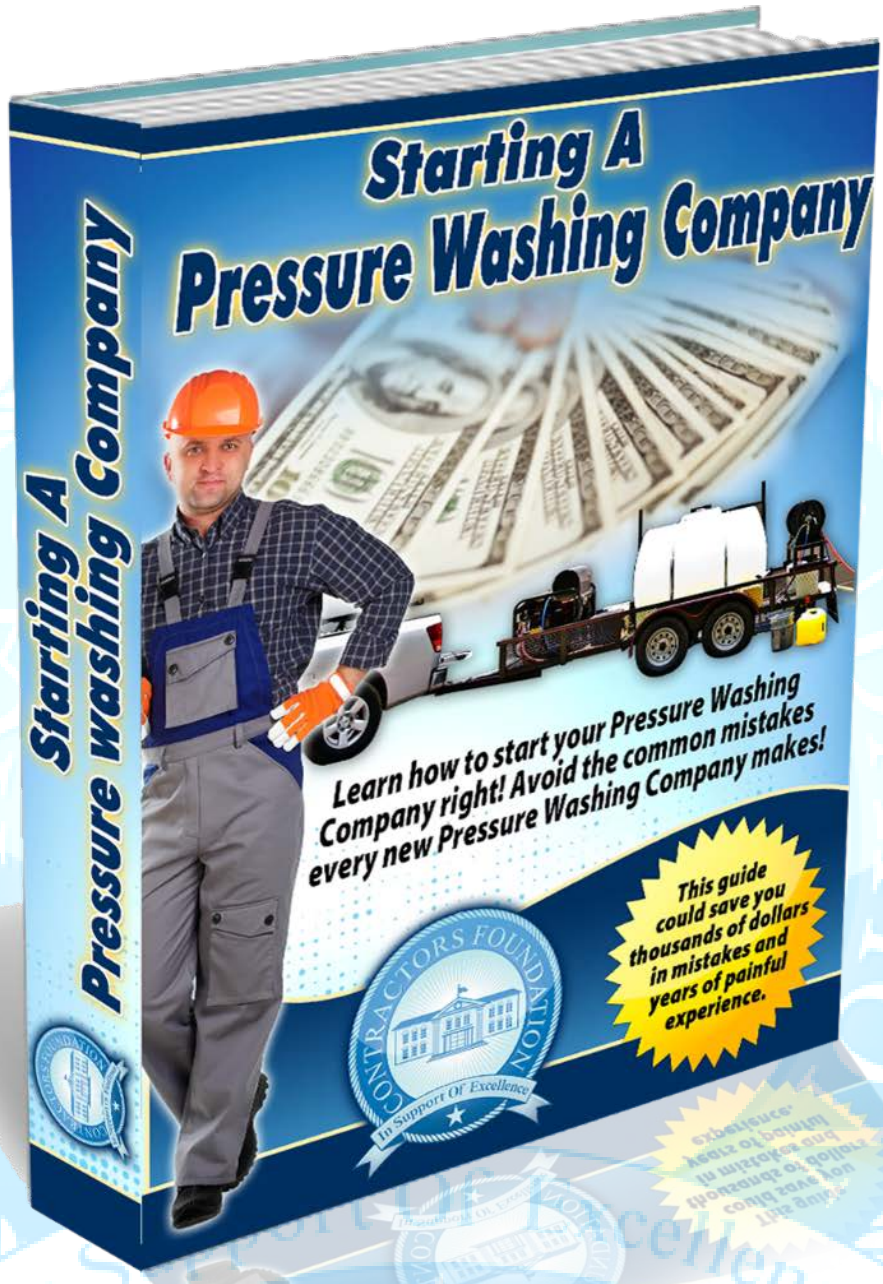

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Chapter One: Setting Up Your Company

COMPANY STRUCTURE

This class is presented to help individuals who have limited experience in business learn ways to take their new or smaller operations to the next level. Growth in sales and profits, for most of us, comes from expanding the menu of services we offer and teaching employees how to do the work our customers want done to our personal standards of excellence.

Most of us will find that, as one-person operations, we cannot seem to get beyond a certain volume of sales during the year. There just isn't an endless supply of hours and days, no matter how successful we are at making the phone ring. Those of us who are willing to do the work and make the necessary investments can grow our companies to much larger and more stable operations if we can just find the right people and teach them what we have learned – without training them to become competitors of ours. This is quite a challenge.

We want you to begin by thinking in terms of "systems" for your business that will help you grow. A system is an organizational tool that tells people the right thing to do when confronted with a decision. By arming yourself and your future employees with clear, well-planned systems, you increase your chances of success dramatically. Consider a paperwork system, and estimating system, a marketing system, a customer complaint handling system, etc. This way, when it is time to trust others to make decisions that affect the company, those decisions will probably be the right ones.

Focusing on structuring profitability from the beginning, we start by thinking about how to form our business from a financial standpoint. Every business should start off with a plan and goals. In order for you to understand what goes in to a Business Plan, we will begin by making some of the most important decisions in the life of any company.

"Should I form a Corporation or a Sole Proprietorship or a Limited Liability Corporation or just start doing business now and worry about that other stuff later? What is a Corporation anyway? Don't those things pay the highest tax rates? I've heard that Corporations are double-taxed…"

The answer to these and other questions is never exactly a simple one. Each person's circumstances are a little different, and the decisions that should be made depend on those personal circumstances. In general, though, there are some important things to look at before you begin operating a company.

To begin, we need to define the typical choices a business owner faces: Corporation, Sole Proprietorship, or a Limited Liability entity. When there are two or more owners, the possibility of forming a Partnership becomes part of the selection.

A Sole Proprietorship is any business that has no separate existence from its owner in a legal sense. The business and the owner are one and the same in the eyes of the law. All debts of the business are debts of the owner – and vice versa. Since there are no partners, it is called a "sole" proprietorship. (Sometimes a business owned by both a husband and wife together is still considered a Sole Proprietorship.)

This form of business has unlimited liability, so if the business is sued all of the owner's assets are on the table - house, car, savings, etc. A Sole Proprietorship is considered a "pass-through" entity by the IRS. This means that the income or losses are passed through to the owner and reported on the owner's individual tax return.

A General Partnership is a type of business structure in which partners share with each other the profits, losses, and liabilities of the business. General Partners put their personal assets on the line when things go wrong in the business. General Partners are jointly liable for the debts and obligations of the partnership. In

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addition, individual partners are liable for the wrongful acts of the other partners. A partnership is considered a “pass-through” entity by the IRS. This means that the income or losses are passed through to the partners and reported on the partner’s individual tax returns.

A Partnership is like a Sole Proprietorship in that they are the easiest entities to create. We always recommend that partners have a written partnership agreement to establish procedures for the time when the partners do not agree. Without these procedures, the business could fail because the partners weren’t getting along.

A Limited Liability Company (“LLC”) or a Limited Liability Partnership (“LLP”) is formed by filing Articles of Organization with the state. Filing LLCs has become much easier, and many contractors choose to go this route. The debts and liabilities of a LLC are solely the debts and liabilities of the LLC. The owners of the LLC are not personally liable for the obligations of the company. Generally speaking, an LLP is a ‘pass through’ entity, while an LLC is treated like a corporation for tax purposes (although there are many exceptions to these statements).

A Corporation is formed by filing Articles of Incorporation with the state. These Articles define the company as if it were a person separate from all of the owners (the legal definition of a corporation). The assets of the owners are shielded from the obligations and actions of the Corporation, which is the attraction of this structure.

Tax issues differ between different types of Corporations, such as “C” corporations and “Sub-chapter S” corporations. A “C” corporation is taxed at the highest rate for businesses and is able to retain profits from year to year. A “C” Corporation pays taxes on earnings and a Shareholder of that corporation pays taxes upon receiving any of the earnings as a dividend. This is the “double taxation” of corporate profits.

An “S” corporation passes all of the profits or losses directly to the owner(s) on December 31st, so these company’s owner(s) always pay personal tax rates on any earnings. “S” corporations cannot hang on to earnings; all earnings and losses are automatically ‘passed through’ each year to the owner.

Getting back to the questions that started this discussion, it is now pretty easy to see why you need the advice of an accountant and an attorney as you launch your business. The IRS will not let corporations change their status without excellent reasons, so many people who don’t do their homework in the beginning find themselves trapped by short-sighted decisions.

In this lawsuit-happy society, a Corporation or Limited Liability operation makes good sense.

Once the decision about the structure of the company has been made, we can begin to establish the systems that will help you run the company with as few problems as possible. Let’s get started!

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NAMING YOUR BUSINESS

We all want a clever name for our businesses that will generate trust, communicate ability, and be easy to remember. The name of your business is a key part of your marketing program.

For example, naming your company “Working Under Pressure” might sound OK, but what does it really say? You thought it said “wash with low pressure and cause no damage when you clean”. What does your potential customer think when he sees that name in the phone book? Does it generate trust or does it say that you are operating with ‘less than the right amount of pressure’ or that you are ‘over-stressed’? Avoid names that might be misunderstood.

The default business name is to use your own name. Bill Smith might select “Bill’s Pressure Washing” as his business name – a style we see all the time. Although the name of this business includes a description of what Bill does, a name like this does not really generate much trust or communicate ability. It might also limit the marketability of other services that Bill may wish to do in the future.

An exception might be if Bill Smith was known by all of his potential customers because he is in a small community. In that event, “Bill Smith’s Pressure Washing” or “Smith’s Pressure Washing” might be fine.

A name like “Expert Pressure Washing” is much more effective than “Bill’s Pressure Washing” for obvious reasons. Including “expert”, “professional” and similar descriptions in your company name is a good idea.

If your specialty is decks, perhaps a name like “Expert Wood Care” is better than “Expert Pressure Washing”. However, it can be difficult to sell other services if your name is “Expert Wood Care”. For example, it would be tough to say “we offer excellent house washes” if your name is “Expert Wood Care”.

What exactly does “wood care” really say, anyway? Of course you know, but does your customer? The name gets a little better if it changes to “Expert Deck Care” which at least indicates outdoor wood exposed to the weather that is typically not painted.

One step better might be “Expert Deck Restoration”. See how the name can affect the perception of the company? Consider combining your name and mission, such as “Smith’s Expert Power Washing”.

Instead of describing what you do or your qualifications, your company name can reflect the results your customers might be looking for. “Sparkling Clean Power Wash” might be a good name for your company because it sells you.

No matter what name you are leaning towards, be absolutely sure that your name adds positively to the image you are hoping to project. Include descriptors like expert, professional, precision, superior, etc. Try to avoid having the same name as hundreds of others. (Yes, it seems like there are at least two “Deck Doctors” or “Deck Medics” in every city in the country.)

If your name begins with A, B, or C, you will be among the top listings in the phone book. Phone books are being replaced by online directory services these days, and the order of appearance on many online directories is often a factor of date rather than name. Some online services do go alphabetically, however, and a name that starts with “A” has a good chance of topping at least some lists these days.

