

Do You Know Your Cost of Doing Business?

An independent installer with one assistant must know the cost of installation BEFORE determining how much to charge for services! The hypothetical chart below is designed for an owner (lead installer) and one assistant. The figures include an office operated from the home - no warehouse space. **It is to be used ONLY as a guide.**

Costs vary from crew to crew, from city to city and according to the types of materials installed. Additional costs must be included. This includes a paycheck for the owner and assistant and a net minimum profit of 6% for the business to be profitable.

The chart is designed for a professionally operated business which includes paying all taxes and providing medical insurance for two families (retirement planning is not listed). Perhaps, you only need to earn \$50,000 this year or your goal is \$100,000 or more for a personal paycheck to support your family. Expenses vary according to company.

Determine where you are for the year. Deduct 10 days of earnings or a well-deserved two-week vacation, which means you must earn more daily. The 8-hour workday for this chart begins when you arrive at the dealers to pick up flooring. Not included is waiting time or driving across town to pickup merchandise, etc. There are many variables to consider daily. Costs are listed for 260 days per year. 52 weeks of (5) 8-hour days, next by the week, then by the month and by the year. After the costs are determined, the following chart displays the amount that must be earned for the same periods.

Cost - Owner / Assistant	Day	Week (52)	Month (12)	x 52 wks - Year
Equipment / Tools - New / Replacement Parts	4.62	23.10	92.40	1,201.20
Equipment Office - Computer, Fax, Desk, etc	13.46	67.30	269.20	3,499.60
Gasoline/Maintenance - \$3.00 gal x 3500 gallons	40.38	201.90	807.60	10,498.80
Insurance - Medical (2)	41.54	207.70	830.80	10,800.40
Insurances -Business	15.38	76.90	307.60	3,998.80
Licenses / Dues / Training-Education Fees	3.46	17.30	69.20	899.60
Postage - Misc Bs. Expense	4.62	23.10	92.40	1,201.20
Supplies - Installation	96.15	480.75	1,923.00	24,999.00
Supplies - Office - Billing / Bs. Cards / Misc	1.15	5.75	23.00	299.00
Taxes - 30% Emp. Taxes / Worker's Comp	134.00	670.00	2,680.00	34,840.00
Taxes - Sales Taxes Paid on Purchases	2.31	11.55	46.20	600.60
Telephones	6.92	34.60	138.40	1,799.20
Uniforms - Purchase Shirts/Pants or Laundry Service	6.15	30.75	123.00	1,599.00
Van - Purchase payment or lease payment	36.92	184.60	738.40	9,599.20
Wages - Assistant \$15.00 hour	120.00	600.00	2,400.00	31,200.00
Wages - Owner \$35.00 hour	280.00	1,400.00	5,600.00	72,800.00
Business Profit - Annual Minimum 6% Net	46.15	230.75	923.00	11,999.00
Income to Earn Per	853.21	4,266.05	17,064.20	221,834.60
EARNINGS TO ACHIEVE GOAL				
	DAY	WEEK (5 days)	MONTH (20 days)	YEAR 50 wks - 2 wks VAC
90 s/y Standard Installation @ \$5.00 s/y min.	450.00	2,250.00	9,000.00	112,500.00
90 s/y Removal of existing flooring @\$2.50 s/y min	225.00	1,125.00	4,500.00	56,250.00
Removal and replacement of furniture/fixtures - min	100.00	500.00	2,000.00	25,000.00
Stair Upholstery, Floor Prep, Transitions, etc. min	113.00	565.00	2,260.00	28,250.00
Income Required	\$ 888.00	4,440.00	17,760.00	222,000.00

*** Figures vary as some months have more than 20 work days

The most important thing you must know is your costs! How can you know what price to quote to install flooring if you do not know your costs or how long it will take to install the product? CFI encourages you to work more profitably this year. Do not get caught in the trap, "If you need more money, install more yards and work longer hours." No family can enjoy life together, if you are always working more hours!! **Work Smarter!**