

Estimating Essentials for Senior Move Managers...

Where Do You Begin?





Defining Your Services

Your Services May Include...

- Age In Place
- Floor Planning
- Space Planning
- Sorting prior to the move
- De-cluttering the house to get it ready for sale
- Closet organizing
- Staging
- Packing for the move
- Unpacking and putting away service after the move
- Home cleaning
- Personalized shopping and errands associated with the move
- Accepting and overseeing a move that is coming in from out of state
- Other



Refer to your Participant Worksheet to complete Activity 1A.

In the Beginning, You Need to Know That...

- You cannot expect your clients to pay for your inexperience.
- What you don't make in the form of actual profit on your first few moves, you will make in the form of gaining experience and knowledge of how to properly estimate and manage a job.
- You should not undercut established "colleagues." It de-values the industry of move management and in the end will hurt your business.
 - It is in the best interest of your business to have appropriate rates. This is how you will sustain growth and profitability.

Consider Your Options Regarding How You Set Your Rates

- You may decide to charge a higher rate for services that require a higher degree of knowledge or skill.
 - What services do you feel require a higher skill level?



Refer to your Participant Worksheet to complete Activity 1B.

- You may also decide that a higher rate could be charged for an area that you have become extremely proficient in.
 - For example, packers for moving companies may get paid by the box instead of by the hour because they are so fast at what they do. In this case, they are being paid for their skill and their efficiency, not for their “time.”
- There is no “one size fits all” mentality in regard to rates.

Know Your Area

It is important to know the socio-economic factors that affect the area you will be servicing. Do your research on the average income of the area you want to service.

“What is the average yearly income of the people in (your city) between the ages of 75-80?”



Refer to your Participant Worksheet to complete Activity 2.

Figuring Out Your Rates



Figuring out your hourly rates takes research. It is not about a “mystery call” to your competitor to find out what they are charging. You have to understand **your** potential expenses as it relates to **your** pricing.

A less expensive rate may not make you more marketable and get you the job. It will, however, de-value your services in the long run.

Your rates must reflect “what a move manager” brings to the table. You have more expertise – you should be paid for your knowledge.

Be confident in your services and your client will follow.

Comparing Metropolitan, Suburban, and Rural Rates

Rates for move managers who live in densely populated metropolitan areas may be higher than the rates for someone who lives in a very rural area. The cost of living differs as well.



Find Like-Minded Services

- Meet with other companies that may have a resemblance to yours and find out their charges.
- Places to start include, but are not limited to,:
 - Moving companies that pack by an hourly charge
 - Moving companies that charge by the box
 - *You will then have to learn how to convert this into your hourly rate or learn how to charge by the box.*
 - Home Health Care companies
 - Cleaning Services (such as Molly Maid or Merry Maid)
 - Staging Services
 - Professional Organizers



Refer to your Participant Worksheet to complete Activity 3.

Find Like-Minded Services

- Now that you are knowledgeable about like-minded companies, is it possible to find out what their employees are paid?
- Why is this important?
 - It becomes a part of your expenses and will help in recruiting quality staff members.



Refer to your Participant Worksheet to complete Activity 4.

Your Expenses Will Help You Determine Your Rates

In setting your rates, you have to build-in for your present expenses , as well as your projected expenses.





Accounting for Expenses

Consider Your Expenses

In setting your rates, you have to plan for your expenses and your salary.

- You potential expenses, which may include but not be limited to, are:
 - Employee expenses (what are you going to pay your staff?)
 - Taxes (for yourself and employees)
 - Personal medical insurance
 - Rent
 - Cost of phone
 - Legal fees
 - Administrative overhead
 - Cost of copiers, printers, ink cartridges, folders for presentations, etc.
 - Cost for maintaining your vehicle
 - Gasoline expenses
 - Insurances
 - Commercial liability, auto, worker's compensation, employee dishonesty (bonding)
 - Marketing materials
 - Additional unexpected expenses



A Real-Life Scenario

*****For illustration purposes only - please consult your accountant.***

A Career Change

- Mary is working 40 hours per week. She wants to make a career change, but realizes she must have a net income from move management of approximately \$50,000 per year.
- Mary has determined that she would like to offer the following services and is working on what her expenses would be to offer these types of services:
 - Floor and Space Planning
 - Shopping for new furniture for client
 - Organizing and de-cluttering the existing home prior to move
 - Staging home for sale
 - Packing services
 - Overseeing the movers on move day
 - Providing unpacking and put away services



Refer to your Participant Worksheet to complete Activity 5.