Finally, if everyone loves your new company name (no, your mom’s opinion doesn’t carry extra weight on this decision) then you might consider creating a trademark with it. The simple method is to add “TM” in small letters after the name. This will not be the same as a federal trademark (®) but it does offer you minimal protection. If you go this route, the first time your company name appears on any page it must be followed by the “TM” – every time! Save copies of your use with dates on them in case you are ever in a dispute over name rights.

A federal trademark takes a long time and lots of money to secure, and is usually not worthwhile to pursue.

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INSURANCE

It is extremely important for you to understand what insurance you need and exactly what protection having that insurance gives you.

For starters, what kind of coverage do you need? A lot depends on what kind of work you will be doing, what skills that work requires, and where you will be doing that work. For example, if you are doing commercial work (such as Kitchen Exhaust cleaning) most customers will require you to carry up to $2M in liability coverage. If you are doing residential work, a policy that affords protection up to $100K might be adequate. If you live in an area where you might be traveling between states (as you might in the Virginia-Maryland-DC area) you might have to carry more insurance for one state than another requires. In that event, you have to know what is required in each state.

First, let's look at standard business coverage. If you operate out of your garage (as many new businesses do) your homeowner's policy might not cover the loss of your tools unless you have a specific rider covering them. What you really need most of all, however, is liability insurance to protect your customers in case you cause damage to their premises.

NOTE: Liability insurance may not protect a customer if you perform improperly. A rule of thumb is that any damage to a surface under your care, custody, and control may not be covered. That means that if you are paid to work on something and damage it, you ARE NOT covered. On the other hand, if you were paid to work on one thing and damage something else in the process, you ARE covered. It is up to you to ask the important questions when you purchase insurance coverage.

Expect Work Comp premiums to be in the 10% range because most insurance companies do not have a specific category for our trade. Once your experience rate is established, shop around for lower rates. If you are required by your state to buy Worker's Comp insurance, the charge will be the rate (10%?) times the estimated size of your payroll. Most companies will accept your previous year's payroll for this calculation, and will audit your actual payroll at the end of the year to determine if you owe more for premiums or if you are owed money back.

Business insurance is always recommended. The rate will be based on the value of your inventory and assets, and can vary widely from carrier to carrier. Try to include Business Interruption coverage, in case an unforeseen disaster shuts your operation down for a few weeks. Expect these premiums to be low.

Finally, let's look at vehicle coverage. If you drive a vehicle that is titled to your business and has permanent signage, commercial insurance is a MUST. Insurance of this type is more expensive than personal insurance (can be upwards of $2000 to $3000 per year per vehicle in many areas). If you use a personal vehicle without signage (the vehicle is titled to you personally, not your company) you might think that a personal policy is OK for you – but that policy may not cover losses or liability if the insurance company figures out that the vehicle and/or contents are used commercially. Be sure to check with your insurance agent about this decision.

Trailers and their contents are seldom insured separately from the towing vehicle. If you use a trailer pulled behind a vehicle, ask your insurance company to cover the trailer and contents. You may be asked if the trailer is used commercially. We recommend that you tell your agent how you are using the trailer and take his advice on the best way to insure it and keep premiums minimal.

In all, a full package of insurance for a van and tools and liability for your business could cost as much as $4000 annually. We suggest that you build this cost into your Business Plan.

As a training company we do not endorse any particular insurance company or product. We can, however, tell you that the Joe Walters Agency is the largest insurer of pressure wash contractors in the country. You can reach this company at 800-878-3808 for a policy quote.

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Chapter Two: Selecting Equipment

LOCAL DEALER vs INTERNET DEALER vs BIG BOX STORE

One of the most fundamental decisions made by every new contractor is where to buy equipment and supplies for his or her business. There are several points we want you to think about.

There are lots of examples of suppliers that are good or bad for your business. If they are not open when you need them, if their prices are far out of line, if they carry weak products or inferior equipment, they don't deserve your business.

Good Local Dealers have SERVICE as their focus. These are the folks that will come out to your shop or job to deliver services such as help during mechanical emergencies. They offer a full range of products and equipment, usually in stock and ready to deliver. Typically (but not always) these folks might charge higher prices for their equipment and supplies because of the many costs of doing business they have (such as the cost of carrying inventory so you can have immediate delivery). Complaints about Local Dealers are usually based on failed service. Praises for Local Dealers are usually about their response to your emergency, getting you back in operation with a minimum of downtime. Local Dealers often have territorial rights to the equipment brands they sell. Local Dealers compete in the area they are in, and most areas cannot support more than a single specialty supplier. If you don't buy your equipment and supplies from your local dealer, you have no right to complain if they close their doors.

Good Internet Dealers tend to focus on PRICE, but they are limited in the services they can offer you. These operations compete with every other Internet operation in the country as well as every Local Dealer. For that reason alone, their pricing may be significantly below that of Local Dealers. Good Internet Dealers support the products they sell with in-depth information to callers. Complaints about Internet Dealers usually center around delays and shipping problems. Praises about Internet Dealers are usually around how large their selection is and how well they listen to your needs and steer you to the best solutions for your problem.

Big box stores cater to a hybrid of homeowners and contractors. The equipment they sell runs the gamut from expensive contractor-grade tools to inexpensive homeowner-grade tools, depending on the store you are in and the focus of that store. The primary customer of big box stores for pressure washing equipment is a homeowner. Often a new contractor without knowledge of either an available Local or Internet Dealer will know that he or she can buy some equipment from the nearest home-improvement store. Complaints about these big-box stores is that the equipment is often mis-labeled as "contractor grade" (therefore not up to the task) and there is little or no support for the contractor. These stores seldom offer mechanical services. Praises about these big box stores are usually about how well they treat you when you return that machine with the mechanical problem.

In the decision about where to buy, we encourage you to think of your tools and supplies as investments in your business. Buying the right tool (of the right quality level) helps promote success. Buying cheap tools 'to get by' will almost assuredly set the stage for failure. Deciding on which type of dealer to give your business to will often determine how successful you will be in the long term. "The bitterness of poor quality remains long after the sweetness of low price is forgotten."

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SELECTING THE RIGHT PRESSURE WASHER

You face a lot of decisions in choosing a new pressure washer. Don't be intimidated by all of the terms and specifications, but recognize what facts you need to know to make a good business decision. The most important thing to know is that your equipment must match the work you intend to do. If you equipment is too large or powerful, you have wasted money and you could damage what you are cleaning. If your equipment is too small, it will take too long to do the work and you will lose money. That is the simple truth.

Let's start by looking at the different choices you will have to make when picking a pressure washer:

1. Gasoline vs Electric
2. Hot Water vs Cold Water
3. PSI vs GPM vs CU
4. Belt Drive vs Direct vs Gear Driven
5. Portable vs Stationary
6. Wobble vs Axial vs Camshaft Pump
7. Heavyweight vs Lightweight
8. Home Model vs Contractor Model

Gasoline (or diesel) vs Electric: Most pressure washers are either powered by an electric motor or a gasoline engine. A few are diesel powered. Electrics require little maintenance and are very quiet. They require a source of power nearby (because the cord length is limited). They can be used indoors without any problem. You can have electric units with lots of power, but most electrics are small units designed for specific jobs, such as mobile detailing or hood cleaning. Gasoline units, on the other hand, are portable – but meant for outdoor use. They can be built to deliver tons of cleaning power. They may be somewhat loud, but your customers expect to hear some noise while you are working. Gas-powered machines are used for cleaning concrete (called "flat work"), deck cleaning, fleet work, kitchen hoods and ducts, or any other job that requires portability.

Hot Water vs Cold: Most pressure waters are cold-water portables. Cold water, along with the right cleaners, can do most jobs. Some jobs, like removing heavy grease or stripping off finishes, just go better with hot water. Hot water will enable you to cut about 30% off the time it takes to do ANY job. This business is all about time, not spending less on your tools. If you have the right tools, you can compete with other contractors and get done with each job in the shortest amount of time. Many new contractors make the mistake of under-buying their tools to save money. Most experienced contractors over-buy their tools and make the difference back in no time with the added power and features. If all you are going to do is clean and seal wood, just buy a cold water machine. If you are washing anything else, such as houses or hoods or trucks or concrete, consider hot water. If you already own a cold water machine and want to have hot water, you can buy a "hot box" which heats the water from your cold pressure washer.

PSI vs GPM vs CU: First of all, let's take any mystery out of the acronyms. PSI stands for Pounds per Square Inch. This is the pressure rating of your power washer. GPM stands for Gallons Per Minute, the flow rate of your power washer. CU stands for Cleaning Units, which is PSI multiplied by GPM. All of these terms refer to the power of your pressure washer.

To clean effectively, a power washer must provide 'agitation' to scrub off the dirt and 'flow' to rinse it away. Think of the pressure (PSI) as the agitation that is applied to the surface that you are cleaning and think of the flow (GPM) as the rinsing force that carries the dirt away.

Homeowner machines tend to run between 1200 and 2700 PSI. Contractor-grade power washers tend to run between 3000 and 5000 PSI. More power means faster work, but more power also means more potential for surface damage. Wood decks, for example, are often cleaned at pressure as low as 300 PSI because 3000 PSI will rip the wood to shreds. Most contractors will settle for 3000 PSI because that amount of pressure is adequate for most jobs. Truth is that most contractors would prefer to have 3500 or even 4000 PSI if they could get it.
GPM is much more important to most contractors than PSI. Since most contractors use cleaning chemicals

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to do most of the work (the fastest method) their job becomes one primarily of rinsing rather than washing. The cleaners do all of the cleaning, and the contractor rinses the dirt away. When you think about that method, you realize that the more flow you have, the faster the job is rinsed. Therefore, most experienced contractors recognize that GPM is more important to them than PSI.

PSI (power) is the "abrasive" factor and will help you break the chemical bond between the cleaning surface and the dirt. Once the bond is broken, the extra PSI does nothing to speed up the cleaning time.

The higher the GPM, however, the more surface area a pressure washer can clean. For example, a pressure washer with a 2 GPM flow rate might top out at clean flatwork at a speed of 5 square feet per minute – and it is too small to run a surface cleaner. If we used 4 GPM, 3500 PSI machine, it might clean 20 square feet per minute (SFPM) and could get up to 30 SFPM with a surface cleaner. 8 GPM might give you 50 SFPM and get you up to 75 SFPM with a larger surface cleaner.

In this business, contractors sell "the finished job". Consider the example of cleaning a 2000 square-foot surface and charging $200 for the job. The contractor with a 2 GPM machine takes 6.7 hours to do the job (plus 30 minutes worth of travel and set-up time) and makes $28 per hour. The contractor with a 4 GPM machine and a surface cleaner takes a little over an hour to do the job (plus 30 minutes) and makes $125 per hour. The contractor with the 8 GPM machine and a large surface cleaner gets that job done in a half hour (plus 30 minutes) and gets $200 per hour. Which one do you want to be?

