

FACTS ABOUT SERVICE COSTS



Good service doesn't just happen

Operating a dependable service business requires organisation, competent management and a substantial capital investment.

When you're satisfied with the service but question the fairness of the bill, remember....

***"You only see the plumber who comes to
your home"***

The quality of the service depends on three things....

1. The Plumbers knowledge and skill,
2. The necessary people who train, schedule, obtain spare parts and supply him—telephone operators, training specialists, warehouse and parts personnel and admin staff, and
3. The company's sizeable investment in storage facilities, service vehicles, equipment, tools and parts.

What it has cost to get that MPA Plumber there



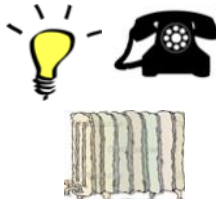
TOOLS - CAPITAL COST & REPLACEMENT



SPECIALISED EQUIPMENT



STOCK OF REPLACEMENT PARTS AS WELL AS ORDERING, SHELIVING & WRITE OFF FOR



LIGHT, HEAT, PHONE



BUSINESS EXPENSES-LEGAL, ACCOUNTANT, ADVERTISING, ETC.... GOV'T LICENCES & BANK FEES



EMPLOYEE BENEFITS-SUPER, A/LEAVE, PUBLIC



TAX - INCOME, PROPERTY, BUSINESS, ETC...



INSURANCE - TRUCKS, PUBLIC LIABILITY, FIRE, THEFT, PROPERTY



TRAVEL TIME TO YOUR HOME



TRUCKS (EQUIPMENT, ETC) INCLUDING REPLACEMENT COSTS



TRUCK MAINTENANCE & OPERATION - FUEL, TYRES ETC...



WAREHOUSE, SHOP & OFFICE RENT



SERVICE MANAGEMENT—ADMINISTRATION



OFFICE EQUIP'T, CAPITAL COST & MAINTENANCE



OFFICE STAFF & SERVICE CO-ORDINATORS



STATIONERY & OFFICE SUPPLIES



When that MPA professional knocks on your door, many costs have been incurred just to get him there, ready to do the job.

Don't judge service charges solely by the time the plumber spends in your home.

The time it takes a doctor to make a diagnosis and prescribe a remedy would not be possible without many years of training, continuing studies to keep abreast of the latest medical discoveries, and the expense of maintaining an adequately equipped and staffed place of business. You pay for the knowledge and skill plus a share of the cost of doing business—not for the few minutes the doctor spends with you.

Similarly, the charge for providing a plumbing service in your home can't be determined solely by the time it takes to make the repairs.

A qualified service organisation's costs begin with the salary of the plumber who provides the service. This amount is the same whether the plumber actually makes the repairs in customers' homes, travelling to keep appointments, or participating in training programs to sharpen his skills. What's more, since a plumber typically spends less than half the time in customers' homes, a company's cost for each hour in your home is considerably greater than the plumber's hourly wage.

Then, the cost of service coordinators', telephone operators, parts personnel, training, facilities and equipment is added—costs that can amount to substantially more than the plumber's earnings.

All things considered, the cost to a service organisation—except for the plumber's time on the job—could be about the same for a simple job of replacing a washer as it is for a difficult job.