*****For illustration purposes only - please consult your accountant.***

Rate Review

Mary's Salary	\$50,000/52 weeks =	\$961.54 per week
Rate based on Mary working 40 hours per week	\$961.54/40 hours per week =	\$24.04 per hour
Rate based on Mary working 20 hours per week	\$961.54/20 hours per week =	\$48.08 per hour

However, what's wrong with this equation?
It doesn't account for any expenses! In addition, Mary will also have to take into consideration what will happen if she does not have 40 hours worth of work each week.

****For illustration purposes only - please consult your accountant.**

Mary's Potential Expenses

- *Taxes*
 - For herself and her future employees
- *Catastrophic personal medical insurance*
 - For herself as her present job provides her insurance
- *Cost of phone for the business*
 - Mary has decided she wants a separate cell phone for her business
- *Legal Fees*
 - Mary has pre-paid legal
- *Administrative Overhead*
 - Mary has projected 10 hours per week for Quickbooks help
- *Office Supplies*
 - Cost of copiers, printers, ink cartridges, folders for presentations, etc.

Continued...



****For illustration purposes only - please consult your accountant.**

Mary's Potential Expenses

- *Vehicle Costs*
 - Cost for maintaining her vehicle as she will be driving more miles
- *Gasoline expenses*
- *Insurances*
 - Commercial Liability, Auto, Worker's Compensation, Employee Dishonesty (bonding)
- *Employee expenses*
 - Mary plans to have staff to help do the packing and unpacking
- *Additional unexpected expenses*
- *Computer information back-up service*
- *Website development*

Mary has projected that her expenses will be approximately \$1300.00 per month.



Refer to your Participant Worksheet to complete Activity 6.

****For illustration purposes only - please consult your accountant.**

Let's Break It Down

Weekly Overhead Expenses	$\$1300.00/4 =$	\$325.00 per week
Mary's Salary		\$961.54 per week
Total <u>Weekly</u> Overhead	<i>(expenses plus salary)</i>	\$1286.54 per week
Rate based on 40 hours per week	$\$1286.54/40 \text{ hours per week} =$	\$32.17 per hour
Rate based on 20 hours per week	$\$1286.54/20 \text{ hours per week} =$	\$64.33 per hour

If Mary hadn't accounted for her additional expenses and charged her original calculation of \$24.04 per hour (based on 40 hours a week), she would have been in the red **\$1300.00** each month!