Dealers of homeowner machines like to refer to CUs when they show you a power washer. This number is the result of multiplying the PSI by the GPM. If you have 3000 PSI and 4 GPM, you have 12000 CUs. For homeowner machines, this is a good comparison of the power you are buying. For professionals, CUs have little meaning. GPM is most important, and PSI is less important, and the CU formula makes them both equal. The best solution is to talk to a dealer who really understands what you are trying to clean because he will steer you to the right GPM and PSI for the job.

Belt Drive vs Direct vs Gear Driven: The gasoline engines used for power washers all run at around 3450 RPM. In a Direct Drive power washer the pump is bolted to the engine shaft, so it spins at the same 3450 RPM. In a belt drive unit, the engine is tied to the pump through pulleys and a belt and the speed of the pump is reduced to either 1700 RPM or 1400 RPM. In a gear-driven machine, the engine delivers power to a transmission that in turn spins the pump at a reduced speed (usually 1700 RPM).

Direct drive power washers transfer the vibration of the engine directly to the pump as well.

The faster pumps of direct-drive machines are spinning so fast that they cannot draw water from a tank or a lake very well. They tend to work fine when the water is forced into the machine (like when you hook it up to a hose from the house).

The slower moving pumps (belt driven or gear driven) work less and wear less, so they tend to last many years longer. They will also pull water to the machine from a tank, so your power washer shouldn't ever be starved for water (a problem that results in destroying the pump).

Gear driven pumps still transmit the engine vibration to the pump because everything is hard-bolted together. However, the pump in a gear-driven model is running at a similar reduced speed to the belt- driven models. This kind of power washer has not become popular since it was introduced because there is obviously one more part to break in the system – the transmission.

Portable vs Stationary: Stationary power washers are used in car washes, factories, etc. They are installed in place and never move. Portable power washers are used by contractors who travel to the customer to do the work. There is a crossover model called a skid unit - a stationary machine designed to be installed on a trailer so that it can be taken to the customer's site for the work. The most common machines for contractors to use are cold water portables (for small residential work) and hot water skid units (for large commercial work or high-volume residential work).

Wobble vs Axial vs Camshaft Pump: Since your pump is the heart of your system, it is critical to understand what you are buying. Every pump manufacturer makes several grades of pumps – Good, Better,

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and Best.

The Wobble design requires a piston to push against the pressure in the pump and the pressure of a spring. This is an inexpensive design to build, but it is relatively inefficient, too. This is the design found on most homeowner machines. It is designed to work for limited hours at a time and very limited hours per year, which is OK for a homeowner but doubtful for a contractor who wants to work every day. Wobble pumps tend to last for around 300 hours before needing extensive service or replacement.

The Axial design is similar to the wobble design with a couple of important differences. Most axial pumps have larger oil reservoirs and bearings, which allow them to be used for longer periods of time and more hours per year. They still are inefficient (like the wobble) but several lower-priced contractor-grade machines work fine with the axial design. Axials tend to last for about 600 hours before needing service.

The Camshaft design delivers the most power and durability of all these designs. It uses connecting rods on a cam with large bearings like a car engine, so it runs cooler and lasts longer. It is able to hold up to continuous use for hours and hours as long as it is kept cool. Cam pumps tend to run for 1000 hours before needing service, and tend to last 2000 hours before needing extensive service or replacement.

Heavyweight vs Lightweight: If you are buying a portable power washer, it makes sense to pay attention to the weight of the unit. After all, you are the one who is going to lug it all around and move it into and out of your truck. Aluminum frames are light and steel frames are heavy, for example. Talk to your dealer about how you are going to transport the machine. He may be able to steer you to a good solution for your needs.

Low-End Model vs Contractor Grade: The final choice for you to think about is durability. We have already discussed the difference in pumps, even from the same pump manufacturer. The cheapest power washers usually have the cheapest pump, which won't hold up well for most contractors. There are other considerations that you need to think about, too.

The finish of the machine can be very important. Powder coating holds up better and lasts longer than painted frames. Steel frames rust. Aluminum or stainless doesn't. Aluminum can be bent, steel is very rigid. Choices, choices.

Understand one very important point: For a machine to have a low price for its specifications, it has to be made in the cheapest way with the cheapest parts. There is no other explanation. For power washers that will be used at least 20 hours per week and sometimes up to 8 hours in a day, the lower priced machines just won't last very long. They come with inadequate parts throughout, such as the unloaders, pumps, and even the engines. Just because it says "Honda", for example, doesn't mean that all Hondas are the same. This is where Grandpa's "you get what you pay for" saying really is true.

So, getting back to discussing value, if you buy a $900 power washer and you get 300 hours of use out of it, that purchase cost you $3 per hour. If you bought a name brand commercial-grade machine of the same specifications for $1500 and you got 2000 hours of use from it, that purchase cost you $0.75 per hour. Which one is less expensive? These are typical numbers.

If the bottom line for you is how much cash you have to fork over right now, consider an alternative. A reputable dealer can get you into a quality power washer on a lease or finance contract. In the long run, you are better off with the better equipment. You will spend less of your cash today and less over the life of the machine – even with the lease or loan interest added on.

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OTHER EQUIPMENT QUESTIONS

There are several items we use every day that are considered “wear items”. That means that these items are replaced regularly for safety and efficiency on the job.

Hoses – available in black or non-marking styles (gray or blue or yellow). We suggest that every contractor carry at least two hoses – with one 50’ long and one 100’ considered as the minimum. The up-charge to buy non-marking hoses over standard hoses is insignificant compared to the wasted time involved in re-cleaning an area that got marked by your hoses. The life of any hose is diminished dramatically if you use an injector (downstream or upstream). If you use strong bleach through an injector, for example, plan on replacing your hoses every 6-12 months. If you don’t inject strong chemicals, hoses can last for 2-3 years without requiring repair or replacement. If a hose does break, the break itself will tell a lot about how you use the hose. If the hose breaks within a foot or two of the end it indicates that the hose is often tugged hard at an angle. If the hose breaks nearer the middle, it is simply worn out from time or from dragging the hose across an abrasive surface like concrete. If a hose breaks near the end, it is generally OK to repair it. If it breaks near the middle, chances are the hose will break again soon and probably should not be repaired. It costs around $20 to repair a hose and as little as $45 to replace one, so use wise judgment here.

Dual-Gun Pressure Washers – available option for many high-volume machines (8 GPM and up). This is a viable option if you usually use 2-person crews on larger projects like flatwork or building restoration. As an option, this adds about $500 or more to the cost of a skid unit. When analyzed, it is often more effective to buy two 4 GPM units than to buy one 8 GPM unit and split the output. If one machine fails, the other will keep you on the job.

Nozzles – These are wear items, so plan on replacing them every year or two. You won’t see the wear, but you will feel the reduced pressure a worn nozzle causes. Nozzles are critical to the proper operation of your equipment. Nozzles are sized according to the spray pattern and the orifice size. Become familiar with a Nozzle Chart so that you can select the best nozzle for your machine and your application.

Attachments – Such as an external injection system, can be invaluable time-savers for a contractor. Turbo nozzles are amazing tools that can cut the time needed for many jobs.

Wands – Telescopic, Dual-Lance, and other specialty designs will make a huge difference in your productivity. Talk to other contractors and pay attention to how they are doing similar jobs. Chances are, they are using specialty wands to save time and trouble.

Low Volume Sprayers – If you are applying cleaners or coatings, a sprayer is a huge help. The inexpensive start-up choice of sprayers is a pump-up agricultural sprayer. Powered sprayers (HVLP style) are a huge step up for most contractors, because they save an amazing amount of time.

Surface Cleaner – A must for anyone doing flatwork regularly. Surface cleaners are used primarily on floors, but some are designed for use on walls and roofs too. Understand that surface cleaners are not designed for cleaning wood decks.

One more discussion point – Chinese imports. In the last few years, a large amount of equipment has been coming out of China. The engines sometimes look familiar because they are knock-offs of familiar brands. The quality of goods coming out of China is improving every year, but there were some amazing problems early on. The most-preferred equipment comes from the United States, Italy and other parts of Europe. Chinese goods may be acceptable for your use, but be careful when buying unknown brands.

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EQUIPMENT MAINTENANCE

There is nothing more frustrating than driving to the job site, off-loading your equipment and setting it all up - *just to find out that some tool doesn't work*. In the pressure washing business your tools are your bread and butter.

Fortunately, our trade doesn't require too many serviceable tools, but it only takes one breakdown to ruin your whole day and throw your entire week's schedule off.

Following is a list of the most common tools we use, and the attention they require.

- Powered Sprayer: Depending on what type material you have sprayed, rinse the system out at the end of the day with a diluted non-caustic solution. Then rinse again with clear water. Leave clear water in the lines to prevent a clog.

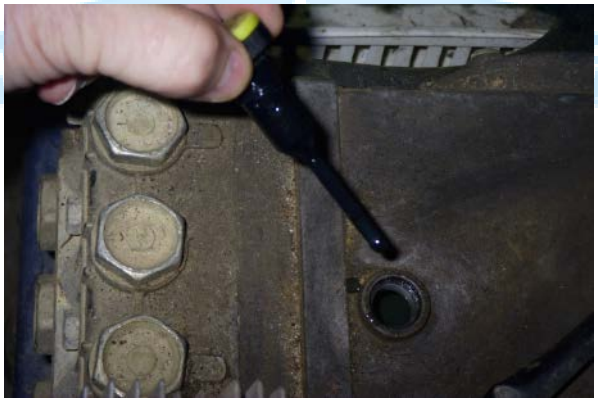
- Be sure to follow all manufacturers' recommendations for proper, safe operation. Store indoors & do not allow any liquid inside the tool to freeze.

- Pressure washers: Really no need to rinse this machine out at the end of the day unless you have been using the downstream injector. If you have downstreamed a cleaner, be sure to draw fresh water through the downstream injector before you shut your pressure washer off.

  The single most important point to remember is to never allow your machine to run without water flowing through it – even for a few seconds when you are starting it. Heat spikes and damage to the pump occurs within moments if it runs dry. The next most important thing to remember is to check the oil level daily in the engine as well as the pump. Dipsticks are provided for both. NOTE: new pressure washers are shipped with a temporary non-vented oil cap. Be sure to replace this with the vented cap provided by the manufacturer before putting your machine into service.

