good marketing company. They handle all of my marketing and I've sent people to them, lots of people to them to get their marketing done. With their service, you know, you get on a monthly retainer for their marketing package. And not only do you get marketing, but they will also help you design your brand. So they'll help you come up with your name, your logo, your branding, your colors. They'll do market research for you and they will design your van wraps for you. All part of their monthly package. So for somebody who's coming in and maybe they don't have that good of a logo, maybe they really like their name or maybe they're struggling with a name and they need marketing as well, this is a really good option because the bang for the buck you get right there is pretty awesome, okay? And I'll leave links to these down below. So the third option is probably, you know, if you're gonna get a name and a logo, these guys are top of the line, okay? And if you have the money in your budget, KickCharge Creative is the best at creating logos and van wraps, okay? Mammoth Marketing, they did mine, it's really good. I would say on a scale of one to 10, it's like a nine and a half, okay? A KickCharge Creative logo is gonna be a 10 every single time. Okay? So if you have the money, I would go with a KickCharge creative logo. If you need to save on money, I would

talk to Mammoth Marketing and I would get on their marketing package and I would get my website done, all my marketing stuff done. And I would have them rebrand to me as well as part of the process, okay? And then if you are short on cash and you're just starting out and you just need a logo to get going, something to put you know, in QuickBooks or on your Stripe account or something, then I would just go to ninety nine designs and just get a really quick, logo done and then plan on changing it later. Plan on rebranding later via one of these two methods. Alright? So that's all you need to know about logos. Just don't go don't don't do a crappy logo. Okay? Just invest now into a good logo and it will make all of your life easier from here on out. Alright? See you in the next class.

## Paperwork

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So one thing you're gonna start accumulating when you start doing work is paperwork. Yay. All those receipts that you've gotten from the parts stores, you you're gonna wanna keep all of that paperwork. So what you're gonna wanna do is you're gonna wanna go get a filing cabinet and you're gonna wanna start filing that paperwork away. Okay? And if you've got guys, then you want all of your guys bringing all the receipts back to the office or back to your house, wherever you're at, and start filing that stuff away. What we like to do is we sort them by by the vendor. Okay? So and then we sort them by month. So we'll have the month of April, and then we'll have all of one vendor, all of another vendor, all of another vendor. Okay? You there are a couple of apps that you can use to take pictures of your receipts. I know there's a couple companies that that use that. They have their guys just take a picture of the receipt. I prefer just to have the paper and to file it away. To me, it's easier. It's hard enough to get guys to open up an app on their phone and try to get a receipt of the paper. It's easier for them to grab the piece of paper, chuck it in their van, and then bring it back to the shop, in my opinion. So you can kind of go either way, it's up to you. But the moral of the story is you need to be saving all of your receipts and filing them away. All right?



# Pricing ( Alex Head Coach )

## How to think about money

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One thing you're gonna have to understand when you're growing and scaling your plumbing business is how to think about money and how value and worth are tied to dollar amounts, okay? So you've likely been told and you've grown up to believe that money is a scarce resource. And most people who have a nine to five job believe that because they have to go to work every day and they get a set paycheck at the end. And the only way to get more is just to work more. Well, when you have a plumbing business that completely changes because all of a sudden money isn't this thing that's tied to a paycheck, right? You're leveraging other people's time now to make money for you. And so you can always go make more money and you can actually like use the money you make to go make more money, right? So you need to start thinking of money as a tool that you're gonna use to reinvest in your business to make more money, right? So it's real easy for plumbers to come in and start a business and they start making money and their bank account starts to grow and they have this tendency to wanna hold onto it and hoard it because they believe that money is scarce, right? And they can't go make more of it. So when they make it, they gotta they gotta hold onto it with all their might. When in reality, when you start to bring in money, you need to build up your bank accounts and then you have to be willing to invest it back into your business, okay? So I want you to think of money as a tool, all right? And money is a tool that you can use to make more money, right? You can reinvest it in your business, which will make you more money. It's a tool that you can use to purchase something. So you can go exchange your money for a good. It's a tool that you can use for charity and it's unlimited. You can always go make more money, okay? You can always go start another business. You can always go sell something else to go make more money. You can always grow your plumbing business and make more money, okay? So that's kind of how I want you guys to think about it. And then the next thing you need to understand is value and worth. So how do you determine, okay, how much money something is worth? Because if money is just a tool, then you have to think about this differently. Okay? And this is really important when you're running your plumbing business. So the worth of something of an object is determined by how much value is attached to that object. Okay? And I'm gonna give you a little bit of an example to help you understand. Okay? Let's say I have a banana. Okay? And I also have a Ferrari. This is a little bit of a dirty Ferrari, but it's a Ferrari nonetheless, okay? And let's say I'm gonna sell you one of the two for \$10,000 all right? So you might look at me and be like, dude, this banana I can go buy at the grocery store for \$2. So I'm likely not gonna pay you \$10. Right? And I'm not that hungry. I just ate. So banana, no thanks.

Ferrari, however, you know this thing probably retails for, I don't know, 100,000. It's got nice tires. It looks cool. You know, it'll get you to and from work. It will make you look cooler to your friends and other people around you. And so the value of this Ferrari is likely worth \$10,000 right? So you can see like banana, low value, low dollar amount. Ferrari, high value, high dollar amount. Now let's flip the script here though. Okay. Let's say that you're going to die in the next five minutes if you don't get food in your stomach. Okay. And you're miles from a grocery store and there's no food anywhere else and you have \$10,000 in your pocket. And I come to you and I say, hey man, I'll sell you this banana for \$10 or I'll sell you this Ferrari for \$10. All of a sudden now this banana is worth a lot more to you than this Ferrari, right? Because life has more value than driving around in this Ferrari at this point, okay? So if you eat this banana, you're gonna live and you're gonna survive. Now all of a sudden this banana is worth \$10 and this Ferrari is worthless, right? Totally worthless to you. So you can see we've increased the value of the banana, and now all of a sudden it's worth \$10. And we have completely decreased the value of the Ferrari, And all of a sudden it's worthless. It's worth \$0 You wouldn't pay anything for it because you're gonna die in five minutes anyways. Okay. Now that's kind of an extreme example, but it just goes to show that by changing the amount of value that we have, we can change the dollar amount of what we're charging to the customer. Okay? So that's the that's the key concept that I want you to grasp here. Value equals dollars. Value determines how much somebody is willing to pay you for something. How much they perceive that it's worth. Okay? So you wanna ask yourself in your plumbing business, how can I attach as much value to my service to the end customer as possible so that they're willing to pay me what I'm worth, what I'm actually worth, what it actually costs me to run my plumbing business and make a profit? Okay? And here's another like cool little benefit. Okay. Of being at a higher price tag. Okay. So like in your plumbing business, you want to be the high value, high dollar premium product plumbing business, okay? Because it already costs you a lot to make your plumbing, to run your plumbing business. And you're gonna figure this out in the next few classes here where we go over your hourly rate and you start understanding how much it actually costs you to run your plumbing business. But in this example right here, so like when somebody goes and sells a banana, grocery store sells a banana, right? They make one sale and they make 10¢ in profit, okay? Versus Ferrari, when they make a sale, right? It's a hundred thousand dollar car at, you know, 20% profit margins, they probably make \$20. So same profit margins, right? Let's say the banana they're making 20% margins, but it's only 10¢ profit. And a Ferrari they're making 20% margins, all of a sudden it's \$20,000 in profit, okay? So a higher price tag will actually equal more profit dollars. Okay? Which means, this is why I want you guys to understand this, that how many banana sales do they have to make in order to create \$20,000 in profit? They've got to make a lot more banana sales versus they could just make one Ferrari sale and make

\$20. Okay. So when that when you're thinking about your plumbing business and you want to be the Ferrari, okay, you want to have the highest value at the highest dollar amount, and you will be able to do less work for the same amount of profit dollars. And what that does for your business is it now creates a business that can generate lots of cash, right? That's easier to manage than one that has lower profit margins. Okay. Because now you can do the same amount of profit dollars with less technicians, less overhead, less, you know, management tasks. And it's easier to remove yourself from that kind of business than it is one where you're doing lots of volume with low profit margins, okay? So, and that's ultimately the kind of business we wanna build. If we want to have a plumbing business that makes us good money, that we don't have to be a part of every single day, then we need to move in the direction of having a high profit dollar company. Okay? So few things I want you to remember from this class. Okay? Money is a tool and you're gonna have to use it to invest into your business. Okay? So moving forward, I want you to remember that. Money is a tool and you have to be willing to spend it back on your company to invest in things like marketing, vans, people, systems, trainings, all the good stuff that's gonna help you grow to the point where you're making good profit. Okay? And worth. Okay? Worth is determined by value. So how much you can charge for something is directly related to the value that is attached to what you're selling. Okay. So your service has to be valuable enough to the end user in order for them to pay you the dollar amount needed to maintain profit margins. Okay. So value and worth coincide. Okay. And then higher worth, right? So if you can live in this higher worth, so if you can attach enough value to your service, to where you're worth more, you're gonna be able to make more profit dollars. So same profit margins, but you're gonna be able to actually make more dollars at the end of the day, more money in your bank account with less effort on your end. Okay. And that's really what you need to know moving forward. If you ever forget these things, just come back to this class because these are very, very, very, very foundational to your plumbing company. I'll see you guys in the next class.