****For illustration purposes only - please consult your accountant.**

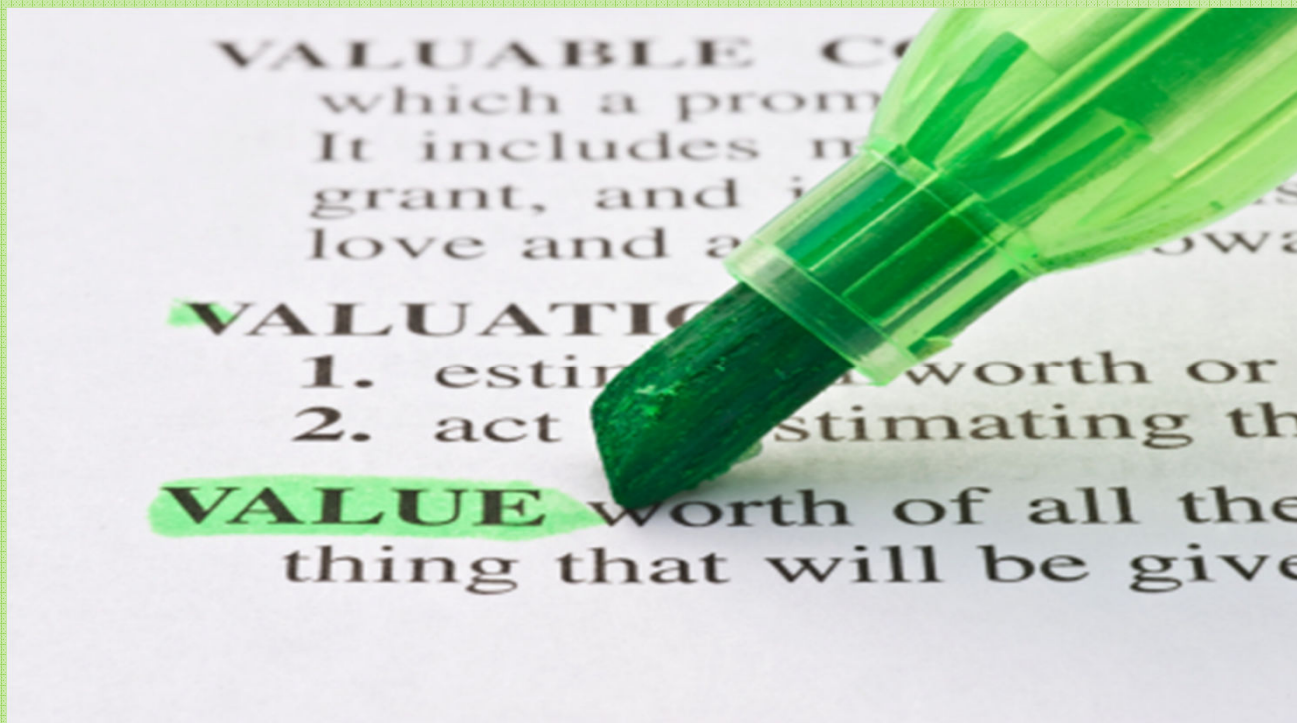
You've Set Your Rates



Refer to your Participant Worksheet to complete Activity 7.

How Do You Estimate A Job?

- Create an intake form.
 - This can also be referred to as a Client Information form.
- This form should be used when you are talking to the client during the consultation process.
- Assess what their needs are, and if you see “holes” in what the client says they need, explain your process and supplement your services.
- Develop a customized move plan so you know exactly what services the client will be needing.



Pricing/Rates

There are many ways to price, with no way being right or wrong...

- Flat Pricing/Rate
- Hourly Pricing/Rate
- Combination Pricing/Rate
- Designated (Block) Hours Pricing/Rates
- Additional Pricing/Rates

Flat Pricing/Rate

For the entire job, which may include:

- Floor and Space Planning
- Sorting
- Packing
- Overseeing the mover
- Unpacking
- Charity packing
- Overseeing charity pick-up
- For a room:
 - Perhaps you can say, "I will charge \$\$\$ to sort this room with you regardless of the number of hours it takes."
- For a Floor Plan:
 - "I will draw your new floor plan to scale and will make as many changes as you like on your floor plan for \$\$\$."

Hourly Pricing/Rate

- You will need to:
 - Determine how many hours you feel it will take you to complete the job you have agreed upon.
 - Multiply it by your hourly rate.

These hours will be multiplied by the hourly rate you choose:

Floor Planning	6 hours		
Sorting	8 hours		
Charity Pack	10 hours		
Packing	10 hours		
Unpacking	10 hours		
Total:	44 hours	X \$ <u>(hourly rate)</u>	\$_____

Combination Pricing/Rate

- You may use a combination of techniques when estimating a job.
- You may choose to charge hourly for packing/unpacking services, but charge a flat rate for a floor plan, etc.

Floor Planning		1 Floor Plan at \$_____	\$_____
Sorting	3 hours	3 x \$ (<u>hourly rate</u>)	\$_____
Unpacking	10 hours	10 x \$ (<u>hourly rate</u>)	\$_____
Job Total			\$_____

Designated (Block) Hours Pricing/Rate

- In some cases, it may be easier to sell a block of time to the client and state: “I’ll pack/unpack whatever you want me to unpack in the number of hours that we have agreed upon.”
 - *4 hours*
 - *8 hours*
 - *12 hours*
 - *16 hours*
 - *Etc.*

Additional Pricing/Rates or Fees

Supplies Fee:

- Are you going to sell supplies and make a profit?
 - If so, remember you have to include issues associated with sales tax.