  The engine and pump demand two different types of oil. The better machines available today are driven by engines with oil-cutoff switches. Never disable this function! Many engine manufacturers recommend changing the oil every 100 hours of use. If you don't have an hour meter on your equipment, change engine oil at least every 3 months. Low oil or even dirty oil will cause the motor to start missing, and eventually it will stall and be unable to start. Next, do not change the factory setting on the unloader, as this will affect your machine's output and could lead to premature wearing of the unloader. Check the tightness and condition of the belt at least once each season. If you use the downstream injection system, realize that the chemicals you use may adversely affect the hoses, quick-connects, and your trigger gun. Be sure to rinse out your system after using your injector. Be sure to follow all manufacturer's recommendations for proper, safe operation. Store indoors & do not allow any liquid inside the tool to freeze.

Checking the oil in a pressure-washer pump



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- Surface Cleaners: Keep the spinner operating smoothly and keep the tips in the proper alignment (angled at about 10° to 15° ahead of perpendicular). Less-expensive surface cleaners may require frequent lubrication.

NOTE: Guns, QC's, etc. that leak are damaged and must be rebuilt or replaced.

EQUIPMENT HINTS

- Every morning, before you leave for the first job, plug in and/or turn "ON" any powered tools to double-check that they are operational. It is much easier to fix anything at your garage than in the customer's back yard**.**

- Dragging high-pressure hoses across concrete will cause wear spots in them, causing them to burst prematurely under pressure. This can be extremely dangerous. Handle these hoses carefully, and inspect them regularly. By the way, dragging black hoses can also leave some pretty ugly skid marks on a customer's driveway. Hoses that break in the middle are frequent victims of "dragging". Hoses that break near the ends are frequent victims of "pulling".

- The "O" rings used in quick-connects fail regularly. Always keep a number of spares available for installation on the job. While you are at it, keep a spare hose washer handy, too. There are two materials typically used for "O" rings – BUNA and VITON. VITON is more chemical and heat resistant, but costs 3-5 times as much. BUNA is completely satisfactory for cold-water use.

- Wipe off your equipment regularly. It will be nicer to handle and will create a more professional appearance.

- Never leave rags, clean or otherwise, resting on running equipment. Your equipment is air-cooled, and rags interfere with that cooling. Rags can easily become caught up in spinning belts and pulleys. Rags can catch fire from hot engine parts or exhaust gas.

- You are likely to be carrying gasoline cans and refilling them daily. There have been a number of reports of explosions caused by static electricity when someone has tried to fill a gas can that was sitting on the bed of a van or pickup. Always set the gas can on the ground when refilling it.

- Always set your pressure-washer on level ground. This keeps the oil flowing in the engine. If your machine vibrates excessively, causing it to move around on its own, anchor the wheels with chocks.

In general, good pressure washer maintenance requires that you change the engine oil every 100 hours, and change the pump oil every 500 hours. This kind of rigorous maintenance schedule makes good sense when you realize that we run both parts (engine and pump) full-throttle all the time.

At least once each year, plan to change the pump packing in conjunction with one of the oil changes.

Engine oil is a detergent oil that is usually either 5W – 30W or 20W – 50W (depending on the climate).

Pump oil is NON-detergent, usually straight 30W.

Change the oil filter (if applicable) and the air filter with every other oil change.

For most of us, our equipment actually runs about 15 to 20 hours per week on average (even though we ourselves put in 40 or more hours!). That means that we should probably get into the habit of changing the engine oil about every two months and the pump oil about every 6 months that the machine is in use. This kind of service schedule is just a guesstimate. Like the odometer on a car, an hour meter will tell you exactly when service is required.

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Most contractors put 500 – 1000 hours on their pressure washer annually. The life expectancy of any piece of equipment is about 2000 before a significant rebuilding is necessary. Generally, the engine outlasts the pump because people instinctively know how to maintain the engine. Pump maintenance pays big dividends in longer life and fewer breakdowns, so pay close attention to it.

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Chapter Three: Selling Your Services

MARKETING

Your business plan should include an estimate of your planned spending for marketing your services. It is typical for a new or growing business to spend anywhere from 6% - 15% for Marketing. In the beginning, even more might be required to establish top-of-mind awareness in your area. As your business matures, the percentage you spend on marketing typically decreases.

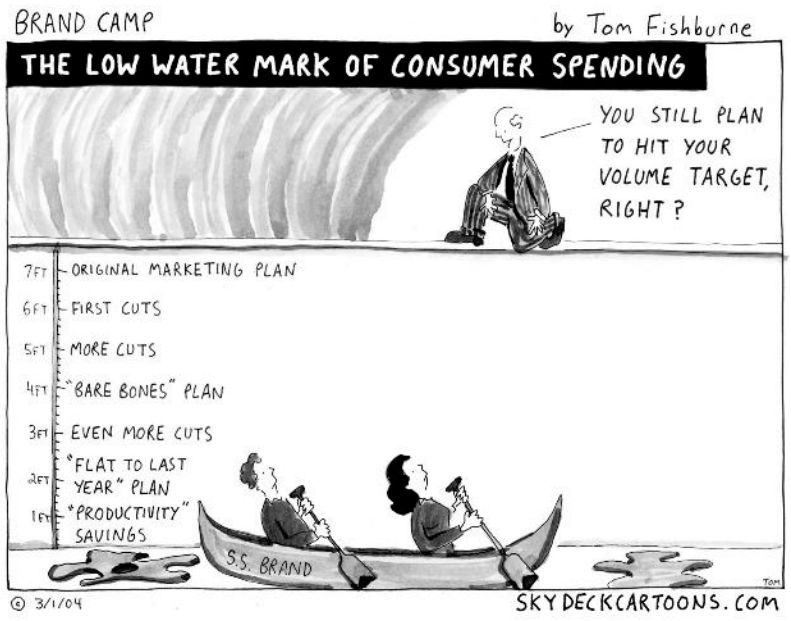
We recommend that contractors earmark at least 6% of their expected sales to market their businesses – if not more. There are a number of ways to do this effectively.

Before you can market your service, you MUST know who your customer is and where (s)he is. In residential work, your typical customer is a double-income, reasonably affluent family whose disposable income exceeds its available resources (either in time or in talent). In commercial work, your target customer is a manager with a headache that he expects you to cure. If your message addresses these people well, you stand the best chance of getting them to call you.

How much work should you plan on doing in any given year? If you do all of your work yourself and don't want to work too hard, you can easily do $1500 to $2000 in business each week. If you expect to work nine months of the year at this, that equates to sales between $58,000 to $78,000 per year. If you will be able to work 12 months out of the year, then you could see more than $100,000 in business. If you spend 6% on marketing, you can afford to spend up to $6000 during the year on advertising. This is enough to get your phone to ring a lot if you spend it wisely.

If you are willing to work longer hours, or if you hire a helper, it wouldn't be too hard to push the business to produce $2500 to $4000 each week. Getting the phone to ring for this much work takes a little more money, but you have at least $650 to $1040 to spend each month to accomplish the goal.

As you plan your new business, don't scrimp on this important line item. Too often, a company having financial trouble because of poor sales will slash the marketing budget in order to hang on to a few bucks. This is flawed thinking. The cartoon on this page demonstrates the fastest way to destroy any company – keep slashing the marketing budget.



BIDDING THE JOB

Improper bidding is what puts most new guys out of business the first year. They don't know how or why, and often never have a chance to really find out. They often will keep dropping their price until the customer says 'Yes' - in some kind of sadistic reverse-auction mentality.

Getting a fair price for your work is essential. Bidding too high means you will starve, and bidding too low means that you'll lose your shirt. Bidding must be responsible – for your sake as well as for the rest of the people you are bidding against.

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The typical area already has a number of untrained people just trying to make “beer money” by bidding for your customers’ business. You can’t stop this. Most or all of them will go out of the business in the coming year because they aren’t getting good word-of-mouth and aren’t making adequate margins, so be strong and sell your commitment to quality.

While your price for a job might be higher than that of others, this won’t always be the case. Sometimes your price might be the low bid or the only bid. Whatever the case, hold your head up high. You are trained. You are certified. You know the Right Way! You must get a fair price for your knowledge. Customers who understand your approach to the business won’t mind paying a little more for higher quality.

I am always asked by other contractors “How much would you bid for this job?” When I answer, I often hear “Well, in my area no one will pay that much”. If you go out there with an attitude like that, rest assured that you are headed for disaster.

The bidding process, by definition, requires some amount of guesswork. Standard bid prices will get you started off on the right foot, but that is only the start.

The PITA factor (Pain In The A)** Once any bid is prepared, you must then evaluate the job from a critical standpoint. What can go wrong? What makes this job tougher than a typical job? Are there any factors that will affect your ability to do the job within your normal time frame? Are there factors that will affect your safety?

If there is anything that could affect how fast and smoothly the job will go, you have to factor that into your price. Bumping a bid by $50 or $100 or 20% is a normal part of determining your final bid price. You are the only person who can control whether or not you will make money.

Typical PITA Factors:

- Landscape issues
- Neighboring property and access to all sides of the work
- State of repairs
- Height
- Utilities present / not present
- Ladder work or scaffolding or lifts

Do you know everything the job entails? There can be hidden problems, and your job is to find them before you commit to do a job at any price. Ask yourself some questions:

If the work is high in the air, you have to factor the bid amount upwards.

If the work is extra dirty, you have to factor that in too.

If the work is difficult to get to, you have to add to your bid.
If your work requires special tools or cleaners or other expenses, you will have to adjust your bid.

The idea here is that you start with a basic formula and adjust it for your experience and knowledge. The important thing here is to see all of the components of the job and assign costs appropriately. If you are bidding a deck job, for example, it is much harder to work on cleaning the spindles than it is to clean the floor. You ought to charge more to do the spindles than you do for the floor.

There are other factors that can affect your bid price: competition, competence, certification, and more.

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If there is no competition, then your price should rise. If there is lots of competition, you will have to differentiate your services or you will be forced to charge what everybody else does. It is obviously in your own interest to do work that others in your area are unwilling to do or don't know how to do.

If you are very competent and experienced at what you do, then you can justify charging more. If you are inexperienced, then you almost have to give your services away to get a job. It is obviously in your best interest to concentrate on becoming as professional as possible in one or two services needed in your area rather than be a jack-of-all-trades.

If you are certified – recognized by an outside party as an expert – then you can justify charging more than your competitors. It is obviously in your own best interest to pursue all appropriate certifications in your field.

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HOW MUCH SHOULD I CHARGE PER HOUR FOR MY WORK?

One of the hardest problems new business owners face is determining how much to charge for any job. A $500 job is a $500 job, and you won't be able to get most folks to pay you $600 to do that job just because you are not as fast and efficient as the next guy. It is up to you to get good and efficient, in order to make your hourly earnings hit the right level so that you can make a living and potentially get ahead.

One element you need to know is what to target in hourly earnings so that you can pay all of the bills and make a buck at the same time. We have been preaching to contractors for years that their hourly target ought to be in the $100 - $150 range, because our experiences showed us that getting much less than that amount meant not surviving in business.

