

## Charging What We Are Worth

BY PETER G. MORETON, O.L.S., C.L.S.

Do you remember the movie, "It's a Mad, Mad, Mad, Mad World"? For those of you who don't, it was a crazy comedy with some of the best known actors of the time.

Today, we seem to be living these words *but it isn't funny at all*. We have seen one of the worst downturns in our industry, with firms having to decrease staff by 25 to 60 percent or more. Some of our key people will never return. Every time we experience a recession, it takes twice as long to climb out of it and longer than that to rebuild our staff.

For some reason, we feel that during these times it is also necessary to reduce our fees. In some areas, they have been lowered by 20 to 25 percent. Now think about this for a moment ...

Let us assume that you were very lucky in the good times to realize a profit of 15 percent. Do you realize that you are now losing 5 to 10 percent? You are **WORKING FOR NOTHING**. Operating costs are continuously going

up and up, and our fees go down. That makes absolutely no sense at all.

We want more of the action at any expense and feel that the only way to do it is to drop the price. We are not talking about "working smarter", which allows us to offer more at the same price to our clients. Some surveyors feel that they have to charge half of what the others do in order to get the job. As a consumer, I would think that is great.

Well, the public wins again as far as the price is concerned. Not only is the surveyor losing money, but now the consumer is under the impression that they have been *overcharged* in the past, which is not the case. Pricing the job at one-half of the completion is not good business, aside from the fact that one may be looking at an opportunity to make adjustments so as to realize a profit, or at least break even.

We are not the only professions to be affected by this disease. Architects, Engineers, Accountants, and Lawyers find

themselves in this situation too. There are some *professionals* who have said "enough is enough". They have chosen to *increase* their fees and charge **WHAT THEY ARE WORTH**, resulting in a loss in business. Would you believe that they are discovering that the bottom line is better than before, and that they are actually realizing a profit. "Profit" is not a dirty word. In fact, if the Provincial and Federal Governments operated on this basis, we wouldn't be in the mess we are in, (sorry for digressing).

Let's act like true  
**PROFESSIONALS**  
and  
**CHARGE WHAT WE ARE WORTH.**

Please take the time to read the following article that appeared in the Spring issue of the *Alberta Land Surveyor*.

## Are You Afraid to Charge What You're Worth?

BY DANIEL BEARDSLEE, P.L.S.

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Let's confront this subject head on. To be successful, land surveyors must make a substantial income. To make a substantial income, they must charge a fee that is well above the cost of providing the service.

If they charge enough to make a substantial income, they will be respected in the community. They will be considered professionals -- the much sought-after recognition we all talk about at society meetings. If they make a substantial income and are thereby regarded as professionals, a different set of youngsters will consider entering the profession. Income opportunities will attract young, bright, motivated

individuals who now enter professions that already offer substantial incomes and prestige -- such as engineering, medicine, and architecture.

The only thing on this earth that will result in surveyors being regarded with the prestige we crave is to raise the overall income level.

The obvious conclusion, of course, is that we now charge too little for our services. If we did charge enough, more universities would offer surveying programs and more students would seek entry into the profession. If we did charge enough, we wouldn't have to worry about being regarded as professionals.

That happens to be the truth of the matter. The only thing on this earth that will result in surveyors being regarded with the prestige we crave is to raise the overall income level. No amount of paper-writing, lobbying, tie-wearing, talk-giving, brochure and film producing, or anniversary celebrating will achieve the results we seek. Only an improvement in our income level will do it.

What do we do about the dim-witted situation we have allowed ourselves to fall into? It does not take a genius to see that the prevailing rates charged by surveyors promise no more than a lower middle-class income to members

# MINDING YOUR BUSINESS

of this profession. The bigger step is dealing with an old argument -- how can we raise rates with the spectre of competition being what it is?