## Which Hourly Rate Calculator?

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What's up, guys? Okay, you probably just watched how to think about money and now you're watching this video that is gonna go between how to think about money and the math behind your hourly rate. And the reason I'm making this

video is that there is two ways to price your plumbing business and both ways work. One way just works better when you're a little bit further along in your business. So, what I want to do is explain them to you so that you know which one to pick for your business. You can't do both. You can only do one or the other. Okay? So, if you're just starting out in your journey as a plumbing business owner, uh, and you don't have any software to use, you don't have your automated pricing, then I would probably just continue down here and go to Hourly Rate Calculator, this video here, and these. And when you get to Margin Pricing, I would just skip those, okay? That's gonna put you on the OG Hourly Rate Calculator, is what we call it here at Wealthy Plumber, and it's how I priced my business and got to \$5 million in revenue, okay? Later on, I switch to what I call Margin Pricing, okay? So, Margin Pricing is for the person who, you know, has a better grasp on the idea that we need to be expensive to run our plumbing business, and who understands their profit and loss statement a little bit, and definitely for those who have, uhm, employees. If you've got three guys out in the field, two, three, four, five, or more guys out in the field, and you're a plumbing business and owner, and you're on software, you're going to want to get into this margin pricing calculator, okay? It's, once you get to the point where you have employees, it's a better way to price your business. Now, will the OG hourly rate calculator work? One hundred percent. I did a lot of revenue on that calculator. I'm sure I made a ton of money on it. However, the margin pricing calculator, as you'll see when you watch the margin pricing video, will help you manage your employees and put commission structures in place. Something that the one man shops don't necessarily need to worry about, alright? So, if you're a one man shop, it's just you and the business, just keep watching the videos. If you're somebody who's got employees, you're employees, and you're on software, and you want to go to the next level, I would skip these two hourly rate videos, and I would come down here and watch these margin pricing calculator videos, and then I would go back up and watch the Valley of Despair, the premium product, flat rate pricing, and material markup, okay? Okay, material markup when you're on margin parameters. Margin pricing calculator will be slightly different, but you'll see it in there, and if you have any questions, you can ask in the group. Hopefully, that clarifies things, guys. If you have any questions on which one you should use, you can ask in the group, and we'll be more than happy to help you out. See you guys.

## The Math Behind Your Hourly Rate

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All right, let's talk about pricing for your plumbing business. Okay. How to price your plumbing business. This is where most plumbing businesses fail. Okay. They don't understand how to price their plumbing business and how value and worth is determined and how to come up with a price that is fair to the customer and fair to you that you can run a profitable business off of. Okay? So first thing we wanna go over is we wanna price based on how much value we're bringing to the marketplace. Okay? And we want to do that based on math. Okay. We don't want to do anything other than math that can lie to us. Okay. Because math and facts are just truth. They don't they don't lie to your brain. Okay. Versus on the other hand, what most people do and the mistakes they make is they price on emotion. Okay. Or they price by guessing like, hey, how much do I think this person's willing to pay for this? Right. Or how much do I think this is worth, right? So they're just guessing. They don't actually know the math behind it. And then a lot of people price based on comparison. They'll call the other plumbing company in town and they'll say, hey, they're charging 130, so I'm gonna charge 120 or whatever. Or you might even charge 140 because you think you're better. But what we want to do is we wanna price based on how much value we bring to the marketplace and we wanna determine what that value is worth by using math, okay? That way we're not lying, we're running a very strategic business that is based on facts, okay? So that begs the question, how do you actually determine what your value is? Okay. So your value is determined by, it's a representation of what it costs you to bring that value to the marketplace plus a percentage. Okay. And what it costs you is known as your expenses, right? How much you're spending to bring that value plus a profit, okay? So in this equation here, let's say it costs you, there's a business, it costs you a hundred thousand dollars a year to operate this business, okay? That's what it costs you to bring the value to the marketplace. And you wanna maintain a 30% profit margin. Well, then you're bringing a hundred and \$42,000, a hundred and \$42,857, right? That's mathematical representation of the dollar amount of value that you're bringing to the marketplace, okay? So really wrap that around your head. The cost of how much it costs you, okay? Plus your margin is a representation of how much value you're bringing to the marketplace, okay? So this value over here and this dollar amount, they're just representing each other, okay? And so the key here, right? The key, the number one key is that your expenses, all of your expenses that you incur as a company have to equal value to the end user. Okay. So when you're building your plumbing business, right? And you're incurring all these expenses. Okay. To offer a better service to your customer. You really have to ask yourself, are these expenses bringing more value to the end user? Okay. That'd be a good thing. You would say, okay, it brings a ton more value, which means that they're gonna be willing to pay for it. So it's a good expense to bring on versus on the other hand, let's say I have a plumbing business and I bring in a bunch of expenses that are that I think are cool, but they don't actually bring any value to the end user. Right? So now my dollar amount that I have to charge

for my service to maintain my profit margins is inflated. Right? And it's not an accurate representation of the value that I actually bring to the marketplace. So some other plumbing company could come in and they could offer the same amount of value at a lower dollar amount. And that's how I would lose, right? So you wanna find that spot where you're offering the most amount of value for the least dollar amount. Okay? So you want your dollar amount and your value to be directly tied to each other. You want them to be equal. Okay? No expenses that don't bring more value to the customer. All right. So then the question is, how do we funnel that down to an hourly rate? Okay. So we understand that our expenses that we incur are a representation of how much value we're bringing to the market. Now we need to learn for a plumbing business, how do we actually charge hourly for that expense, okay? Not that you're gonna charge the customer hourly, but all of your pricing is gonna be based off your hourly rate, okay? So your hourly rate, okay, is equal to your expenses plus profit margin divided by your billable hours, okay? So how many hours you have available in a year to bill out to the customer, okay? So your billable hours then is equal to how many available hours you have divided by your efficiency, okay? So keep those in mind. We've got available hours, we've got billable hours and we've got efficiency that come into play here. Okay? So let's break this down. An example, you got a plumbing business that has three technicians. Okay? Those three technicians, right? Each tech works two thousand hours per year times three techs, you now have six thousand available hours, okay? So that's how many hours you have available to bill out to the customer. But here's the thing, in a plumbing business, you don't bill out all of your hours. National average for a plumbing business, they bill off 50 to 60% of their available hours, okay? At my plumbing business, I know for a fact we bill out 55.4%. I've tracked it for the last two years and without fail, no matter what the weather is, no matter what the temperature is, no matter if we're slow or if we're busy, we bill out 55.4% of our billable hours. So that's our efficiency. We are 55% efficient, okay? So if we have 6,000 available hours, but we're only 55% efficient, that means we really only have 3,300 billable hours, okay? And that's how many hours we're actually gonna be able to bill out during the span of the year. Okay? So if I have three techs working and they're working all year long, two thousand hours, they're only gonna bill the customer for three thousand three hundred hours. Okay? So you need all of your expenses and your profit margin need to be accounted for in that three thousand three hundred hours. Okay? So your hourly rate is going to be your expenses plus your profit margin divided by 3,300 billable hours, right? Because all of your expenses and all of your profit have to be accounted for in that three thousand three hundred hours, okay? So let's say you've got a company, it costs you \$500,000 to run that company, okay? And you wanna maintain a 30% profit margin. That means that you are bringing \$714,285 worth of value to the marketplace. Okay. And you got to cover all of this in this billable hours. All right. That means that you have to charge \$217 per hour to cover all of your expenses and

to make a profit, okay? So if you think about this, like if you go charge \$217 an hour and you bill out three thousand three hundred hours over the course of a year with three guys, then you will cover all of your expenses plus your profit. At the end of the year, your total revenue will be \$714,285 okay? And 30% of that should be your profit on the company, okay? So that's how you go about funneling it down. It's just a math equation of how many available hours I have to build to the customer and how much it costs me to bring that value to the customer. Do the math brings you your hourly rate. Okay. So in the next class, we're gonna go over actually how to put this into my hourly rate calculator and how to track it and how to keep track of it and how to start with your hourly rate. Okay. So I'll see you in the next class where we're going to go over the hourly rate calculator. See you there.