What is your hourly target for revenues? One thing is for sure – we can't figure that out for you. No two businesses are alike in this figure. All we can do is help you think about how to figure out your ideal target.

Any basic Business Plan requires you to look at your business from an hourly "break-even" amount, similar to the way we have below. Take a look:

- If my business insurance costs $500 per year
- And my truck costs me $500 per month
- And my vehicle insurance costs $1500 per year
- And I spend $10,000 each year on advertising
- And I am spending about $10 per hour on fuel for my equipment.
- And I spend $800/month on rent and utilities
- And the telephone costs $200 per month
- And I spend $600 per month on gasoline for my truck
- And I want to make $50,000 as my base salary (which is around $37 per hour for 1500 hours, with taxes and stuff)
- PLUS I want a profit of $25,000 per year in my business for my bonus at the end of the year (as a reward for hitting these numbers)
- And I need to set aside about $3000 per year for repairing or replacing equipment
- And accepting credit cards costs me 2% of what I sell

So how much should I charge per hour?

To start with, most of us do not manage to earn income for every hour we invest in our businesses. We give away free quotes (which actually cost us a small fortune to do) and we need time to create ads and collect debts and pay bills and the thousand other things business owners do.

Besides, many of us lose out to days of bad weather and the personal issues that come up from time to time.

So we are lucky to be able to bill somewhere around 1500 hours every year with our one-truck shop. This means that we expect to average 125 hours (billable) per month. Now that we understand this, we can apply the costs and determine our target hourly charge.

- For example, spreading the $500 for business insurance over 1500 hours means we need to get $0.35 per hour for this item.

- If my truck costs $500 per month, then I need to get $4 per hour to cover this item.

- If my vehicle insurance costs $1500 per year, then I need to get $1 per hour to cover the cost.

- If I spend $10,000 annually on marketing, then I need to include $6.67 per hour to cover this amount.
- If I spend $10 per hour to run my equipment, this has to add to our hourly rate.

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- If I spend $800 for my shop rent and utilities, that breaks down to $6.40 per hour.
- If I spend $200/month for my telephone expense, then I must add $1.60 to my hourly charge.
- If I spend $600 per month on gasoline, then I am adding $4.80 per hour on to my hourly rate.
- If I want to make $37 per billable hour for my base wage, then I have to add that amount to my hourly charge).
- If I want to set aside a year-end bonus of $25,000, then I need another $16.67 on my hourly rate.
- If I plan to set aside $3000 towards equipment replacement and repair, that comes to about $2 per hour.
- If some of my customers pay by credit card, then I only get 98 cents out of every dollar I collect.

The costs used in this example tell you that you must generate at least $91 per hour for every billable hour you work, plus whatever materials cost you. And you had better be able to bill for at least 1500 hours or you will fall sadly short of the target.

If you spend about 25% of what you take in on cleaners, sealers, and supplies, like most deck guys do, then we can determine that you must charge approximately $122 per hour in order to meet your business planning numbers. If what you do is clean houses and driveways, you probably will only spend about 6% on cleaners and supplies. Then you only have to average $97 per hour to make the numbers work.

Obviously, if you don't hit this hourly average charge, your $25,000 annual bonus is going down the drain. If you don't hit your target two or three years in a row, a good counselor might suggest that business ownership is not for you.

The number we have reached here is a hypothetical one. You might spend more or less on any one of these budget lines. The important thing is that you do at least this much planning every year, with a clear idea of what you need and what you want as a business owner.

You have to do some homework like this every year to help you make the right decisions on what to charge for every hour you bill for. I remind you each year around this time to do some sort of a Business Plan. You can get as detailed as you want in this Plan (and, in fact, the more detailed you are the better). In the end, however, if this is all you do to prepare your self for another year of business ownership you will likely be "successful". Chances are that you are doing more to prepare yourself for business than your competitors are doing.

One other point: whatever your Business Plan predicts will be "wrong" to some degree. None of us is perfect at predicting how many times the phone will ring or when it will rain. What we can do is be prepared, be professional, and be ready to adjust our Plan as we go through the year.

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COLLECTING INFORMATION

It is critical that you collect and save all of the customer's information – immediately when they call you and later when you are bidding. For example, if the customer calls and you fail to ask the spelling of their name, it is always more embarrassing to ask later on. It is even more embarrassing if you misspell their name on everything you send out in the future, so get into the right habits from the start.

Be sure to get exact address and phone numbers as well as their e-mail address. This will help you contact them for the sale, and later on while you are doing their work. It will enable you to market to them, whether or not you closed the original sale.

When on the job measuring for the bid, be sure to capture every bit of information available. We even recommend digital photos be taken. This will enable you to recall the job in detail even after the passing of several months or years. If you have employees, this step will make it easier for you to describe the work they must do – and what they should not be doing.

This information should be saved forever. It can be used for marketing as well as future bidding. Imagine getting a call from Mrs. Smith, who reminds you that you did her deck two years ago and she would like to have it done again. You pull the file and look at the information. You should be able to give her a price right away, without going back out to the job. Chances are your price may be higher than it was two years ago, but that is not a problem if you establish instant rapport with a comment like "How is that beautiful rosebush next to the steps doing this year?"

Collecting the customer's information is easy and often spells the difference between success and failure.

It is always best to answer the phone when the customer calls, presenting a confident image through your voice and words. If you cannot have the phone answered (because you are both the boss and the employee and are out on the job) then try forwarding your calls to your cell phone. As an alternative, an answering service may be feasible. A good answering service can be as low as $25 per month or so, and sounds very professional. Make sure your service gets the customer's name, address, phone numbers, and the nature of the work. Follow up with a call within hours confirming that you will be doing an estimate within the next day or so. If you are really opposed to spending the money for an answering service, an answering machine is your only alternative. If you do this, do not use a "family" message. Make sure your outgoing message makes your company sound professional. Make sure, too, that your answering machine can be accessed remotely so you can check for messages from your cell phone.

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SALES

Once your advertising is in place, the customer has called and you have submitted a bid, the real fun begins. You must close the sale.

Present the bid in person wherever possible. Show up armed with pictures of your work, references, and any explanation of what you do that you have put together. When successful contractors meet face-to-face with prospective customers, they close almost 90% of those sales. If a contractor simply leaves a quote in the door, the close rate typically drops to less than 25%. If you leave a quote that is supported by a lot of informative reading, the close rate can jump to about 60% If you think about how much you spend to get the phone to ring, you begin to realize how important it is to make personal contact with every caller.

The customer buys confidence, ability, and your smile along with your price. Look and act professional, and don't mislead the customer about who you are or what you will do.

Carefully set the customer's expectations. This step is critical. If you over-promise, you will end up under-performing. If you let the customer set his own expectations, you will never live up to their ideals. At the same time, explain why your service is better than anything they could do themselves or get anywhere else. List some of the positive points about your service:

- commercial grade products
- training and experience
- workmanship
- problem-solving
- cost effective
- maintenance programs
- guarantee
- other

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Chapter Four: Profitability

BOTTOM LINE MANAGEMENT

Everyone talks about “the Bottom Line” as if it were some magic formula for running a business. In truth, the Bottom Line is an aContractors Foundationdent. It cannot be controlled, but it can be planned.

The Top Line - which is sales – can be managed through marketing. The Middle Line – which is expenses – can be controlled through discipline. Our success is determined by how well we do both of these jobs.

Managing the top line means optimizing sales (which is different than increasing sales). The most profound difference in optimizing is that you add profitable sales instead of unprofitable sales.

Consider what you require for an income (profit). Is it $40,000 per year or $100,000? Whatever that number is, it is your reality. Then consider what is reasonable in terms of sales for your field and location. Most people are able to do as much as $100,000 per year in sales without hiring help, but most do not start out being able to sell that amount of services. It often takes a few years to build up to that level.

If you decide that your goal is to do $60,000 in sales the first year and your income requirement is $40,000, then you can afford to spend $20,000 to achieve that goal. That amount has to cover marketing, the cost of materials, fuel, insurance, and every other expense you can envision. Your job, as the business owner and chief planner, is to figure out how to accomplish that sales target with that expense budget. This is the challenge all business owners face.

When a business experiences difficulties, the desperate owner often tries to compensate by taking on sales wherever they might be found. This might mean going farther to serve more customers. It might mean adding a different kind of sales, such as a new line of services. It could mean dropping prices to attract a larger number of customers.

Each one of these solutions tends to create a new set of problems. For example, looking for sales from the next county might increase the top line, but what happens to the costs that the owner used to control so well?

Most businesses are designed to generate a profit at a certain level of sales. If you have selected the best customer base possible and follow a good business model the odds are that you will be successful. If you vary from that model, you increase your likelihood for different results – usually negative ones. Blaming outside forces never solves the problems. Objective analysis almost always makes the solution clear.

Business Owners almost never blame themselves for problems they run into. This is a serious flaw.

Since you are responsible for the results you get, and since you are the decision-maker, and since you are the only possible solution to any problem that you run into, then you must look to yourself to figure out what is going wrong and how you will fix it.

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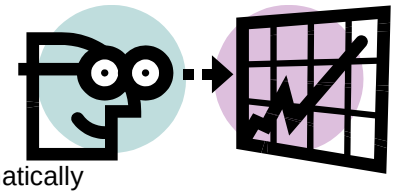
MANAGING FOR PROFITABILITY



When you study a Profit & Loss Statement, you can often identify what is working for your business and what is not.

Simply put, profit (or Bottom Line) equals the revenues (Top Line) minus the expenses (Middle Line). Increasing Bottom Line is simply a function of increasing your Top Line or reducing your Middle Line. It is never automatically one or the other, but active management of both that leads to increased profitability.

Cutting costs is not always the answer. As often as not, cutting costs leads to less profitability. For example, one of the easiest places to cut costs might be marketing. After all, cutting there won't affect the operation of the company. But if sales drop as a result, profitability drops. Another example is cutting labor costs. If I lay off help, but I don't get jobs done as quickly, my revenues drop and my customers get upset because I take too long to get to them. Result? Lower profits over the long run.

Increasing sales is not always the answer. For example, imagine the company lacks profitability because of excessive variable costs like materials and labor. If I increase sales without fixing the cost problems, I won't make more – I'll probably make even less!

Obviously, the key is to first carefully manage costs and then increase sales while monitoring the results. If the key is this obvious, why are so few small companies generating the profits they were designed to? The answers are too easy. First, most operators don't see the whole picture. Day to day involvement in the operation leaves little time to sit back and dream about ideal worlds. Secondly, most operators tend to blame forces beyond their control. After all, they are working as hard as they can, so if they are not profitable it can't be their fault. Most business owners are hard-working people who are so focused on keeping the wolf away today that they quickly get out of the habit of thinking about tomorrow. Finally, most businesses in trouble are too cash-starved to implement the right changes even when the owner clearly sees what has to happen.

