



## Are You Making Enough **MONEY?**

Alden E. Gibson, ASHI Member

**W**hen we started our own home inspection business, we sought advice from many people. The first thing we were told to do was to create a business plan. The business plan gave us a vision of how to get started and what direction to take. Without a business plan, we would have floundered.

The next piece of advice seemed a little strange at the time, but makes perfect sense now. It was "Pay Yourself First."

In the building and contracting business, if the job was completed on time and to my specifications, I paid the tradesmen first. That way, I never had any trouble in obtaining good, quality tradesmen for my projects.

In the home inspection industry, many of us are small, independent operators with one or two salaries to pay as well as our expenses. The problem with paying ourselves first is that there may be no money left for the rest of the bills.

### **How do you handle that? "Give Yourself a Raise"**

This is an effective way to make more money in any business. Believe it or not, you don't have to work harder to make

more money. You do it immediately when you set a high enough price to meet your desired income.

Most inspectors will strongly resist this idea, saying, "My customers are very price-sensitive, and won't use our company." Clients who are referred by a friend or relative are golden. The word of the friend or family member is usually good enough for them. It is not unusual for people to call our office and book the inspection without even asking the price. We always tell them the cost before scheduling the inspection, and it is never an issue.

### **Why is this possible?**

Most customers do not make their buying based decisions solely on price. Take a look at your own purchases over the last four months. How many products or services did you buy because they were the absolute cheapest ones available?

In most cases, you will find that while price may have had an influence on what you bought, it wasn't the only factor you considered.

If you were going for laser eye surgery, would you pick the cheapest surgeon?

When you bought a car or truck, did you purchase the cheapest vehicle on the lot? If you're married, did your wife pick out the cheapest wedding dress, or your husband the least expensive ring? Did you buy the cheapest house?

When people are making the biggest purchase of their lives, they have a tendency to shop for a qualified home inspector. Price is often not the determining factor. Reputation and quality of work are. There is a small percentage of customers who are price sensitive. If you set a price that meets your desired income, you will probably lose some of the price-sensitive customers.

This may actually be a good thing, as many price-sensitive customers usually take up a lot of your valuable time.

They will often complain about the smallest thing that you did not report and demand restitution. If they continue to contact you for frivolous things, you might even decide to refund their money just so they stop calling. Interestingly enough, it has been my experience that price-sensitive clients seldom refer you to anyone.

When you raise your prices, you will lose some of these price-sensitive customers to the people who lowball our industry. Let them have the headaches. You will have more time to devote to the customers who really appreciate what you do.

This extra time spent with loyal clients will always produce increased profits that will more than compensate for losing a few price-sensitive clients.

The reality is that most business owners shoot themselves in the foot by not charging enough for their services. So, whether you're new to the business or experienced, it may be time to ask yourself: "Am I making enough money?" ■



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