## Hourly Rate Calculator

Unset

Okay. Welcome to the hourly rate calculator. Okay. As we learned in the last class, our hourly rate is determined by available hours, percentage, our efficiency, and how many actual annual billable hours that we're gonna have. Okay? And it's determined by the amount of value that we're bringing to the marketplace, And our value is determined by our expenses, okay? So you'll see here in this hourly rate calculator that you have work days per year, which determines how many work hours you have per year. And then you can divide that or multiply that number by how many service vehicles you have, which is gonna give you your available billable hours. Okay. And then you get to multiply that by your efficiency, and then you can determine your annual billable hours. Okay? So what I want you guys to do, first off, you have a link to this calculator that is down below. Click on this link. You're going to want to go file, make a copy. You're gonna make a copy of this. You can call it whatever you want, and that is gonna make a copy that you own, that you can edit, that you can keep, and you can continue to use for your business. Okay? So go do that and then come in here and start filling this information out. Okay? So workdays per year, that's pretty typical. 265 workdays a year, I think. We give our guys a week paid vacation. So I make it 260 in here. Okay. Which gives you work hours. For those of you who don't have three service vehicles yet, I want you to fill out this calculator like you have three service vehicles. Okay? And then I want you to pretend that you have all the expenses of a three vehicle company. Okay? And I've already prefilled out some information in this price book for you to help you out with there. But I want you to pretend like you have three vehicles. For those of you who have three vehicles, then just go



pull all your expenses from QuickBooks or wherever and enter it in accurately in the expenses tab in this calculator. For those of you who have more than three vehicles, I want you to do this calculator twice. I know it sounds like a lot of work, but it's gonna be really important. Okay? I want you to fill it out with three vehicles and all the expenses you would have if you had three vehicles. Okay? And then I also want you to go fill it out with how many service vehicles you actually have and the actual expenses that you have. Okay? And that's gonna give you a comparison between the two. It's very important. So why fill it out with three service vehicles? Okay. There's something that I like to call the barrier to entry. Okay. So anybody who comes in and wants to get into the plumbing business world, they're going to have this certain point where their expenses and their efficiency are at maximum. So they're the least efficient. Okay. They haven't gained any economy of scale. Okay. So you'll notice as you add service vehicles to this calculator, your efficiency, you get more efficient, you gain economy of scale, right? Because your overhead stays relatively the same. But the amount of technicians that go out and bill rises. So your overhead gets split up by more people. Okay? And you'll see that as you add guys into this calculator, your billable your hourly rate will go down. Okay? But we don't actually want to start lowering our hourly rate. We wanna keep the same hourly rate and use that scale to our advantage. Right? Because that's where you lose the risk in your business. The more you scale at a certain point, you lose a bunch of risk. Okay? And we'll get into that a little bit later on in this course as well as how to how to minimize the risk in your business. Okay? So what we wanna do is that first point where you have the maximum risk and the most amount of overhead and the least amount of guys is that three service vehicles. Okay. So anybody who wants to come into your space, they're going to hit that point. And if they want to get past that point, they're going to have to charge the hourly rate that you determine when you do this at three service vehicles. Okay? So what you wanna do for your business is determine what that break point is, how much it costs at that break point of three service vehicles. And that's what you wanna charge moving forward. Okay. And as you scale, you're gonna keep track of it to make sure you don't have to adjust, but you're never gonna lower your hourly rate. You're gonna use the economy of scale to lower the risk in your business and maybe even to provide a better service to your end user. Okay? So fill us out with three service vehicles. If you have less, fill it out with three. If you have three, fill it out with three. If you have more than three, fill it out with three and how many you actually have. Okay? So on the bottom of this page, you'll notice these different tabs. Okay? We're not gonna worry about price book key or price book right now. What we're gonna worry about is expenses and hourly rate calculator. K? So I want you to go to your expenses tab first, and I want you to come in here and fill in all of your expenses. K? And they're broken up by category. I've broken them up by category, and I've entered in a lot of the costs that I have in my business, so that you guys can kind of think

about, well, should I actually have this cost in my business? Or, you know, is this a cost that I don't need in my business? So when you're comparing your costs versus what I've got in my costs, okay? So let's just start at the top and I'm gonna work my way through this. It's gonna go slow, but bear with me because it's really important, okay? So as you see here, when you have these purple headers here at the end here, these dollar amounts they auto tally, okay? So you don't wanna change the equation up there or it will hurt your hourly rate calculator. Okay? It'll ruin it. So don't do that. You can always go download a new one if you if you do mess something up in here. But basically they take these numbers here and they auto tally up into here. Okay? And then this then gets auto tallied up and gets put into the proper category in your calculator over here. Okay? So it all works automatically. All you have to go do is actually enter in your expenses. Okay? So owner pay, you guys need to be paying yourself a salary. Okay? And the way to think about owner pay is, you might not want to pay yourself 120,000, but you might want to pay yourself 150,000. Who knows? The way I would think about this is, if your technicians are making \$8,090,000 a year, then the owner of the business needs to be making more than that, right? Because you're risking all of this business and all of this to make money. So the business should be able to pay you a little more. Another way you can think about this is that someday in your business, you're likely gonna wanna hire a general manager. And you're gonna wanna pay your general manager more than you pay your plumbers, right? So you could think about this as how much you would wanna pay a general manager because that's the seat that you're gonna take in your business right now, okay? So if your plumbers are making a hundred thousand a year, you're likely gonna wanna pay your general manager a hundred and twenty thousand a year. Okay? So fill this in, make sure it's enough to where you can live off of it. It's a good wage for you and leave it at that. Okay, so let's roll down to plumber pay. You know, if your plumbers are getting paid, you know, if plumbers in your area are getting paid \$30 an hour, then I would come in here and say, okay, I want to be able to pay my plumbers, you know, 5 or \$40 an hour. And I would calculate out how much that's gonna cost per year. And I would put that number over here. Now, thing to keep in mind is all these numbers on this end, they are all yearly numbers. Okay? So your base salary, that's how much you're gonna get paid per year. Your plumbers, that's how much you're gonna get paid per year. Okay? So So let's just pay these plumbers. Let's pay them 80,000. Okay? Let's go ahead and do that in here. And let's assume you have three of them, not 8,000. We want them to make 80,000. There we go. So all three plumbers are making \$80,000 a year. Okay. And then let's move down to the advertising. You can see how that auto tallied up here. Let's move down to advertising. Okay. If you've got a three man plumbing shop, you can likely do, you know, probably a million plus in profit, not profit in revenue per year. Okay. So good way to factor to figure your advertising is say, I want to do X amount of dollars in revenue this year. So that means I need to spend 10 to 15% on advertising. Okay. For my company to