A very popular business book, The E-Myth Revisited, points out examples of the problems that crop up when a business owner works "in" the business instead of "on" the business. As the owner and only employee, you don't have choices about working "in" the business, but you must spend adequate time working "on" the business to become successful. Otherwise, all you have is a job.

We advise business owners to look at their P & L statements differently when they plan their business.
Instead of thinking this way: Sales – Expenses = Profit and Overhead
Think about it this way: Sales – Profit and Overhead = Amount available for Expenses

This is a variation on the advice to "pay yourself first".

What courses of action are appropriate when things aren't perfect in your business? You are the only one who can control your costs. You are the only one who can build your sales. You are the captain of your ship.

Do you know all of the costs involved in running an operation like this? How do you find out about these costs? How much can you really afford to spend on marketing if your sales climb 15%? Should you hire an accountant? What happens if you are late on a few bills? How much money will you need to operate your business for the next six months?

These are the kinds of questions that every first-time business owner must think about in order to be successful. All of the costs associated with your operation need to be researched and recorded in a way that makes planning and setting goals possible. No one has a crystal ball to tell them the financial future of their business, but we do have a lot of information that can act the same way.

Answering these questions to the best of your ability is the first step to making a solid Business Plan.

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DO I NEED AN ACCOUNTANT?

Do you think you need a bookkeeper or an accountant or a CPA (Certified Public Accountant) to tell you what is happening in your business?

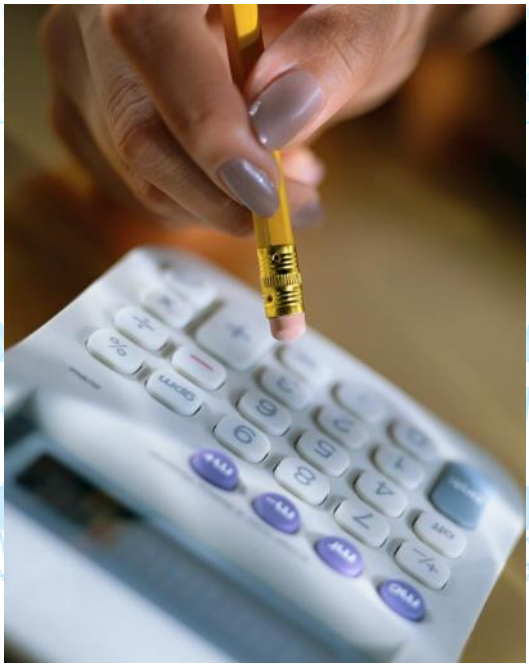
The easy answer from any advisor is "Yes" if you are starting your first business because everyone believes that accurate and timely financial reports are critical to making good decisions in the business. Obviously, if you are already operating another business, you already know what you need.

An exception to that answer may be available with all of the accounting software programs available today. Both Quick Books and Peachtree offer beginning packages that are inexpensive and powerful. As a business owner, the choice is yours. Any accounting software package on the market might work for you. At the same time, most of these software packages require a working knowledge of the structure of accounting and an awareness of the latest tax and accounting rulings in order to work properly for you. You want customers to hire you for your expertise and reasonable charges, so why not look for professionals to help you run your business too?

If you use accounting software and make inconsistent or improper entries, it will cost you more to have an accountant straighten everything out at tax time than if you carried in a shoe box full of receipts.

A business owner needs to have financial statements every month to correct when things are starting to turn the wrong way. The costs and margins of a business must be seen so that appropriate adjustments can be made to the operation. An accounting firm is probably the fastest and most accurate way to get this information.

If you decide to hire an outside accounting firm, the next page has some typical interview questions for you.



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QUESTIONS TO ASK WHEN SELECTING AN ACCOUNTANT

1. Who are your references?
2. Do you work on other similar businesses? Which ones?
3. What are your fees and what do they cover?
4. Can you produce reports in a specific format?
5. Are you available for general questions at no charge or a minimal charge?
6. Will you file all tax returns (sales, payroll, property, etc.)?
7. Will you prepare payroll?
8. Will you pay all invoices?
9. Do you provide financial advice (both business and personal)?
10. Will you help prepare a bank presentation if I need one? How much will you charge?
11. What type of training will you provide?
12. What is the turn-around time on monthly financial statements? When I get you my complete information, can I expect final statements within ten days?

QUESTIONS TO ASK YOUR ACCOUNTANT LATER ON:

1. What is my Cash Flow position?
2. What lifestyle can I afford?
3. Where can I improve my operations to be more efficient?
4. Am I taking advantage of all my discounts?
5. Are my bank reconciliations being completed on a timely basis?
6. Are my taxes being filed in a timely manner?

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MANAGING IDEAL MATERIAL COSTS

The Ideal Material Cost for your business is a standard percentage based on the ideal use of products. If a business uses the "ideal" portions on every job, it would run actual costs at its ideal level. This isn't always practical in the real world, however.

Ideal Material Cost varies according to the work you do. If you just wash houses, you might run between 3% - 6% material cost. If you clean and seal decks, your Ideal Cost is somewhere between 20% and 33%.

You decided what the target amount was when you made your Business Plan. Experience will teach you what amount of materials you use for a certain job, and you must then adjust your selling price for that work so that your material costs come out right. The goal is for you to achieve a reasonable profit while also giving the customer a quality job.

Hint: Paying for materials by credit card automatically gives you 30-day terms and a way of tracking usage.

There are times when the business will not run its Ideal Material Cost. This can be caused by several factors, including waste or theft.

When Material Cost is properly controlled, the customer receives a high-value, consistent job. Running below Ideal will decrease quality and lower customer satisfaction. If Material Cost runs above Ideal, loss of profit will occur. To maintain actual Material cost at Ideal levels, there are five major factors to control:

1. Waste (loss)

Spilled or discarded cleaners and careless handling of equipment constitute waste. Require employees to bring empty containers back to the shop at night. They might otherwise be tempted to give away or throw away that last half-gallon left over at the end of a job. Teach them the right way to handle and care for your equipment, so that unexpected repair bills don't steal your profit from a job.

2. Theft

To minimize theft, track material use by the job. If you are way over on one job (and not others done by the same person) that is a sign that he has taken materials home and may be doing "side" jobs. Make employees sign out for materials that leave the shop as part of this tracking.

When Material control policies are known and enforced, most employees will not steal from you.

3. Coverage

To maintain both customer satisfaction and a proper Material cost, application coverage standards provided by the manufacturer must be followed. If your job material tracking shows that one or all applicators use too much material on all jobs, then retraining is absolutely necessary. Coverage varies between different brands of cleaners and sealers, but an acceptable overall average will be obvious within a few weeks of operation.

4. Selling price

The selling price of your jobs has a great deal to do with the Material Costs that you are able to run in your business. If your selling price is too low, Material Costs will be too high and you could go out of business. Anything that affects selling prices, such as discounts, will automatically affect Material costs.

5. Receiving procedures

Poor receiving procedures are common in small business. The delivery driver is in a hurry. The owner is busy doing several jobs at once. The delivery driver doesn't make or lose anything if his count is wrong. The owner is trusting and friendly. The result? High Material Cost. Establishing proper receiving procedures, filing damage claims, and demanding accurate counts is essential to running good Material Cost.

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MANAGING IDEAL LABOR COSTS

Controlling the cost of labor is critical to your success. When bidding, you make an allowance for the amount of labor needed for the job. If the bid is done well, and the person doing the work is properly trained and motivated, the result is profit. Even if you have no employees and do all of the work yourself, you must allow for your labor AND a profit for the company.

Ideal labor for your operation is a percentage of the Sales. If you use a helper, your cost for labor could be as low as 10% of your sales. If you use employees to do all of the work, labor could run anywhere up to 25% (or even to 50% of the overall price of the job using a two-person crew). If your labor costs are higher than about 25% of any job bid, you are either a) paying too much; b) running inefficiently; c) bidding too low.

NOTE: Labor costs can be affected by working conditions (such as height above the ground or expensive landscaping around the work area).

Let's look at this as a House Wash contractor. Experience tells us that we can wash a 2500 sq. ft. house in about an hour – because we use an efficient method, an efficient cleaner, and our employees are well-trained. We bid the job at $292, because that is the result of the formula we use for this size of house.

Beyond the actual wash time of an hour, we have travel time and set-up and knock-down time to consider in total. Let's assume we use up a total of two hours for this job.

We pay our employee $13 per hour, which costs us about $16 per hour with employer taxes. If we offer benefits, it might even be $20 per hour in overall cost.

When we consider travel time, set-up, wash time, and knock-down time, we know that the employee should use no more than 2 hours for this job, with an overall cost to us of $32 - $40. (If your employees take more time than this, re-training and observation may be called for.) This amounts to somewhere around 11% to 14% in labor cost.

If Low-Ball Larry bid that same job for $129, his labor cost dollars would be the same. In that case, labor cost would run between 25% and 31% of the sale. The difference is enormous, and could mean the difference between success and failure of the business.

Some contractors pay employees hourly, and some pay a portion of the amount collected for the job. There are some states where "piece-work" pay like this may not be legal. If you do pay a percentage of the amount collected for the job, we suggest that this pay includes satisfying the customer to the point that the customer pays. It means that "go-backs" do not justify extra pay. Often this approach leads to employees doing better work the first time around.

This method guarantees that the contractor who bids properly will be profitable. It caps the percentage labor cost at a fixed number, which makes budgeting and planning easy. A big benefit of paying this way favors the employee. It allows any employee to have complete control over his earning power. If you bid jobs to produce $100 per hour for the company, paying an employee 18% of that job means that he earns $18 per hour! If he gets done in less time, he is earning even more per hour. He can either work fewer hours each week and make the same as before, or he can do more jobs each week and earn a lot more. He is in the driver's seat on his pay. You will never have to give a raise, as raises are built in with improved performance. (NOTE: Paying 18% to the employee often means that real cost to the employer runs about 22% to 24%.)

If you decide to pay hourly, we recommend that you pay well for the hours you need someone - and stop the clock when you don't need someone.

Tracking labor for each job is an essential business function. Make it a point to track the performance of every employee (as well as yourself). This way, you get a clear picture of who is most efficient. You can track by job dollar value or job square footage. Comparisons of who generates what number of dollars per hour tells you whose pay you can afford to raise and who is best eliminated from the payroll.

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BUSINESS PLAN

Earlier in this book we outlined how to determine your hourly sales target as a prelude to creating a Business Plan. Creating a business plan is essential to planned growth. It establishes formal goals as well as timelines and measurement standards for the growth process.

A business plan is also required for most financing options other than asset-based borrowing (a loan from a bank-like institution based on the value of assets you own).

A business plan is a forecast. The more professional and knowledgeable the business owner is, the more realistic the forecast is. The more credible the business plan is, the more likely the business will get the financing it needs.

