

PRICING YOUR LAND SURVEYING SERVICES

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The right pricing of your service is an important part of your business success. Wrong pricing has contributed more to business failure than anything else.

I can do it cheaper is a common pricing mistake. This is where the principal tries to undercut the competition by pricing below them. Small businesses can rarely afford to do this, as they cannot spread their service overhead over several services.

Timid Undercharging is another mistake that occurs when the principal does the service. He or she sets low prices with the idea that they can be raised as more clients are attracted. A common problem is that you lose the clients you attracted in the first place with the low price, because those clients become confused about your level of competency. The message your client receives is that you cannot perform your service as well as your competition; therefore, you charge less.

To understand pricing, first determine the **Billable Hours**. It's unlikely that you can work and bill for 365 days per year. The following shows what your billable hours may look like.

Potential Hours:	(52 wk x 8 hr/day x 5 day/wk)	2080
Less:	Holidays (7 days); Vacation (5 days)	96
Less:	Sick time (5 days); Training (5 days)	80
Less:	Administration: (50 wk x 10 hr/wk)	500
Less:	Marketing: (50 wk x 8 hr/wk)	400
	Total Billable Hours:	1004

Next, you have to determine your **Billing Rate Cost**. Remember, the principal's salary should be comparable to wages paid people working in the same type of job for someone else, given the same skills and experience. Mandatory taxes (state and federal), retirement, health and liability insurance, utilities, printing, meetings, equipment, supplies, etc. are only some of the factors that must be considered when determining **Costs**.

Your **Hourly Rate** should be computed by dividing your **Cost** by the **Billable Hours** and then multiplying by your **Profit Rate** (investment rate = 10%; desired rate = 20%). Next, find out how your analysis compares with other consultants in your area.

Lowering your fees for services without first determining your hourly rate could soon lead to financial ruin. The quality of your service and the maps you produce will be consistent with the fees you charge and the image you convey.

(This article was written by David J. Rode, Licensed Land Surveyor and Second Vice President of CALS.)

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