reach those revenue goals. So if you wanna do a million dollars, then you need to spend anywhere between a hundred and a hundred and 50,000 on advertising. K? So I would come through here and say, okay, I can spend \$10 a month on Google Ads. That's pretty that'd be pretty good for a guy with three shops. Maybe I only wanna spend a thousand bucks on Facebook. Maybe I won't spend on TikTok or YouTube or Snapchat right now. Google local services, maybe I wanna spend a thousand. SEO, I would recommend everybody do SEO. CallRail, Google video buy, all that stuff. Maybe you don't need to. Maybe you're gonna hire a marketing company. Right? This is the marketing company I use. They might cost you a couple thousand bucks a month. Right? You wanna make sure and put that in there. Retargeting. I would recommend spending on retargeting television. Home show. That's a good one. So we spend about \$2,000 a year on our home show. That puts us at a total advertising budget of a hundred and \$78,400. Now guys, that might seem like a lot, but you've got to spend money on advertising to be able to run a legit business. Okay? And as long as that advertising is included in your hourly rate, then you will be able to pay this dollar amount in advertising. Okay? So let's move on down. We've got bank merchant fees. Okay? You're gonna be paying merchant fees on your credit card transactions, okay? And you don't want that coming out of your profit. So with three guys running around, you might spend \$2,000 a month on credit card fees. Okay, so \$24,000 a year. That's a good starting place. If you know these numbers, then go pull them from your books and enter them in here accurately, okay? Debt service, you know, if you guys have any debts that you need to pay off, I would put those in here. Hopefully you don't and you can just enter zero in there. Auto insurance, you know, I would just figure out how much it costs you per month and say, okay, this is what I'm spending in auto insurance. I think when I had three guys, I had four vans and I was spending about \$8,000 a year on auto insurance. Okay. Insurance business, you know, you likely have your workers' comp insurance, you have your business insurance. I would throw those total amounts here. All of you guys should know that. Workers' comp is gonna go up the more guys you get. So make sure and keep track of that. This is what I spent on mine with three guys. So I'm gonna leave it at that. Then you've got insurance and health. Okay. So you've got insurance for you and your family, whatever that costs you per month, you need to put it in here. It will auto tally how much that costs you per year over here. If you're gonna provide your technicians with insurance, you're gonna wanna put the per month cost of that here, and that's gonna tally it up over here. This costs me about \$1,500 per month for my technicians. And my owner insurance costs me about a thousand. If you've got a general manager, maybe you're gonna provide him with insurance and dental and vision. Maybe you've got CSRs, you wanna provide them with dental or vision or insurance, make sure and put those expenses in over here. K? But for this purpose, I'm gonna assume I'm only providing it to my techs and myself, and I'm gonna go from there. Internet expense, how much it costs you for Internet? You know, if you've got a shop, you're likely paying for Internet at your shop. If

you're at home, just figure your home cost there. Okay? That's gonna again, it's gonna multiply by 12 and give you a total for the year. Loss refund. So this is like if you've got guys running around and they pull out a dishwasher and they scratch somebody's floor and you've got to go in and replace their flooring. Okay? Or if you make a mess out of somebody's carpet and you've got to replace their carpet. You're gonna want some money in here for those kinds of things. Because if you've got three guys running around, they are going to make mistakes. I had a guy flood somebody's basement one time and we had to replace all of his hardwood floor, all of his trim, the sheet rock two feet up, and some of the carpet on his stairs. K? Cost us about \$25,000. And had I not had that money in my hourly rate, then it would hurt. K? But since I accounted for that, I had it in a separate bank account. I was able to pay it no problem, okay? Membership dues. If you guys are getting coaching, which you are, if you're watching this video, you need to put that a coaching expense in here, okay? How much did you pay this year for coaching? Google Suite, how much are you paying for Google products? ServiceTitan, you know, how much are you paying per month on ServiceTitan? I think ServiceTitan is probably a little more than \$300 a month. It's probably like 900. Know, products like Canva or any sort of software subscriptions, you're gonna wanna put them in here. Again, they'll tally up for the year over here and then tally up the total here. Okay? Office salaries. Here's where I would put in any of your office staff. Okay? So your CSRs, your general managers, anybody you have in here that isn't a billable technician. So they're not a technician that's going out and billing out to the customer. I would put them in here. Okay? And then what you're gonna pay them per hour here. With three technicians, we only need one CSR. My CSRs, I pay them 40,000 a year. So I'm gonna leave that at that. Office supplies, okay. You know, you're gonna want to you know, we sent out thank you cards and gift cards. We provide coffee and snacks for our guys, cleaning supplies, business cards, and we use a lot of stamps from stamp.com. I just threw in \$2,500 down here for you guys, to figure out, you know, just as a placeholder, I think that's pretty accurate. You could spend about \$2,500 a year on office supplies really easily with three guys. Okay. Professional licensing. This is where you're gonna put all the licensing that it takes you to operate your business. Okay? These are the licensing that I have. You know, I have a master plumbers, mechanical administrators, certificate of fitness, contractor license, a state business license, a city business license, and all of that cost me about \$2,500. You guys are gonna wanna come in here and put the actual dollar amounts of what it costs you per year to maintain those license, okay? And don't forget about continuing education costs or anything like that, all right? So then professional services. Okay. So everybody should have a bookkeeper if they're making money at all. Know, with three guys that might cost you like \$300 per month. Tax prep is something you're gonna need to think about at the end of the year. You're gonna need to pay somebody to do your taxes. It cost me about \$2,000 to have my taxes done when I had three guys. And then any other

professional services that you have, like Plumline, they're an after hours phone answering service. I would put how much they would cost here. Plum Social, that's my social media company. You know, if you if you're using a social media company or anything like that, professional services, you're gonna wanna put the cost of that here and account for it in your hourly rate. Okay? I'm gonna leave those blank because the three guys I'm gonna assume I don't quite need these expenses yet. And I'm and I'm just trying to get get going and grow my company. Then rent and lease. So if you have a shop, you're gonna wanna put your shop rent here. If you don't have a shop, you're going to want to assume what a shop is gonna cost you. So my shop cost me \$18.50 a month. So I'm gonna put that there. And then a lot of people like to finance their sewer cameras. Right? So that'd be a rent or a lease. I would put that in here or any other bigger equipment that you financed to get going. I would put that in here so that your customer is paying for that financing. Alright? So replacement allowance. This is where you're gonna put the tools and things that you're gonna have to replace throughout the year. Okay? Because you guys are gonna lose tools, they're gonna break tools, things are gonna wear out and you're gonna have to replace them. So a good starting point for three guys is about \$6,000. If you know your number here, then make sure and fill that out accurately. Supplies and expenses. This is where you would keep anything like rags or solder or propane anything that you keep at your shop for your guys to go grab, you would wanna keep that in here. Okay? I actually don't put anything in here. I account for all of this in my price book. So I attach a little bit of money for supplies on each each and every job. So I don't actually put in anything here, but I know some people like to keep certain things in their shop, for one reason or another. So I would put those items in here. Don't include water heaters or, you know, fittings or any of that kind of stuff. It would just be like vacuum bags or rags or that kind of stuff. Right? Telephone expenses. So each of your guys is likely gonna have an iPad. Okay. So three iPads a month plus your cell phone expense, plus your CSRs phone expense, plus maybe you've got an office phone, probably gonna cost you about \$700 a month, times 12, you're gonna spend about \$8,400 a year on that, okay? And then if you're buying screen protectors and cases for your iPads and all that stuff, I would go ahead and put that here. We probably only spend about a hundred bucks a month on screen protectors, cases, all that good stuff. Okay. And then we move down to uniforms. Okay. You're gonna want you gonna wanna get your guys wearing a uniform because it's gonna make you look way more professional. Okay. So you're gonna wanna spend some money on sweatshirts, t shirts, polos, hats, or a uniform company. Okay. So with three guys, you could probably spend about \$3,500 a year on uniforms, okay? So again, if you guys know how much you're spending, go enter in your expenses here, okay? Utilities. These are the utilities I have at my shop. Okay. We spend about, we spend more than a hundred bucks. We spend about \$400 a month on our fuel. And that's gonna equate to about \$4,500 a year. Okay? Because it's cold in Alaska, we burn through a lot

of fuel. Electric, we probably spend about \$1,500 on our shop a year, not 15,000. We probably spend about 1,500 a year and then trash. I think our trash costs us about \$1,500 a year. Okay. So figure out what that is. If you guys don't know these, then you can go through and you can estimate based on your home utilities and just guess what those would cost you for a shop. If you've got a shop and you know it, then make sure and put in how much it actually costs you over here. Okay. Vehicle fuel per month. Okay. So if you've got three technicians, then you've got three guys driving around all over the place all month long. I know for me that costs me about a thousand dollars a month in fuel. Okay? Fuel's a little more expensive in Alaska. It's cold in Alaska, so we leave our vehicles running a lot more. We go start them in the morning and let them run to warm up. So I know that I spend with three guys about a thousand dollars a month. Okay? And you're gonna wanna track these things and then go enter these expenses in once you know. If you already know, then enter that number in here. Okay? So then vehicle lease. If you're running a three man plumbing shop, you're gonna want to assume that you have four vehicles. Okay? So I would always assume that I have one more vehicle that I need. That way I know that I'm covered. Like if I have four vehicles and three guys and something happens to a vehicle, I have a spare vehicle where we can then send guys out and keep them out billing the customer and taking care of people. Okay? So I would assume you have four. If you've got more, make sure and actually fill this in. I'm gonna assume each vehicle cost me a thousand dollars a month times 12 cost me about \$12,000 a year per vehicle, which is \$48,000 per year. Okay? Vehicle maintenance. So you're gonna have to do oil changes, brake changes, things are gonna break on your vehicles. So put that money in here. Here's about what I would spend per year on vehicle maintenance for three vehicles. Okay? And then any other expenses that we didn't cover in the above sections, you're gonna wanna come in here and put in what that expense is and how much it costs you per year. Okay? So we've got baseline expenses covered for a three man plumbing shop. Now let's go see how that works out in the hourly rate calculator. We've already determined how many available billable hours we have, what our efficiency is, and how many actual hours we're gonna bill to the customer. Okay? So now we need to move down to taxes. Okay? So federal income tax is 15.3%. And then there's usually not in all states, but in lots of them. There's a state employer tax that's taxes that the employer has to pay to the state aside from what the employee pays. Okay. So in Alaska, we pay 2% tax to the state. So we take 15.3 plus 2% gives us 17.3 tax rate. Okay. And that's gonna tally up how much we're paying in federal and state taxes throughout the year. Okay. So you can see here, we now have our owner pay. We now have our plumber pay. We have our office salaries. We have our taxes that we're gonna pay and we have our total other expenses. Right? This is everything on that other page all tallied up. Okay. We're at 398,000, total expenses for the year. Okay. And then you can see what that costs you per hour over here. Okay. So you can see then we've got a total operating expense of \$868,000 just



