

# 20/ CONTRACTOR/20

*A Perfect Vision for Success*

## Power Pricing ... Pump Up Profits to 20% Net

Friends,

If you were asked to choose between:

**A) 80% CUSTOMER RETENTION WITH 10% PROFIT**

**OR**

**B) 75% CUSTOMER RETENTION WITH 20% PROFIT**

**Choose choice B! Read on.**

**1)** Raise prices if customer retention is above 75%. If your customer retention is above 75% and your net profits are below 22%, it probably means your prices are not high enough. In other words, you're giving Hilton service but have Holiday Inn prices. Customer retention is not a popularity contest, but instead about structuring your prices in such a way that both your company and your customers benefit from doing business together. The Power Pricing Plan starts with a consumer survey that will reveal your customer retention rate. If your customer retention rate is over 75%, and your closing rates with repeat customers are high, we will advise you as to the exact price changes you can make.

**2)** Three months later, after raising your prices, we will want to perform a consumer survey to make sure the price change was effective at meeting the goal of a proper balance between price and customer retention. The right time to do a consumer survey is once a year or three months after a price increase. Consumer surveys are low cost but deliver valuable information that can help you make the best decision about your advertising and pricing.

**3)** You don't need to worry about the risk involved with raising your prices. A great strategy we have developed is using yard signs to close a difficult deal. Our custom designed yard signs can save the job and are designed so customers will want to keep the sign for years adding to its exposure time/rate. So don't worry, we have ways to make sure you don't lose work from your regular customers if you're in a pinch or slow season.

**4)** In addition to the consumer survey we will also evaluate closing rates for specific jobs, and help you decide if you should lower prices on the low closing rate jobs and raise prices on the highest closing rate jobs. Typically, most contractors get 80% of their price complaints from just 20% of the work they do. An across the board mark up is a mistake. The right approach is to fine tune the pricing by looking at each job's closing rate.

### Maximize Profits Now

The choice is straight forward, keep 80% of your customers happy with your prices and earn 10% profit, or keep 75% of your customers happy with your prices and earn 22% net profit. Unless you think customers are going to line up with thank you checks when you retire, the time to maximize profit is now.

# Steps to Success 2019

## Get your pricing right

If your customer retention is above 75%, and your net profits are below 22%, it probably means your prices are not high enough. An across the board mark up would be a mistake, so instead we advise you to fine tune your pricing by tracking the 20% of services with price complaints and lower those prices. And to make up the difference you can raise the prices on the 80% of services with low level price complaints. And to make sure that the price changes are successful we conduct a consumer survey three months after the price changes. The choice is straight forward, keep 80% of your customers happy with your prices and earn 10% profit, or keep 75% of your customers happy with your prices and earn 22% profit. Unless you think customers are going to line up with thank you checks when you retire, the time to maximize profit is now.

## Maximize customer retention

We advise all our clients to mail 1/3 of their customer base each month. This ensures that your company name, phone number, and promotions stay fresh in their minds. We also encourage our clients to “brand each home” with labels on equipment, outside the kitchen window thermometer, switch cover plates, and other promotional products that have your logo and phone number. Add to that a spring and fall newsletter and you have a recipe for success. We encourage our clients to use coupons in their mailing because 22% of customers are highly coupon oriented. Not giving them your coupon sets them up to be stolen by the competition. And for non-coupon-oriented customers your mailings act like mini bill boards raising customer retention by 10%.

## Get your overhead under 40%

If you divide your overhead by .4 the result is your sales goal. Next add to your prices what is needed to hit that sales goal. Then, in three months, check to make sure that your customer retention is still strong. We check this for our clients with an inexpensive consumer survey.

## Leave no sale behind

Ask about our secret method to close every sale possible when you can handle the extra work.

## New customer promotions that are proven effective and affordable

We have personality based and targeted mail, radio and TV promotions. Add to that a well optimized website with incentives, coupons, next generation Google Ad Campaigns, Social media marketing and local search engine optimization that are all easily trackable, and you have got a tested and proven solution to attract new customers. Ask about new customer promotions that are proven to be effective and affordable—including traditional and high-tech solutions.

## Tech and CSR training

We have great training tools and advice to help your technicians and Customer Service Representative maximize sales and closing rates.

## Get your labor cost under control

Learn how to avoid overstaffing by checking the flat rate book times, marking up labor correctly in your pricing, and increasing your tech's sales rates with our secret method to close every sale possible when you can handle the extra work.

## Branding

Turn your company into a local hero with clear branding that emphasizes quality, value, and trust. Then—deliver on the promise of the brand. Associate your company with local youth sports, Komen for the Cure, World Vision, Action for Older Persons, and other charitable organizations. Then promote your sponsorship on your website and by using our Contractors United For Good leave behind cards. Contractors United for Good is designed to stop bad internet reports before they happen. And our Service Angel referral promotion systems is perfect to promote your company's “good guy “ branding. Think about a patch your techs could wear with the organization logos you support on it, and the effect that could have on your branding. Then consider this—how proud will your team be, and their spouses, to be part of a company that makes the local community, the nation, and the world a better place? How proud will you be? Ask about how our Contractors United For Good and Service Angel program can help your branding.

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Mike Morosi and the Team are Proud to be a  
PHCC/QSC Industry Partner and a Service Roundtable Consult Partner

Mike Morosi Pres, Contractor 20/20

**607 770 8933 x80** for a free initial consultation

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