We now fully understand our costs and how to manage them. We now fully understand revenues, and how to structure our selling prices. We now understand how to analyze our performance through our financial reports. Combining all of this knowledge into a business plan completes the process of understanding how our business will work for us – instead of the other way around.

Once complete, our business plan is a template. It guides us on what to do and what to expect from that action. It becomes our budget so that we can compare our performance against it every month. It also allows us to dream of what might be, too.

Our business plan allows us to play games like “What If?”. What if I hire one more person? What if I increase sales 10%? What if I trim my list of services to include only the ones I make the most on? What if I add another service to my sales mix?

A business plan is dynamic. That means it changes as the circumstances change.

Putting all of our understanding to work by creating a workable business plan is essential if we are to grow and prosper over time.

This knowledgeable approach separates your company from competitors and maximizes your opportunity for success.

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THE BUSINESS PLAN

This entire section has been devoted to business issues. We have ignored the procedures regarding taxes and other requirements businesses face because the filings vary considerably from state to state. We do, however, emphasize budgets and financial planning, since we believe every successful business creates a plan and compares performance to that plan regularly.

Throughout the day, we have discussed typical sales numbers and some budget allowances. Let's take a moment to formalize this process and create a Business Plan.

A Business Plan is needed if you ever want to borrow money (i.e. finance the company). It is also a good way to determine if you are achieving the goals you set out to accomplish.

What are the sales a new power wash business should achieve the first year?

How much of those sales will be spent on materials?

How much will be spent on supplies?

How much on advertising?

How much will be spent on incidental expenses like fuel?

Are we paying any rent or utilities?

How much on insurance?

Comparing your Business Plan to your actual performance throughout the year (monthly is often enough for most of us) is a critical step to success. Know what to charge for the job, know what your target hourly earnings should be, and make sure you adjust your Plan if you find out that the real world is different than your forecast.

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Chapter Five: Let's Go To Work

The company is formed, the Business Plan is done, and the equipment is ready to go. It's time to go to work!

Cleaning is about understanding the surface you are trying to clean, the soil you are trying to clean, and the environment you are trying to clean in.

The **Process of Cleaning** is some combination of **Breakdown, Agitation, and Lift**. Breakdown is done through an "action" chemical – one designed for the soil. Agitation is accomplished through the PSI of the pressure washer. Lift is accomplished by the detergent used.

The proper combination of these three factors is critical to getting the job done efficiently. Skimp on any one of these factors, and you might get the job done but you won't get it done well and/or fast. Miss any one of these factors, and you might not get the job done at all.

When we discuss cleaning, there are many variables you must understand. Just considering one item – the surface of some of the houses you might be asked to wash – takes a good deal of study on your part. There are great differences in surfaces, for example. One moment you may be washing old stucco and the next you may be washing cedar shakes. Stucco, which is concrete, responds well to 3500 PSI, but cedar will dissolve under that amount of pressure. It is incredibly important to understand surfaces.

If you are going into residential cleaning, which is where most new contractors start, you will be asked to wash houses, drives, decks, and roofs. The different surfaces that potentially come up just in house washing are staggering in their variances.

So, you have some home work to do. Every one of those surfaces is manufactured by many companies, and all of those companies belong to a manufacturers' organization that represents their product. There is an organization for aluminum siding, vinyl siding, and virtually every other type of siding. There is a brick organization, one that represents stucco manufacturers, and the list goes on. A simple Google search will open up all of these organizations to you.

Each one of these organizations will give you details on the nature of the products they represent and suggestions for cleaning these products. If the information is not readily available on the web site, there is someone who will answer your email or telephone request for information at their offices.

Today, cleaning is a sophisticated process and you are obliged to arm yourself with information. Not all information sources are equally credible, so be wary. Information that comes from a manufacturers' organization is always absolutely accurate. Information that comes from some person on an internet bulletin board is seldom 100% accurate and may be completely inaccurate. Be cautious, young warrior.

There is less of a difference in the soils you will be challenged by. Most of the time, we are cleaning oily soils. We will go into some details on the entire cleaning process, starting with some basic concepts.

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CLEANING BASICS

- ALWAYS apply soap from the bottom up and wash from the top down.
- Never pull the trigger with the tip pointed at a person or thing. The explosion of pressure can cause a lot of damage very quickly.
- Bring all the bullets for your gun.
- Work from high to low, from back towards the front.

Washing Terms For Discussion:

Abrasive/Direct Wash: High-pressure used to scrub off soil and stains. Usually involves down-streaming cleaner. Requires careful use of equipment to avoid damage.

Soft Wash: Low-pressure rinsing of surface after application of strong cleaner. Typically involves dwell method.

Dwell Method: Apply a cleaning agent at a specific strength for a specific amount of time. Time the application to work for approximately 10 minutes, then rinse the surface clean. Very controllable by the timing.

Injection Method: Applies the cleaner during the wash process, so the cleaner and the water hit the surface at the same time. May be employed for some soft-wash applications like house washing. Often uses more chemical, but is sometimes a faster method. Controllable by changing the concentration.

Injection Types:

- Upstream Injection – detergent travels through pump and everything after that. Using upstream prevents bypass connecting back to your tank.
- Downstream Injection – after the pump but through hose, QCs, etc. Requires low pressure.
- External Injection – after everything

Cleaners: Cleaners (as opposed to chemicals) are a scientific approach to solving problems. Today's cleaners add to your profitability by doing a better job and getting you off the job faster.

Discussing Your Choices About Cleaners:

Powder vs. Liquid – which is right for you?
RTUs, Concentrates, Slurries – where is the best value?
Potential of Hydrogen – understand this basic chemistry to better understand your cleaners
Bleach – not really the one size that fits all cleaning needs. Might signal a lack of professionalism
Specialty Cleaners – sometimes the smart money spends more on cleaners that are designed for the job
Special Additives – can improve performance and add value, giving you a marketing edge

Acid Cleaners: Acid cleaners chemically attack minerals and related stains. Opposite of Alkaline, low number on the *pH* scale. Good for rust stains, red clay stains etc.

Alkaline: Alkaline cleaners chemically break oily dirt and the related stains. Opposite of acid, but can be just as effective; just as dangerous. Heavy soil and greases respond to alkaline (a.k.a. "caustic" or "base").

Chlorine Bleach: a.k.a. Sodium Hypochlorite – a caustic. Kills germs, disinfects, lightens or eliminates discoloration. Does not clean! Requires a surfactant to be of any use.

Oxygenated Bleach: a.k.a. Percarbonate Cleaners, Percarbs. Chemically close to neutral. Require added agitation to be effective.

Detergent: a.k.a Surfactant. Breaks surface tension. Gives "lift" - suspends the soil for rinsing away easily.

Solvents: Dissolve oils and greases, dispersing them over a large area; often add to the mess and hazard.

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CHEMICAL USE AND SAFETY

The use of chemicals in cleaning is undeniably necessary. Using the right cleaner doesn't cost you money, it pays. It is commonly accepted that $5 worth of the right cleaner can save you 15-30 minutes of time on a job. That translates into about $25 in savings when you are targeting $100 per hour in earnings.

The use of any cleaners puts a load of responsibility on the contractor. You are responsible for handling these chemicals safely and in accordance with all environmental considerations and informing your employees fully.

Let's discuss the high points of using chemicals.

First off, strike that word from your vocabulary. When you say "chemicals" you stir up the most negative images of your work. Instead, always substitute the word "cleaners". We suggest you even say "specially designed cleaners".

Next, be wise about storing and handling cleaners. Store your cleaners in moderate temperatures (between 54°F and 95°F). Minimize any exposure to sunlight and excessive heat, as these factors can seriously affect many cleaners. That is why some products are sold in light-proof containers.

In general, it is wise to separate flammable products from non-flammable, so that one problem does not automatically create another problem.

Always have proper PPE (Personal Protective Equipment) available for use wherever you store or handle cleaners. This always includes eye protection and skin protection.

Keep all cleaners tightly capped so that fumes are never an issue. Store cleaners off the ground, and stack them between knee height and shoulder height for lifting safety. Do not stack containers more than three-high, to prevent collapse under their own weight. Keep stacks limited to like products (acid-based with acid-based, etc.). Finally, always have an MSDS available EVERY place you have or store cleaners (such as posted on the wall of your garage with a copy kept in the glove box of your truck).

If you keep a supply of cleaners in your garage, make sure that the cleaners cannot be accessed by your children or pets. These are all common sense rules that should ALWAYS be observed.

When transporting cleaners, only use labeled containers. The factory label is best, because it contains emergency first aid directions and any cautions that the manufacturer recommends. Carefully secure all cleaner containers in a way that prevents a container from coming loose in the event of severe braking or a collision. Be aware that the temperature inside your vehicle or in direct sunlight can be extremely hot or cold, and that this can affect the container and also the cleaner. Make sure that adequate ventilation and temperature control are used however you transport cleaners. Finally, never transport large quantities of any cleaner. There are HazMat and DOT regulations that kick in when quantities exceed certain levels.

Transferring chemicals means pouring from one container to another, which contractors do every day. The #1 Rule for transferring a cleaner is to be sure that the container you are pouring into is absolutely clean. Any residue of another chemical could cause a terrible problem. The #2 Rule is t ALWAYS wear eye protection and other PPE when transferring cleaners.

In addition, transfer cleaners in a safe area, away from any property that might be damaged and away from any creature who might be affected. In residential cleaning, don't use the street, the driveway, or the lawn area for transferring cleaners. Instead, choose a mulch area far from any children's play area. Be sure to be careful as you pour, and be sure to turn the mulch over when you are finished. We recommend watering the area generously when you are done to dilute any cleaner that may have spilled inadvertently.

Finally, pour from the top of your pail, not the bottom – to prevent "glugs" and the related splatter.

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It is important to make sure that every cleaner is clearly and properly identified for anyone who might come into contact with it. As an employer, you are required by OSHA to inform your employees about every cleaner they will use, the proper way to use it, and all cautions and first aid procedures related to that cleaner.

When identifying a cleaner, it is always preferable to have that cleaner in the factory-labeled container as it came in from your distributor. In the case of concentrates, that may not always be practical. It is common to mix concentrated powders into water in a five gallon pail for field use. We suggest that every container you use be dedicated to one product only and be clearly and indelibly marked with the name of the cleaner and all relative information for that cleaner. A sealed copy of the factory label and the MSDS permanently attached to the container is an ideal way to meet these obligations.

In addition, we also recommend using a color-coding system to inform new users about the nature of the contents of any cleaner container. A common color-coding system would be to spray paint a red mark on caustic cleaners, a yellow mark on acidic cleaners, or a blue mark on a solvent cleaner.

Should you ever find a cleaner in an unmarked container, do not try to identify the cleaner by sticking your nose into the jug and taking a deep breath. If you must sniff the contents to determine what it is (which is NOT a recommended action) we suggest doing nothing more than waving you hand over the container to waft the scent towards your nose. Otherwise, we recommend that you carefully dilute and properly dispose of the cleaner without trying to identify it.