to run a three man plumbing shop, likely a lot more than you think. Okay? And so that costs us \$252.91 every time we go to get a billable hour. All right? So next section down here, you're gonna wanna enter in some growth. Because you're gonna want to grow from where you're at to where you're going. You're gonna want to get, you know, a new vehicle or purchase a new piece of equipment or develop a better website or maybe some better branding. Okay? So you're gonna wanna put some money in here for that. So I'm gonna put in \$10,000 to go towards branding and a new logo and some truck wraps. I'm gonna put in \$20,000 to go in for some sewer cameras and maybe some sewer machines. And I'm gonna put \$15,000 in here so I can do, you know, a down payment on a vehicle and outfit that vehicle and get it wrapped. Okay. Which is gonna bring me to total growth expenses of \$45,000, which is gonna add \$13 to my hourly rate and a total expense of \$913,000. Okay? That's how much it's gonna cost you to run this three man plumbing shop that we have built in this calculator. \$913,000. Okay? And that is gonna cost you \$266.03. Okay? That is your hourly expense rate. Right? So every time you go to the customer's house and you bill them, if you bill them \$266.03 and you build out three thousand four hundred and thirty two hours, you're gonna cover all your expenses at \$913,000. Here's the crazy part. Most people aren't even charging this amount and that's why they fail at the end of the day. Okay. So now we need to add on our profit percentage. So what I would recommend that you guys do is to put your profit percentage at 30%. Okay. Because you want to build some buffer in your business. Okay. So if you shoot for 30, you're likely going to end up at 20 or 25. Okay. And really you want to maintain 20% profit margins in your business because that's what's gonna allow you to reinvest in your business. That's what's gonna give you long term value when you go to sell your business. If you have shown that you have a history of maintaining 20% profit margins. And that's also what's gonna allow you to get bank loans and vehicle loans without crazy high interest rates. They're gonna look at your company and they're gonna say, man, they're doing a lot of revenue and they're maintaining profit margins. We're willing to give them a loan at a lower interest rate. A lot of times if you're not making money, you won't even be able to get the loan. So it's really important to protect your profit margins, for those reasons. And at the end of the day, you're in business to make a profit. Okay? The other thing this does is it allows you to discount your services 10% and still maintain your 20% profit margins. And you can use that as a sales tool when you're at the customer's house. Right? If you get some price pushback, you can say, alright, you know, I'm allowed to discount 10% for new new customers or for existing customers. I can get this price dropped down to this dollar amount. Is that doable for you? Right? So it allows you to discount. Or if you're slow, it allows you to run a promotion on the Internet for 10% off or even 20% off and maintain at least 10% profit margins. Okay? So I'd highly recommend you put your profit percentage at 30%. This also allows you to run a membership program and offer those members a 10% discount just for being a part of your membership. Okay. That's what we do



at my business. And that creates a lot of recurring revenue for your business and ultimately adds value to your business. So that someday if you want to go sell it, it's worth a lot more because you have all that recurring revenue and all of those, you know, customers that are already bought into your company. That's very attractive to an investor who may want to buy your business someday. So I would highly recommend keeping this at 30%. Again, you can see here that now we have our minimum hourly rate of three hundred and eighty dollars and four cents. So if you were running this business and your expenses were \$913,000 and you went out and you charged \$380.04. Right? You probably charged 381, and you build out three thousand four hundred and thirty two hours, then you are going to pay your expenses, plus you're going to make a 30% profit. Okay. Now, that's a lot of money and this might be shocking to you guys. And what I don't want you to do, I don't want you to go back to your expenses and go, okay, how do I get this down? Okay. I want you to be 100% honest with yourself about your expenses and fill them in accurately. And then I want you to own this hourly rate. The sooner you can own how much you have to charge the customer and be okay with it, the sooner you're gonna be successful. Okay? So then down here, you're gonna see how many hours you need to sell in order to cover your operating expenses and these profit margins here. Okay? Now this is gonna come into play when you go into build your price book and you start charging the customer based on a flat rate. And you get into service titan. And you're gonna be able to see how many hours you're actually selling each day and each week. And you're gonna be able to come in here and predict how profitable you were for the week. Okay? But we'll get into that at a later time. What I want you guys to do right now is go download this calculator, make a copy for yourself, come into the expenses section, and go fill out all of your expenses as accurately as you can. And then the next class, we're gonna get into how to transfer all this over into providing the customer with a service where they're willing to pay this \$380 an hour. See you guys over there.

## Hourly Rate Calculator Review

Unset

Alright. So you just filled out your hourly rate calculator. And if you haven't done that yet, just go back and fill that calculator out. Okay? You just watch this video, you click this link, you grab the calculator, you filled it out. Okay? And you discovered what your hourly rate is. Now, a lot of guys don't fill this out properly all the way through or they have questions when they are filling it out and that's totally normal. So what we want you to do is we want

you to come up here to the calendar, and you'll notice when you do, if you go to the calendar in school, every Tuesday, we're holding an hourly rate review call. That is where you can show up and we will walk through your hourly rate calculator with you. Okay? And it's first come first serve. We will at the beginning of the meeting, ask if anybody has the calculator, a calculator they wanna get reviewed. We will walk through it with you, make sure you're good to go. You can also show up to this call and watch other calculators get reviewed. And then if nobody has an hourly rate calculator that they wanna get reviewed, then we'll just move into q and a for this call. So once you've got your calculator filled out, put this call in your schedule, let's show up, get that calculator reviewed to make sure that it's filled out properly. Okay? And then go ahead and move on to the rest of the videos in this course. See you guys on the next one.

## Actual Hourly Rate & The Valley Of Despair

Unset

All right, so you guys may have noticed we have updated this calculator to give you a little better picture into what we're actually got going on here, okay? So we've added this actual hourly rate column here. You notice this one is minimum hourly rate. This field here will auto populate, okay? So as you go through your calculator and you fill out all the information based on the video above this one, you will come up with a minimum hourly rate. Now, the reason that we call this the minimum hourly rate is because that's the minimum that you have to charge. So you have to charge at least that amount, okay? So there's gonna be times in your business where you're going to charge more than your minimum hourly rate, and I'll give you an example of that. So what we've added here is the actual hourly rate column, where you're gonna come in here and you're gonna actually manually type in what you're actually charging the customer currently. Okay? So when I fill this out with three guys for a service shop that somewhere, you know, fake service shop somewhere, I came up with \$4.41 11. I'm not gonna charge the customer \$441.11. So I'm gonna round this up to \$4.42. Okay? And so what I did is I typed in \$442 an hour. That's what I'm actually gonna charge the customer. And then these daily hours needed and these weekly hours needed are based off of this number right here. My actual hourly rate, not my minimum. Okay. And I'm going to explain to you why we do that. Okay. So as you grow your business, as you scale, you gain margin. Okay. So let me just show you what that looks like real quick. Let me pull this up and draw you my favorite diagram. So as you scale your business, you gain margin. And what that looks like, for you guys, if you view it on a graph, I gotta move my