Administrative Fee:

- Will you be charging an administrative fee on the entire cost of the job to help offset the intangible services that you will provide, but not necessarily keep track of?
- How will you charge for move delays that you have no control over, but will cause you to pay your staff while the delay is happening?
 - Rain, elevator breakdown, etc.



**How Many Hours Does It Take
To Complete a Job?**

It's Up To You!

- There is no perfect answer to figuring out how many hours it takes to complete a job, because all move managers and all clients work at a different pace.
- You must be able to determine your pace and how long it will take you or an employee to complete the task at hand in order to form an accurate estimate.
 - How long does it take you to complete a Floor Plan from beginning to end?
 - Measuring the new apartment in detail
 - Measuring the client's furniture
 - Drawing the floor plan to scale
 - Inserting a client's furniture into the plan, etc.
 - How long will it take you to pack a living room, dining room, bedroom, bathroom?
 - How long will it take you to unpack the same items that you have packed?
 - How long will it take you and the client to sort a room? Sort a house?
 - How long does it take to do a charity pack?

Finding Your Working Pace

- How do you know how long it takes you to complete a service or task?
- Practice on yourself:
 - How long does it take you to clean your closet (and try on all the clothes)? Include folding and bagging/boxing all items that do not fit.
 - How long does it take you to organize your bathroom? Consider that you might be quick at making decisions, but your client may not be as decisive.
 - How long does it take you to pack and unpack your china cabinet? Did you consider the amount of time it takes to build the box and lay out the paper? Are you using any organizing techniques so you can put the china cabinet back the exact same way you had it? Can you do this with a cabinet that you are not familiar with?
- How long would it take you to pack your kitchen and then unpack the same amount in a kitchen that was half the size? This will skew your estimate and you have to plan for things like this.



Refer to your Participant Worksheet to complete Activity 8.

Things To Consider For Your Area

Metropolitan

- Increased traffic, slowing movement between old and new residence
- Higher odds of working in a multi-level, multi-unit building, increasing walking and climbing distance
- Typically smaller residences

Suburban

- Larger homes, which means more items to pack/unpack
- Basements and attics take more time due to steps and attic ladders
- Typically single family homes, which means less walk time to and from your van/car for supplies

Rural

- Lower population density, which could require a broader service area and therefore more travel time
- Possibly a longer distance between old and new home
- Could mean that you are sorting barns or sheds



Refer to your Participant Worksheet to complete Activity 9.



It All Comes Together

Meet John and Jane



The First Part of the Estimate:

John and Jane...

- John and Jane have lived in their home for 35 years. They live in a two story home with a basement.
- John and Jane have two children:
 - A son, who is in the military, and a daughter, who is in the Peace Corps.
 - Neither children live close by and, because of their careers, only get to see mom and dad twice year.

The First Part of the Estimate:

John and Jane...

- John and Jane have always been “do-it-yourselfers.”
- They remodeled their home several years ago and the main floor holds several rooms.
- John and Jane are moving into a very modest retirement community.
- John has emphysema. He is tethered to oxygen 24 hours a day, but still keeps a cheerful attitude.

The First Part of the Estimate:

John and Jane...

- Jane states that her health is fine, except for the usual aches and pains of growing older. She states that it is difficult for her to climb the stairs to the second floor and to the basement.
- Jane has someone who comes in and cleans the main floor for her every other week, but only cleans the upstairs once a month. The housekeeper never goes into the basement.
- Her home is filled with crystal, china, serving pieces and an extensive array of kitchenware.

The First Part of the Estimate:

John and Jane...

- After chatting with John and Jane, Mary asks if she can go through the steps of her services, explaining in detail what services she offers.
- It is difficult to get through this process as John raises his eyebrows several times and states, "this must be expensive."
- When Mary gets to the portion of explaining her floor plan services, John states that he has already sketched out the floor plan, adding that he has given it months and months of thought.
- Jane tells Mary that she has her friends collecting boxes and newspaper so that she can be responsible for packing her most precious china and crystal, stating she would never trust anyone to pack it.