I believe the answer only takes some rational thinking and, more profoundly, courage. The first logical step is to analyze the cost of doing business. I have been all over the country lecturing to land surveyors, and I find that they universally have little knowledge of the actual costs of conducting their businesses.

In every circumstance, when a cost analysis is constructed using rational input, the surveyors conclude that they couldn't possibly charge the kind of rate it would take to make a substantial income. They feel they would price themselves out of business. The implication is that the "competition", who would charge less, would have it all. Do you think that is really true? I certainly don't.

Like any other service, land surveying is a matter of value. Consider if you will the impact of changes in surveying technology in the past 15 years. Instead of three people yelling at each other while dragging around transits, 300-foot chains and five-place trig tables, we now work with auto-reducing total stations. We routinely use powerful hand-held electronic calculators and portable radios. The same work that once took three people can be accomplished by two people in a fraction of the time.

Who has benefited most from these improvements? Is the land surveyor better off? Or have things actually gotten worse?

Keep in mind that surveying a property boundary is the equivalent of providing boundary insurance. It is single premium, unlimited liability, unlimited term insurance that extends to third parties who you may not even know.

Real property has appreciated at a proportionately higher rate than other assets. It would seem that the value of determining the boundaries of that real property would appreciate accordingly. If we were still using the old technology, would boundary surveys cost more or less? It seems to me that surveying would cost about the same.

So why do we use new equipment? Do we make more or less money? Is the

survey or property boundaries a higher or lower fraction of the total value of the real property.

It seems to me that if a boundary survey were typically worth four per cent (just to adopt a figure to work with) of the value of the property, it still should be worth the same proportionate amount using new technology. Given that land surveyors typically charge by the hour for their services, does it make sense to do the job faster, with more accuracy and with fewer people? If we can do the same job in half the time, should that increased efficiency be represented by higher profits and better salaries for land surveyors, or should it be passed along to the land owners?

If the service is as valuable as it has always been, is it immoral to charge what it is worth in a higher-priced economy?

I find no reason to spend \$50,000 on computers, total stations, plotters, software, radios, and calculators so that I may work three times as fast, charge my clients less, and have to scrape up three times as many jobs just to make the same, or relatively the same, revenue as I did with the old gear. On top of that, I am still faced with the cost of acquiring all that new technology, not to mention the learning involved, and the late-night hours spent fussing over software that doesn't work like it is supposed to.

*Who should benefit most  
from your efficiency?  
You or your clients?*

Many surveyors do just that without reflecting it in their charges because of fear that the guy down the street will do it for less. What about that guy down the street then? He has the same problems that you do. We all do more or less the same thing.

What do you think the guy down the street would do if he found out, for instance, that you have taken this matter to heart, and that you are charging \$700 for a lot survey instead of the prevailing rate of \$200? What's more, what will he think when he finds out you are getting it? Do you think he might be inclined to think about raising

his rates a little? If he found out that you were charging four percent of the assessed value of the property (regardless of the hours involved), do you think he might want to have some of that action?

Does it make sense for only the client to benefit from your more efficient work, or should you? Would you feel better or worse about the profession if the average income were twice what it is today?

Work out the math sometime. Land surveyors are good at arithmetic. What would happen if you were to double the price of surveying and lose half your work? Would you make more or less money? Think about it.



*Daniel Beardslee is a Land Surveyor in Washington State who lectures on business management for surveyors.*

## Upcoming Events...

### November

- 4-6 Nova Scotia AGM  
*Chateau Halifax, Halifax*
- 25 AERC Oral  
Professional Exams  
*Chimo Hotel, Markham*
- 26 AERC Written  
Professional Exams  
*Chimo Hotel, Markham*

### February '94

- 8-12 102nd AOLS AGM  
*Westin Hotel, Ottawa*

(The AGM will coincide with  
Ottawa's Winterlude, so...

**REGISTER EARLY!!!**

(Expect your package shortly.)

### June '94

- 6-10 GIS / ISPRS  
Conference  
*Ottawa*