face. If you view it on a graph, k, on the bottom, you have scale. K. I'm gonna put an s for scale. And on this side, you have m for margin. K? So margin would be like profit margin. K? So this would be like a percentage. K? We all start down here at the bottom when we first start our business. K? And as we scale, and you'll see me teach a lot on this in our Zoom calls as well. As we scale, we reach a point where we have to decrease margin in order to continue to scale. Okay? And those things are called valleys of despair or breakpoints or whatever you wanna call it. Okay? And what happens here is right about here, you have three technicians in the field and you, the owner, basically need to pull out of the business. Okay? So this is where you become the general manager. Okay? GM for general manager. So you the business owner have to start playing the general manager. Okay? Now what that does is that increases overhead because now you are not a revenue producing employee, right? So you're increasing overhead and you are basically losing efficiency. You're losing margin in your business, okay? And that's why we run this calculator for this scenario right here. We run it for this point right here because it's one of the most expensive points in your business. What happens is most people don't actually ever get there. And if they do, they get stuck in this cycle of being stuck there. And they can never get out because they're not priced properly. So the reason we price you for this point is because we want you to be priced so that when you get there, number one, you can get there faster. Number two, when you do get there, you'll actually be able to grow and scale out of it. Okay? So, but so, and by scaling, I mean, you're going to add service vehicles or revenue producing employees to your business. Okay? And that's gonna help you to scale. Okay? You're going to reach another break point or valley of despair right here. This is typically at six to seven technicians. Okay? That's when you need to actually hire a GM. Okay? And you, the business owner need to be the business owner. So now you've increased overhead for the business. Now you've got two non revenue producing employees, right? And so you lose margin again. At this point here and this point here, both of them, okay, you're going to have to be priced the same to get through them. Now here's the thing, pricing will vary between here. But what we never want you to do, we never want you to charge less than what you had to charge at this break point, okay? So I'm gonna show you what that looks like on this hourly rate calculator, okay? So this calculator is set up for three guys and you can see in the expenses, we have three plumbers, we have three trucks, we have an owner and all the expenses of a three man shop. Now what happens when we actually add in a guy, okay? So let's add in another \$110,000 guy. And let's go down here and say we wanna spend another, you know, \$4,000 a month to keep him busy on Google local service ads. And let's say our workers' comp is gonna go up to, you know, 12,000. And let's go add in another van and some gas for that van. Okay? So give me a minute here. I'll scroll down here. So let's add a fifth van. That way I always have a spare. Right? So now I have got four guys out in the field billing, and let's add another \$400 for gas. So 1,700. Okay, so I've added in

another guy, okay? Now let's go back to this hourly rate calculator tab and let's change this to four, okay? You can see when you come down here, our minimum hourly rate has gone down, right? Because we added revenue producing employees and our margin went up, okay? So we increased margin, We're getting out of the valley of despair. We're increasing margin. Okay? And our minimum hourly rate went down. Now what you never wanna do is you never wanna charge less than this actual. Because what happens if you try to charge this lower amount? Number one, you have a risky business. Okay? You're in a business that's risky. Okay? And so you need to decrease risk by increasing margin. Okay? And second, the second you get to six or seven guys, you would just have to raise prices again to get out of that valley of despair. Okay? So you never wanna charge less than the original minimum that you determined when you're figuring with three guys. Okay. And all you wanna do in here is go, okay, that gives me an extra, you know, \$50 an hour of margin in my business. And now you can come in here and go cool. So maybe I can spend more on marketing to make sure that I keep that guy busy. And you can actually play with your hourly rate calculator to kind of learn and figure out what you have going on in your business. Okay. And you can also project. Okay. When I get to four guys, right? I added a fourth guy in here. What is it gonna look like? How many hours am I gonna have to sell when I get four guys? What about five guys or six guys or on and on and on? Okay. So make sure and go back into your hourly rate calculator, Whatever this minimum put out, make sure in your actual hourly rate, you put at least what that minimum is. Little side note, I always put 20 to \$30 more in this actual. So I would actually charge 20 to \$30 more than what my minimum hourly rate said I needed to charge, just in case there were things that I didn't think about or things that come up that I didn't have planned for. That way I would have the money for them and it wouldn't come out of my profit margins. Okay? So that concludes this video. I'll see you in the next one.

## Premium Product

Unset

Alright. So now that we understand how value and worth are tied together and how you can raise the value, which raises the worth, right, of your service, and you understand your pricing, you've gone through the hourly rate calculator, and you'd see how much it actually costs you to run your plumbing business, it begs the question, right? So how do we actually add value to our plumbing service, right? So you can run a plumbing service, and it's gonna cost you a lot of money to run it, okay? And we know we wanna live in the highest value spot possible, because that's where we can get the most profit dollars

from our business, and then we can, in turn, go run a really good business because we're so profitable. Okay? And it just starts to play on itself. Because you're so profitable, you can then take really good care of your customer. Right? Because you're charging enough for it. So if we wanna maximize the value that we offer to our customers, what are some areas that bring the most amount of value to the customers of your plumbing business, okay? And there's four areas that you can think of, okay? Where you can actually use these to increase the perceived value of your service, okay? So speed, like how fast you can get to somebody is a magical thing in the world of plumbing business. So if you can get there today, right, versus the guy who's booked out two or three days, or maybe two or three weeks, all of a sudden, you're more valuable. Okay? Ease of use. How easy is it to use your service? Can I call you and get booked right away? Where you show up really fast, and the prices are all pre built on a calculator, and you do the work today, and I can pay today, and the whole thing is super seamless. Right? That adds value. Versus the other guy who comes out, and he has to spend thirty minutes writing on a tablet, and then he has to email you the bill, and you have to go find it in your email, and he doesn't take credit cards, so you have to do a bank transfer or mail him a check. Right? All of a sudden, you're more valuable because you created this seamless experience. K? And then an obvious one is quality. Right? So if I go put in a water heater and the work is really good quality versus somebody who goes and puts in a water heater and it doesn't look very nice, and maybe he skipped a few crucial steps. Right? All of a sudden, my water heater is worth more money because it's of higher quality. Another way to raise quality is in a warranty. So a lot of these fly by night guys, they don't even offer a warranty. Right? And you can't get ahold of them if you did wanna use the warranty. So just by offering a warranty, you increase the quality of your product. Okay? And then the fourth area is experience. How was it dealing with your CSRs, talking with your technicians? How did that make you feel? Right? How did the whole experience make you feel? K? Customer that calls into a plumbing business, and the lady answers the phone, she's kinda grumpy versus calling into a plumbing business and the lady's very friendly and helpful and gets her on the schedule quickly. All of a sudden, that second person there, the one who's friendly and helpful, has a lot more value, right, than the other one. And at the end of the day, when you go to talk to the customer about price, okay, because you know you have to be expensive, you've already filled out your hourly rate calculator, you have to provide that value to the customer so that when you go to talk about price, they already realize that you are a much more valuable customer. Okay? So I want you guys to remember that you need to be in a premium service. Okay? And I want you to think about it this way. It's expensive to run your business. K? So you can run your business where it's expensive and you can charge enough to make a profit. And you can have a mediocre service. K? But it's gonna be at premium product price. Right? Or you can choose to run a premium service company, and maybe it costs you a

little bit more, and you have to charge the customer a little bit more, but you bring astronomical amounts of more value. K? So I would so much rather run the other business. K? The the value I bring is all the way through the roof, and so the customer in the in their mind, there's no doubt that the dollar amount that I'm charging is totally worth it. Okay? So that's what you gotta keep in mind. And we're gonna teach you throughout this course how to put speed, ease of use, quality, and experience into your business. Okay? So remember, premium product, premium price, that's where you need to live.