A Walk Through the House

- As Mary goes through each room questioning Jane on items she will be moving to the new home, Mary notices that Jane seems to be keeping more and more.
 - Her thought process is that once her son leaves the military (to retire) and her daughter leaves the Peace Corps they will want to have some of the items in John and Jane's home.
 - However, her son and daughter will not be retiring for many years.
- As Mary gets to the steps of the second floor, she notices that Jane takes a deep breath. Mary asks Jane if she is okay to climb the stairs. Jane assures Mary she is, but Mary notices Jane has to pause about half way up the stairs.

A Walk Through the House

- When Mary and Jane get back to the main living floor, Mary realizes she has already been in John and Jane's home for an hour and a half. She has not yet been to the basement.
- Mary asks Jane about going to the basement, and Mary sees Jane's hesitation and asks if it would be alright for her to take a quick look by herself, just so she would have an idea of what is downstairs.
- When Mary gets downstairs, she realizes that the reason the main floor is so neat and orderly is because all the furniture, lamps, etc. that were on the main floor prior to the renovation are now in the basement.
- While Mary was in the basement, she takes a few minutes to review her notes and begins to consider pricing structures in order to estimate the job.

Four Different Ways of Providing This Estimate...

1. **Block Pricing:** Selling “blocks” of time.
2. **Flat Pricing:** Providing a flat, guaranteed not to exceed, price.
3. **Hourly and Combination Pricing:** Charging by the hour, with several individual add-on services.
4. **Box Pricing:** Charging by the size of the box as well as charging hourly for other “non-packing services.”

#1 – Selling Blocks of Time

- Mary has recognized that John and Jane are extremely budget conscious and are looking for ways to do things themselves.
- Mary decides that the best way to “sell this job” is to recognize and acknowledge their budget concerns.
- This is a new step for Mary, as John and Jane never told her how really tight their budget was.
- After reviewing her notes, Mary asks if she could meet with both John and Jane. Normally Mary would work up the estimate at her office and bring it back the next day, but today, she has decided that since she wants to present “selling blocks of time” she will present her proposal today.

#1 – Selling Blocks of Time

- Mary approaches John and Jane with:
 - “I know you must be very concerned about your budget for this move as you have indicated to me that you want to do many things yourself. I think a good way for us to work together and a way for you to control your budget is to purchase blocks of time from us.”
- Mary suggests that John and Jane purchase ten(10) hours of time. These ten hours would include:

Hours	Activity
2	Measure at the community to validate John's floor plan
1	Tag all furniture going to new home
1	Measure off compatible space between old and new home
5	Sorting
1	Call vendors: mover, estate liquidator, etc.
10	Total

Mary's Concerns For Selling Blocks of Time

1. How is she going to recoup so much travel time if she is only selling "true" service hours?
2. Will she be able to charge for any supplies?
3. Mary is concerned about the speed in which John and Jane can help her sort, based on signs she saw during the visit. However, if John is not feeling that Mary is fast enough, he will not continue to use her and will be unsatisfied. How will this affect Mary's "satisfaction guaranteed" promise?
4. Mary realizes that John and Jane want to know the cost for the entire move, selling blocks of time does not meet this need.
5. Mary notes that she has two clients who may want to use her services during this same time period. However, both prospective clients said if they decided to use her, they would want Mary to perform the entire job. Mary is not sure she wants to risk losing an entire job over 10 hours worth of work for John and Jane.

The Positive Side to Selling Blocks of Time

1. Mary has recognized John and Jane are more likely to hire her if she sells them a smaller \$\$ amount of services. They will then have the opportunity to judge her work.
2. Mary can provide a quick and easy “estimate” today and not have to return again tomorrow, particularly since she has been there so long already.
3. Since the estimate will be a guaranteed number of hours, John and Jane can control their budget better and may not need as long to think about hiring Mary. She may know whether or not she has the job before she walks out the door.

