

Keeping it fair

A look at how companies approach irrigation service pricing—with a flat rate or charging on time and materials—and why they favor their method. *By SARAH PFLEDDERER*

Only irrigation professionals had X-ray vision. It would eliminate that part of the service call that takes an inestimable amount of time. The part when they must dig up the yard to locate the underground glitch they were called to repair.

That might hearten more of them to charge on a flat rate for irrigation services like Colleen MacKinnon does.

While the co-owner of Able Irrigation in Vancouver, Canada, lost hope for X-ray vision a time ago, she has a hard stance on employees getting paid for every bit of time it takes to complete a job and giving customers no leeway to dispute it.

Flat-rate pricing accomplishes just that, MacKinnon says.

“Clients have a stopwatch mentality, but they like flat rates knowing what the cost is per repair,” she says. “Billable hours never amount to eight in a day,” she adds with mention that the average is five and a half billable hours per day, but you must account for “windshield time,” or travel to the job site, and allow employees some flexibility to locate buried problems, such as for pipe and wire repairs. “I’ll never go back to time and materials.”

FAIRNESS TO THE COMPANY

A 40-year-old company, Able Irrigation converted to flat-rate pricing five years ago and spent four years prior preparing for the switch.

“It’s not easy,” MacKinnon says. “I’ll tell you that from the start.”

continued on page 36

Some companies, like Able Irrigation, opt for flat rate service pricing to get paid for 8 billable hours per day.



The Ticker:

IRRIGATION

John Deere Landscapes (JDL) acquired **Eljay Irrigation**, located in Calgary, Alberta. While JDL didn’t disclose terms of the deal, President Dave Werning said the company expects to make more acquisitions in 2014.

Netafim debuted its line of Netafim Landscape



Controllers. Developed by **Tucor**, the web-based smart controllers incorporate weather and soil moisture data to determine watering needs.

With the U.S. General Services Administration approving the U.S. Green Building Council’s **Leadership Energy & Environmental Design v4 (LEED)** and the Green Building Initiative’s **Green Globes** rating programs as standards for green buildings, the **Irrigation Association (IA)** outlined the differences and overlaps of the programs, primarily regarding point allocations. Visit buff.ly/1jepvrh for specifics.





the minutes and materials it took to complete the job.

“You’re going to lose some customers because your pricing is going up,” MacKinnon says. “It’s not an avenue to gouge the client. Really, what you’re doing is running your business so you can make a reasonable profit.”

Michael Oliveto uses a similar reasoning to justify why he charges on time and materials for service.

The vice president of operations at Rainfree Irrigation in Mt. Pleasant, S.C., says the company has used the structure for more than 25 years to “keep the customers honest” about the time employees are at the job site and to ensure employees are paid fairly for their time.

From their trucks, employees log in to a computerized network to report when they arrive and depart a job site. This way Oliveto always has an eye on them, and clients can’t dispute the time they’re charged for.

“When the guys get to a job I know they’re working constantly,” Oliveto says. “We get paid for almost all our time. I’m not losing money on hourly

continued from page 34

She enlisted the help of contractor consulting firm Grandy & Associates to create her model, which includes flat rates for basic repairs, primarily those above ground, and “custom flat rates” for more complex jobs. Technicians provide clients a “good case, bad case”

price for custom flat rates, meaning they estimate the bottom and top price for the job upfront and, when the job is complete, present the actual price that can’t exceed the “bad case” cost, which is calculated from

Josh DePauw (pictured) favors time-and-materials pricing for irrigation services.

The Goods: IRRIGATION

GROUNDSKEEPER TECH'S SPRINKLERMAPS

Designed for landscape and irrigation managers, this mapping software provides an alternative to paper landscape maps. Users can plot irrigation and utility systems with a live satellite map.

TOOL TIME

SprinklerMaps features a square footage estimator, sprinkler radius viewer and global precipitation measurement (GPM) tallies.

GET IT DONE

The program allows landscape managers to flag markers for repair, map out assigned tasks and track progress.



THINK BIG

Among those already using this product are major universities, golf courses and several pro sports teams.

BUILDING A SOLID POST-EMERGENCE WEED PROGRAM STARTS HERE

employees or jobs that take longer or are harder than they initially appear.”

The company includes travel time in its hourly rate, charging \$75 for the first hour on residential jobs and by 15-minute increments after that.

Still, Rainfree Irrigation gives customers an anticipated amount for a job before it begins work. Oliveto keeps clients in the know if a job will cost 10 percent or more than the estimate, informing them before they receive their invoice.

JUSTIFYING THE APPROACH

The downside to time and materials, Oliveto says, is the intricacies of the invoice because you “must justify your time” to the customer.

“What we constantly struggle with is getting the technicians to be as accurate and descriptive as possible,” he says. “That’s something we’re always trying to drive home is you have to be accurate in what you’re saying. You can’t leave things out.”

Josh DePauw is another advocate for time-and-materials pricing, but the regional manager for Andy’s Sprinkler, Drainage & Lighting can pinpoint some challenges to it, too.

“A lot of customers like to hear that upfront cost being less,” he says, and adds how Andy’s gets over the hurdle. “Our office staff is the frontline of that phone call. We have girls who explain what we do and why we do it real easily. That’s a big deal.”

The Dallas-based company charges \$109 for its first hour, including the travel time to the job site and, like Rainfree Irrigation, charges in 15-minute increments thereafter.

DePauw says he never sees the company going to a flat rate because the

time-and-materials approach is what’s most fair for the company and customer.

On the other hand, profitability partly drives Robin Luce’s decision on service pricing. By the yearend he plans to switch to flat-rate pricing versus charging on time and materials as he has for the past 11 years.

“*What it boils down to is what’s profitable for the company and what’s fair to the customer. Every time we get into an extended project, the hours can get high. (Clients) see that meter running and they’re freaking out.*”

—Robin Luce, JubileeScope

“What it boils down to is what’s profitable to the company and what’s fair to the customer,” says the president of JubileeScope in Mobile, Ala. “Every time we get into an extended project, the hours can get high,” he says. “They see that meter running, especially a job that goes on two to three days, and they’re freaking out. The customer starts seeing these high prices.”

Luce recognizes the advantage of time and materials is it’s accurate. On the downside, it can leave the customer surprised if you charge them more than expected. With a flat rate, he anticipates customers will feel at ease knowing the job cost up front; plus, employees can’t get skimped on their time.

No matter the approach, Oliveto says customers should be the top priority.

“We make sure we’re fair to the person we work for,” he says. “Nobody likes surprises. Unless you’re like my wife—the only surprises she likes come in little boxes.”



Use SquareOne® as your foundation to:

- Combat over 60 grassy and broadleaf weeds, including crabgrass
- Expand your window of application: Apply 1 day before seeding or as early as 7 days after seedling emergence
- Optimize performance with dual active ingredients for speed, efficacy and turf tolerance

To learn more,
visit www.fmcprosolutions.com



*Not for use on bahiagrass, creeping bentgrass or St. Augustinegrass. Always read and follow label directions. FMC and SquareOne are trademarks of FMC Corporation. ©2014 FMC Corporation. All rights reserved.