## Flat Rate Pricing

Unset

All right. Flat rate pricing. Okay, stop doing work by the hour. Okay, so part of growing and scaling a profitable plumbing business is going to be switching over to flat rate pricing. Okay. And there's a few reasons why you would do that. Okay. But first of all, what is flat rate pricing? And it's simply just charging a fixed rate for your service rather than doing the work and tracking your time and saying, okay, I have this much time and this many materials. Here's your bill, miss Jones. Okay? Because likely you've gone through your pricing calculator and you've discovered, wow, I have to charge a lot in order to operate a plumbing business that can be successful and profitable. And what customers aren't gonna like is when you say, yeah, we're \$380 an hour or we're \$420 an hour, or in my case, we're \$598 an hour, right? They think of that and they're like, holy cow, I don't even make that at work. Doctors don't even make that. Lawyers don't even make that, right? But the fact of the matter is, you need to make that to run your plumbing business. So you need to switch into a flat rate service so that you can say, hey, here's everything you're going to get, and then here's the price of what you're going to get. Okay? And that allows you to build a price book, which you're gonna do in the next video. It allows you to give the customer a price up front. So no longer do you have to track your hours and give them a price after the fact where they're surprised about it. Now you can say, hey, you need your water heater replaced or your faucet replaced or that piece of pipe replaced or that leak fixed. Here's the price, take it or leave it. Right? It also allows you to be consistent with your pricing so that this guy's not getting charged 4,000 for a water heater and then this guy gets charged 2,000. And then they talk to each other and go, well, it cost me 2. Well, how come it cost you 4? And then you have a mad customer. Okay. So now you get to be consistent across the board with your pricing. It also allows you to be profitable, right? Because you know if you're gonna go over there and charge an hour hourly, you're not gonna get much work

and you're gonna have some angry people at you. So you need to charge flat rate to be profitable. And also, it allows you to scale. Okay. The biggest problem with hourly is that your guys can't go and do that very well, and you can't systemize an hourly business. Okay. But if you switch to flat rate and then we go and we build a price book, you can then put all of that in a software, which we're gonna get to in this class. And you can have guys go to somebody's house and at the touch of a button offer pricing to the customer. K? And that takes a lot of stress off your guys because guys don't like to price. And that takes a lot of stress off the customer when they know it's not just some guy guessing. They know that it's a system that's all put together and it's in an iPad, so they're not being taken advantage of. Okay? So you can build a price book, you can get prices up front, you can be consistent, you can be profitable, you can be scalable. What's not to love, right? Well, your customers actually like it. Okay? The good customers in this world that care about quality service and they care about quality workmanship, they love flat rate pricing. Okay? Because they will know the work of the cost or the cost of the work upfront. Right? So they're not guessing. They're not wondering, is this gonna cost me \$10,000 or \$200? Okay? They know the cost of the work before they tell you, yeah, let's go for it. This seems like a good thing to do. It's gonna cost me a couple grand. Let's do it. They know you're not guessing, right? And they know you're not just sitting there milking the job to make more money. So when your technicians go out to the van and they're searching for a part and it takes them twenty minutes or they take a phone call, which they shouldn't do. But if they do, the customer's not sitting out there peeking out their blinds going, what are they doing? I'm paying them by the hour. This is so expensive. Right? They're going, hey, I already know the cost. I don't care how long it takes that guy to get this done. I'm paying the same. Okay? And frankly, they're used to flat rate pricing. People are used to going to the store and seeing, okay, I can buy this for X amount. Then go to Taco Bell and they can say, I can get a taco for this much. They're not trying to figure out the taco materials, and the labor that goes into the taco and the overhead of the store. They're really used to just saying, okay, I've got a few different options. These are how much they're gonna cost. Let's pick one that works best for me. Okay? And that's the beauty of it. It's a really, really good thing. So if you're not talked into it, you better just do it. And once you start doing it, you'll be like, this is a better way. Okay? So a lot of people ask, how do I get started? So if you don't have a CRM or some sort of software that you can use, then you're gonna have to get started the old school way. And this is actually how I got started. I think we did this up to having three guys and myself running around in a van. Okay? We just charge people with QuickBooks and we wrote everything on a piece of paper. So we would go to the job, we would look at the work, we would usually go, okay, I'm gonna go back to my van and write you up an estimate. I'll be back in a few minutes. We would call in the parts, see how much they were gonna cost, and then we would do the math. Okay, I think this is gonna take me three



hours. I'm \$500 an hour, so that's \$1,500. And I think these materials are gonna be \$250. We double materials, so that's another \$500. So this is gonna be a \$2,000 bill. So then you would write it out like this here on this paper. You would say, okay. Water heater repairs. Flush water heater, replace upper and lower elements, also replace upper and lower thermostats. Parts and labor included. One year warranty total equals \$893. And then you would take that piece of paper on the notepad still, go into the customer and say, hey. I got a price figured out for you. This is what we can do, and you can just read off the paper. We can flush in water. We can flush your water heater and replace upper and lower elements and also replace the upper and lower thermostats. All the parts and labor included one year warranty. It's gonna cost you \$893. Is that something you wanna get done today? And you'll sell the job 99.9% of the time. Okay. So you can start by doing this, but then eventually you're gonna wanna build a price book because that's what's gonna allow you to scale and for everybody to be able to be profitable and consistent on a regular basis. Okay? So this is just a screenshot of my price book. But basically, you're gonna build a price book, then you're gonna build it in service Titan again. And you're gonna have this magical thing that you can go in and say, okay, an expansion tank, this will be \$785. You click that button, it'll offer three different options and it'll be a beautiful thing. And we're gonna cover building your price book in the next section here, and I'm really excited. So I'll see you over there.

## Materials Markup

Unset

All right. Flat rate pricing. Okay, stop doing work by the hour. Okay, so part of growing and scaling a profitable plumbing business is going to be switching over to flat rate pricing. Okay. And there's a few reasons why you would do that. Okay. But first of all, what is flat rate pricing? And it's simply just charging a fixed rate for your service rather than doing the work and tracking your time and saying, okay, I have this much time and this many materials. Here's your bill, miss Jones. Okay? Because likely you've gone through your pricing calculator and you've discovered, wow, I have to charge a lot in order to operate a plumbing business that can be successful and profitable. And what customers aren't gonna like is when you say, yeah, we're \$380 an hour or we're \$420 an hour, or in my case, we're \$598 an hour, right? They think of that and they're like, holy cow, I don't even make that at work. Doctors don't even make that. Lawyers don't even make that, right? But the fact of the matter is, you need to make that to run your plumbing business. So you need to switch into a

flat rate service so that you can say, hey, here's everything you're going to get, and then here's the price of what you're going to get. Okay? And that allows you to build a price book, which you're gonna do in the next video. It allows you to give the customer a price up front. So no longer do you have to track your hours and give them a price after the fact where they're surprised about it. Now you can say, hey, you need your water heater replaced or your faucet replaced or that piece of pipe replaced or that leak fixed. Here's the price, take it or leave it. Right? It also allows you to be consistent with your pricing so that this guy's not getting charged 4,000 for a water heater and then this guy gets charged 2,000. And then they talk to each other and go, well, it cost me 2. Well, how come it cost you 4? And then you have a mad customer. Okay. So now you get to be consistent across the board with your pricing. It also allows you to be profitable, right? Because you know if you're gonna go over there and charge an hour hourly, you're not gonna get much work and you're gonna have some angry people at you. So you need to charge flat rate to be profitable. And also, it allows you to scale. Okay. The biggest problem with hourly is that your guys can't go and do that very well, and you can't systemize an hourly business. Okay. But if you switch to flat rate and then we go and we build a price book, you can then put all of that in a software, which we're gonna get to in this class. And you can have guys go to somebody's house and at the touch of a button offer pricing to the customer. K? And that takes a lot of stress off your guys because guys don't like to price. And that takes a lot of stress off the customer when they know it's not just some guy guessing. They know that it's a system that's all put together and it's in an iPad, so they're not being taken advantage of. Okay? So you can build a price book, you can get prices up front, you can be consistent, you can be profitable, you can be scalable. What's not to love, right? Well, your customers actually like it. Okay? The good customers in this world that care about quality service and they care about quality workmanship, they love flat rate pricing. Okay? Because they will know the work of the cost or the cost of the work upfront. Right? So they're not guessing. They're not wondering, is this gonna cost me \$10,000 or \$200? Okay? They know the cost of the work before they tell you, yeah, let's go for it. This seems like a good thing to do. It's gonna cost me a couple grand. Let's do it. They know you're not guessing, right? And they know you're not just sitting there milking the job to make more money. So when your technicians go out to the van and they're searching for a part and it takes them twenty minutes or they take a phone call, which they shouldn't do. But if they do, the customer's not sitting out there peeking out their blinds going, what are they doing? I'm paying them by the hour. This is so expensive. Right? They're going, hey, I already know the cost. I don't care how long it takes that guy to get this done. I'm paying the same. Okay? And frankly, they're used to flat rate pricing. People are used to going to the store and seeing, okay, I can buy this for X amount. Then go to Taco Bell and they can say, I can get a taco for this much. They're not trying to figure out the taco materials, and the labor that