Some of you will be daring enough to try and mix different cleaners together. We recommend against this practice. If you do mix products, be careful to only mix “like” cleaners – i.e. acid-based with acid-base, etc. Please understand that you are playing at chemistry when you do this, and chemistry is not a game for amateurs. Mixing products often weakens the result, but makes the contractor believe he is inventing some special formula.

As an example, inexperienced people frequently add bleach to a cleaner to make it stronger – which usually ends up weakening the product. A caustic cleaner made with sodium hydroxide has a pH of about 13.4 and bleach has a pH of 12.4. Mixing the two products results in a pH that is lower than the pH you started out with. While your ego congratulates itself on your wonderful new recipe, in the end you have a less-effective cleaner. Leave the creation of cleaners to the guys in the white lab coats who study chemistry for years before they start the creative process.

Any number of “home brews” and “secret formulas” can be discovered any place where contractors gather. Use discretion when adopting someone’s home-formula for any cleaner mix. Remember that manufacturers’ products are covered by product liability insurance. When you make your own cleaner, you are liable for the impact of making and using that cleaner. When you make your own cleaner, you are liable for any resulting injuries to you, your employees, and your customers.

In an emergency situation involving the use of any cleaner, it is often too late to try and read the label – particularly in the event of an eye injury. Plan ahead for chemical emergencies. Know the cautions, know the first aid procedures, and have an action plan already worked out.

In any emergency situation, your first line of defense is rinse, rinse, rinse. Always flush any exposed area to a continuous stream of clean water immediately. Make sure you always have the MSDS handy. Have a plan to get someone else to transport you to an ER, and always know where the closest Emergency Room is.

It is a great idea to visit your local Safety store ahead of time and purchase single-use eye-wash bottles – keeping a good supply of them in your first aid kit and glove box.

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HOUSE WASHING

CONTRACTORS FOUNDATION offers a complete seminar on house washing, but we include some information here so that you are armed with the basic information you need to get started.

Remember that some combination of a chemical agent, a surfactant, and abrasion will clean most any surface. Your job is to choose the best combination of the three. A knowledgeable supplier will help you choose. Other suppliers will simply suggest cleaners to try out.

When you wash a house (or any low-rise building for that matter) you have the choice of using a direct-wash or soft-wash method. An example of a direct-wash method is to use a telescoping wand to wash every square inch of the surface with pressure. An example of a soft-wash method for washing a house is to use an X-Jet or a shooter tip.

If you choose to use a direct-wash method, you can either inject the soap with your downstream injector or apply the soap and let it dwell on the surface before you wash.

If you choose a soft-wash method with a shooter tip, you will automatically be using an injection method. If you use a soft-wash method with an X-Jet, you will automatically be using the dwell method.

Most contractors find that the soft-wash method is much faster (and virtually as effective) as the direct-wash method. Ultimately, that means that this is the most efficient and profitable method to use. The soft-wash method means “low pressure” by definition. It also keeps you off of ladders, reducing your ladder time to nothing. This can positively affect your insurance rates, including Work Comp.

No matter what method you choose, be cautious about spraying upwards at any house. You can drive water underneath siding and cause future mold issues and other damage.

A house wash usually does not include extra services such as scooping out the gutters, cleaning the windows, removing the black streaks off the face of gutters. These services are usually an extra charge to the customer.

The basic formula for calculating a price for house washing is “Your Price” per running foot per storey for the entire perimeter of the building. That means that a house that is 27’ wide and 46’ long and two stories high would be calculated as “Your Price” times (27 + 46 + 27 + 46 = 146) times 2 (stories).

If “Your Price” is $1 per running foot, then this would be a $292 house wash.

Cleaning clogged gutters can be a profitable way to spend your fall and spring months. Many contractors charge by the foot for this work, but most charge a flat rate that yields about $100 per hour. It would not be unusual for a contractor to charge $50 to $150 for this service, depending on the size and scope of the job. If you are cleaning out gutters, you may or may not include bagging up the refuse from the job. Be clear with your customer what is included and what is not.

Cleaning the black streaks from the outside of gutters is a great add-on service. Many contractors charge by the foot for this work, but most charge a flat rate that yields about $100 per hour. It would not be unusual for a contractor to charge $50 to $150 for this service, depending on the size and scope of the job.

A word about pricing: we cannot tell you what to charge for your work. Only you can determine what the proper rate is so that your customer receives a reasonable value and you make a reasonable profit. In informal surveys, most house washes fall into the $150 to $400 range. Obviously this is affected by the size of the job and the conditions of the job. Your experience level will affect the speed you can accomplish the job at (your efficiency) but this should not affect the selling price. It will only affect your “profitability per hour”. Get used to charging a fair price from Day One and work at improving your earnings-per-hour with practice and by polishing your techniques. Investing in the proper tools – both equipment and cleaners – will help you achieve the kind of results that lead to profitability and long-term success for your business.

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FLATWORK – a.k.a. CONCRETE CLEANING

Cleaning concrete is every new contractor's favorite place to start. The work is relatively easy (with the right tools and cleaners and sealers) and relatively free of pitfalls.

Soft-wash techniques for cleaning concrete are not necessary since the surface of cured concrete can withstand thousands of PSI of pressure. Therefore, most contractors use a direct-wash method. The direct-washing of concrete can be done with a standard wand and nozzle, with a turbo-nozzle, or with a surface cleaner. Let's look at the relative efficiency of each of these methods:

Washing with a typical fan nozzle, usually a 25-degree (green) nozzle, takes the longest amount of time. Using this method, it frequently takes 2-3 hours to fully clean a typical 1200-square-foot driveway. Spots are easily missed that don't show up until the driveway actually starts to dry.

Washing with a turbo-nozzle is much more efficient because of the width of the path it cleans and because you effectively hit each area twice in every pass – making it highly unlikely that you miss any spot. Washing a typical driveway with a turbo nozzle usually takes about 1 to 2 hours to do.

Washing with a surface cleaner is easily the fastest and most efficient method. Your cleaning path will probably be 18" to 30" wide (depending on your equipment). The time to clean a typical driveway with a surface cleaner is often well under one hour. This is the most efficient method to use. The cost of purchasing a high-quality surface cleaner is less than $1000 and often will pay for itself well before the 10th driveway. Not buying one of these is usually a bad business decision.

Don't be fooled into believing that "the larger the surface cleaner, the faster I will get the job done", however. In fact, your pressure washer's cleaning power determines your speed. If you buy too large a surface cleaner, you will have to move it very, very slowly. If you buy a small surface cleaner, you will be able to move quickly across the surface. As a rule of thumb, with 4 GPM equipment you must stick to a two-arm (a.k.a. two nozzle) surface cleaner. You are most efficient staying in the 18" to 21" diameter range.

The direct-wash method is open to using either the dwell method or the injection method. With the dwell method, you apply the cleaner at the proper concentration. Let it sit on the surface for about ten minutes or so and then begin washing. With the injection method, you downstream the cleaner through your equipment. The injection method sometimes uses a little more cleaner but saves you a little time. Some contractors use one method while others use the other method. It comes down to personal choice.

In either method, it is common to scrape excessive old oil from the surface and pre-treat spots before beginning the wash.

A word of caution: new concrete (less than one year old) can have a very soft surface. In that case, you cannot use full pressure without damaging the surface. Another caution: cleaning pavers is much more complex than cleaning concrete. Know what you are cleaning, and know how before you start.

The basic formula for calculating a price for flatwork is "Your Price" per square foot times the number of square feet. That means that a driveway that is 1200 square feet in area (length times width) will cost the customer "Your Price" times 1200 for that typical driveway.

If "Your Price" is $0.10, then this would be a $120 job.

A word about pricing: we cannot tell you what to charge for your work. Only you can determine what the proper rate is so that your customer receives a reasonable value and you make a reasonable profit. In informal surveys, most residential flatwork falls in the range of 10 to 20 cents per square foot. Obviously this is affected by the size of the job and the conditions of the job. Your experience level will affect the speed you can accomplish the job at (your efficiency) but this should not affect the selling price. It will only affect your "profitability per hour". Get used to charging a fair price from Day One and work at improving your earnings-per-hour with practice and by polishing your techniques. Investing in the proper tools – both equipment and cleaners – will help you achieve the kind of results that lead to profitability and long-term success for your business.

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PRESSURE WASH SPECIALTIES

Other than house washing and flatwork, residential pressure wash contractors are often asked to clean decks, fences, and roofs. These are specialty jobs that require in-depth training and extensive cleaning experience before a contractor is ready to take them on.

The same applies to cleaning and sealing pavers, which require full knowledge of paver construction.

We suggest that every contractor who wants to venture into Wood Restoration or Roof Cleaning consider taking a certification course to learn the best methods. These courses are readily available. They require prior cleaning experience and knowledge to build on.

Spend a year or two becoming an expert at simpler cleaning jobs before you move to these more complicated tasks.

Cleaning for commercial projects is similar in nature to residential cleaning, but done on a larger scale. One difference is that residential cleaning pays when the job is finished, while commercial cleaning typically pays after 30 days. A second difference is that residential work is done in daylight hours while commercial work is frequently scheduled for night and weekend hours. Finally, the equipment used for residential work is usually not competitive enough to use on commercial work, where hot water and high-volume machines are required.

Most contractors start to learn the business by doing simple cleaning tasks like driveway cleaning and house washing. Once you have mastered the basics of cleaning on these kind of jobs, you have some choices ahead. You can specialize in residential services, like becoming the king of Deck Restorations in your area, or you can make the investment needed to move into commercial cleaning where you can become the king of Parking Garages or Kitchen Exhaust cleaning.

No matter where your new career takes you, welcome to the best service business we have found anywhere.

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NOTES:

This manual is a supplement to the Contractors Foundation seminar and was created to help you prepare for some of the complexities of owning and growing a small business. The seminar provides an opportunity for interaction, questions, and examples that cannot be experienced by reading this manual alone. The seminar combined with the manual provides a depth that will help you get off on the right foot and maximize your chances of business success.

Please pre-read this manual before class. Feel free to mark any words or sections that you want us to explain in greater depth. We are happy to help you.

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This manual is intended as a guide to help contractors avoid many common business and technical mistakes. It is not intended to replace the counsel of professional advisors such as accountants and attorneys. It is not intended to replace the instructions written by the manufacturer of any equipment, supplies, or materials.

This manual is solely intended to give a contractor's eye view of the subject. Contractors Foundation is not responsible for your interpretation or use of any of the information in this manual.

Note: We have decades of experience helping pressure washing companies like yourself and the entire staff of Contractors Foundation spent a fair amount of time to develop this Guide. **If you found any portion of this Guide helpful, we would appreciate you taking a few minutes of your time to comment about it or "LIKE IT" on the Contractors Foundation Facebook page!**

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