#2 – Using A Flat Rate with a *Not to Exceed* Guarantee

- Mary has realized that John and Jane will not want an estimate that is “open.” She notes that John kept referring to a flat rate, that was guaranteed, so he would know the cost for the entire move.
- Mary has decided that she could offer the following services and give John and Jane a flat price with a “guaranteed not to exceed.”
 - A detailed Space and Floor Plan, as John is now concerned with his computer and his office fitting
 - Tagging of all items that will be moved to the new community; John and Jane will be doing their own sorting
 - Packing of charity items
 - Consignment of furniture to outside vendors
 - E-Bay consignment of smaller items
 - Packing/unpacking/put away of all items going to new community
 - Securing of estimates from three local movers

Concerns For Using a Flat Rate with a *Not to Exceed* Guarantee

1. John and Jane have not yet begun their sorting process. Mary does not know what she will be packing and unpacking.
2. Mary will not know her supply cost because decisions of what to take have not been made.
3. Mary does not know how long it will take her to do the new floor plan as the apartment John and Jane are moving into is not standard, and she will have to do a complete re-measure.
4. John has requested Mary be present for the three mover's estimates and Mary is concerned about having to arrange three different estimates around John's doctor's appointments.

The Positive Side To Selling A Flat Rate

1. The client wants a flat rate and wants the vendor to guarantee that rate. John says he expects to pay for “good value.”
2. Mary feels that if she can provide a flat rate with a guaranteed rate not to exceed that John and Jane will hire her for the move.

#3 – Combination or Hourly Estimating for Entire Job

- Mary has reviewed John and Jane's move plan and feels that the best way to estimate the job for them would be to give an estimated rate with a low/high range.
- Mary plans to include the following services into her estimate:

Activity	Hours	Pricing Structure	Projected Cost
Floor Planning		Flat Fee	
Sorting (with disclaimer for specified hours)		Hourly Rate	
Packing Hours	_____	Hourly	
Unpacking Hours	_____	Hourly	
Supply Costs	_____	Cost of Goods	
Travel Time		Flat Fee	

Concerns For Combination or Hourly Estimating for Job

1. Although Mary tried to review the home thoroughly with John and Jane, she is still concerned that she has not allowed enough time. Mary knows that getting this information correct is key to selling the job.
2. Mary is concerned that John and Jane will not like that she has given them a range in price that also includes a disclaimer on the sorting hours.
3. This estimate is not guaranteed and could go higher than what Mary has originally estimated. Mary needs to be sure that John and Jane know that this is an estimate only and it could be higher (or lower) than what she has quoted.

The Positive Side to Selling Combination or Hourly Estimate

1. Mary is very adept at floor plans and knows that she can charge more for this skill. If she charges a higher flat rate, she realizes a greater profit. This potential profit may help Mary if she incorrectly estimates the packing or unpacking portion of the job.
2. Giving a range will help Mary to insure that she is being paid for all of the time she spends on the job.

#4– Box Pricing:

Charging By the Box, Hourly Rate for Sorting, Flat Rate for Floor Planning

- Mary has realized that it may be possible to better estimate John and Jane's move if she uses a combination of rates.
- She has chosen to use the following:
 - Flat rate for Floor and Space planning
 - Hourly rate for a specified number of hours of sorting
 - Box charge for each box that she packs (this box charge also includes the supplies.) Different size boxes will have a different rate.

Concerns For Box Pricing:

Charging By the Box, Hourly Rate for Sorting, Flat Rate for Floor Planning

1. Mary has not estimated jobs by box count versus hourly.
2. She is concerned that she will put in a lot of time packing and will not be able to recoup this time by charging using box counts.

Positive Side to Box Pricing:

Charging By the Box, Hourly Rate for Sorting, Flat Rate for Floor Planning

1. Mary is very adept at Floor and Space Planning and feels that she has estimated this portion of the job correctly.
2. Mary has allowed sorting hours, during which she will:
 1. Be able to help John and Jane properly space plan.
 2. Be able to estimate supply costs as she knows what will be moved.
3. If Mary can correctly estimate the boxes needed for the job, her estimate will be more accurate and she does not have to be concerned about estimating the proper hours.



The Final Piece of the Puzzle

Presenting Your Estimate

- Can be done at the time of the consultation.
- Can be done at a later time and then brought back to the client for presentation.



The Contract

- Your contract should be written long before you sell your first job and should be reviewed by your attorney.
- You should be able to speak confidently about your contract to your client.
- Your contract should not only protect you, but it should protect your client as well.