goes into the taco and the overhead of the store. They're really used to just saying, okay, I've got a few different options. These are how much they're gonna cost. Let's pick one that works best for me. Okay? And that's the beauty of it. It's a really, really good thing. So if you're not talked into it, you better just do it. And once you start doing it, you'll be like, this is a better way. Okay? So a lot of people ask, how do I get started? So if you don't have a CRM or some sort of software that you can use, then you're gonna have to get started the old school way. And this is actually how I got started. I think we did this up to having three guys and myself running around in a van. Okay? We just charge people with QuickBooks and we wrote everything on a piece of paper. So we would go to the job, we would look at the work, we would usually go, okay, I'm gonna go back to my van and write you up an estimate. I'll be back in a few minutes. We would call in the parts, see how much they were gonna cost, and then we would do the math. Okay, I think this is gonna take me three hours. I'm \$500 an hour, so that's \$1,500. And I think these materials are gonna be \$250. We double materials, so that's another \$500. So this is gonna be a \$2,000 bill. So then you would write it out like this here on this paper. You would say, okay. Water heater repairs. Flush water heater, replace upper and lower elements, also replace upper and lower thermostats. Parts and labor included. One year warranty total equals \$893. And then you would take that piece of paper on the notepad still, go into the customer and say, hey. I got a price figured out for you. This is what we can do, and you can just read off the paper. We can flush in water. We can flush your water heater and replace upper and lower elements and also replace the upper and lower thermostats. All the parts and labor included one year warranty. It's gonna cost you \$893. Is that something you wanna get done today? And you'll sell the job 99.9% of the time. Okay. So you can start by doing this, but then eventually you're gonna wanna build a price book because that's what's gonna allow you to scale and for everybody to be able to be profitable and consistent on a regular basis. Okay? So this is just a screenshot of my price book. But basically, you're gonna build a price book, then you're gonna build it in Service Titan again. And you're gonna have this magical thing that you can go in and say, okay, an expansion tank, this will be \$785. You click that button, it'll offer three different options and it'll be a beautiful thing. And we're gonna cover building your price book in the next section here, and I'm really excited. So I'll see you over there.

## How to Build Out Dynamic Pricing In Service Titan

Unset

Okay, so you filled out your expenses and your margin calculator here, okay? And I'm actually just gonna adjust this marketing budget back down so that it actually makes a little more sense here. Okay, 96,000 dollars. Um, and let's say you're shooting for a 60% gross margin, okay? Yeah, you might wanna go for a 65. Okay, I'd be happy with that. This is gonna make profit. 99,000 this year plus pay you plus pay all your expenses. Um, that's pretty good. Okay? So, what you're going to do is you're going to build out three different dynamic pricing rules. . . In service tighten. Okay? So I'm going to go into my service tighten and I'm going to show you exactly how that's done. So if you go to your price book up here, actually I should probably pull up my margin pricing calculator because I don't want to do not want to rebuild these with different pricing because that would mess up all my guys stuff. Okay, so this is my margin pricing calculator. Okay? So I'm running at \$55 an hour plumber pay. Right now I have eight technicians. Thank you. We had one quit. Umm. It's just part of the deal guys. Don't worry, we'll get another one. Um, my labor burden rates 96, that's already calculated by service tighten. Efficiency, we're running at 55%. We're a little bit more. I'm efficient in that overall, but I want to hedge bets in my favor. Um, I adjusted. So this is the adjusted for efficiency labor rate. Here's my desired margin on my P&L. And because I at this desired margin, I can get 23% profit margin, which is fantastical to me. Okay? Um, I have a 10% member discount. It puts my hourly rate at 432 10. My material markup is going to be 300% and my margin is going to be 75%. Okay? Thank you. And that's my service and then installs different and water heater software is different as well. Okay? So in service Titan, when you're on the price book, you're going to go to pricing builder. Now the works better than pricing setup. Pricing builder, once you build a rule, okay? You're going to come up here and click create rule. Once you build a rule, it auto generates prices for anything in your price book. Once you change it. So if I had a service, umm, and we can actually just see this in action, okay? We can see here's something that has a dynamic price on it. It's \$1552. Now if I go into edit mode. And I just change the hours on this to two. It immediately changes the price. In my, um, Umm price setup wizard. You have to run this every time you make prices. Which is kind of lame. So instead, let's just make some rules. Okay. Umm, so I'm gonna start with our service work rule. Okay. I'm gonna go edit. When you click create rule it's gonna take you to this page here. This is, I don't know if you guys can see that, but it's really annoying. Okay. It's gonna take you to this page here. You're gonna start with categories. This is the page it's gonna take you to. And you're going to select The categories in your price book that are service work. Okay. So basically anything four hours and under is all service work. Okay. Anything that's five, six or seven hours. That's what I would put in my water heater softener section. And then anything that is a whole day or multiple days. That's what I would put in my install pricing. Okay. So you're going to select the categories that you want to be priced at your service rate. Okay. Then you're going to hit continue. Then you're going to put in your

billable rate. Your billable rate is this number right here. To 10, I should probably change this to 433. I'm not going to do it right now but I will later. Okay. So 432 is my billable rate. Then you are going to select the margin that you want on your materials. Okay. So. So when I went back and looked at all of my service tightened data on smaller dollar material jobs, we were less efficient. Okay. Once we got to like a thousand dollars, we started getting pretty efficient with our materials. So this- This is the gross margin. This is what you're going to select here, gross margin. I need to shoot for a 75, but I said you know what? Anything between zero and 20, I want to shoot for an 80. And anything between zero and 50, I want to shoot for a 78. Between 50- 15,000, I'm going to shoot for 75. Between 1000 and 999,000, I'm going to shoot for a 70% gross margin. This is how I have mine set up. You could just say zero to 999,000. I want 75% gross and you'd probably be just fine, okay? Um and then you're going to select aggregate. So this is going to add it all up for the entire job and then use the appropriate pricing that you have set here. Okay. Then you're going to add a surcharge. Your surcharge is going to be a dollar amount that is half of your hourly rate for the pricing you're working on. So mine was 432. So our surcharge, I put it. 216. Okay? So we're charging them 216 dollars just for the drive time. It's 30 minutes. Okay? That gives me 20 minutes of drive time and it gives me 10 minutes of time to talk to the customer. If your drive time is, longer than 30 minutes on average, make this number bigger. If you have a 45 minute drive time on average or a 35 minute drive time and 10 minutes to talk to the customer, make this a bigger number. Take your hourly rate and figure out how long your drive time is and figure out how much that time costs and put that number in here. Okay. Then you're going to click continue. This is going to say yay you've set up dynamic pricing however you are not going to have this add on rule. You're going to have an add on box down here. You're going to need to click that box. When you click that box, um it is going to take you to a screen very similar to this. It might just throw this on here. Basically you're going to select dollar amount and then you're going to get rid of your surcharge. Okay. So when discount amount when the service is in add on. So when you click the add on box, it gets rid of the drive time. Okay. Cause if they're adding it to the task on, then you've already gotten paid for the drive time. And that makes this add on task easier to sell to the customer. Okay. And that's it. So you have just set up your service work. What I would do is I would name this up. Which everyone you're working on. So this is service. I'm going to go over here and say service work. Based on 432 labor rate and multi tier material markup for all service work. Any task under four hours based on margin calculator. That way I know what it's for. That way my general manager knows what it's for and everybody's on the same page. Okay. And you're going to click finish. And you have created your first rule. And all you're going to do is you're going to go through and you're going to recreate what I just did for you. On the I call it boiler install pricing. It should probably be called install margin pricing. That's the only

kind of install work we do for the most part. Umm. And then for your water heater and water softener pricing. On the only difference is going to be the hourly rate. And the material efficiency. For these as well. Okay. Um. For these two just so you guys know if we go look at them. I do so for my install. And for the water heater. I do not have a tiered margin. So if we go look at the mark up here, you can see it's just one margin. 65%. That's how I did it for both of these other two. Okay. You can also see for a surcharge for install. I don't have a surcharge because all of that time is already built into my tasks. Okay. So total time on site. I don't need a surcharge. And so it's faster for my guys to build new boiler estimates because they don't have to click add on on all the other tasks because they're boiler estimates. It's like 50 items, okay. Umm, it would suck to have to click add on on all 49 and leave it on one. So we don't have to have a surcharge. We're just selling massive amounts of hours, okay. And we add- hours, we always want to add additional hours. Like we're always had gin in our bats, right. Your goal should be that your guys are 100% efficient on the field. They're job time efficiency, okay. If not, they're either too slow or you didn't put in the flowers on your task and you need and you need to figure out which one. A lot of times it's because we just didn't allow enough time on our task, okay. Okay. Umm, I will say though that is that one on water. For here to water software, there's absolutely a surcharge because they're not a full day. I'm going there. I'm driving there. I need to get paid for that drive time. Alrighty. You guys, let me know if you have any questions on this. Fill them out in the comments down below. Let me know what your thoughts are and I will get them all answered.