

MYBIGGESTMISTAKE

LESSONS LEARNED THE HARD WAY » BY DANIEL G. JACOBS



Not doing the proper job costing meant leaving money on the table, or worse, doing work at a loss.

AFTER TWO YEARS in business, Ted Young, recognized the cost of earning a job at any cost.

"In the beginning you're so anxious or hungry to get business that you cut pricing to take it away from your competitors. It can come back to haunt you down the road if you don't do the proper job costing and make sure you're making money."

Ted Young, in ballcap, with his family of co-workers.

Young spent the winter after his second year as an owner reviewing every contract. He had two choices: shed the non-profitable contracts or find ways to make the jobs profitable. Young used small increases and enhancements to start to bring the contracts in line. He also began using a software program to help the company more accurately track costs.

Detailed, profitable pricing

"Now that we're a bit more mature, every job has a price tag. We can tell

you how many hours it's going to take, how many men it will take, how much every item should cost and then give you detailed pricing."

The days of underpricing are long gone. If they weren't, Young's business might have been.

"If we had not made that change, this year would be very challenging. We probably would have been on the way out."

To share your biggest mistake, contact Dan Jacobs at djacobs@questex.com.

NAME/COMPANY:

Ted Young, director of operations, Pyramid Landscaping and Development

EMPLOYEES: 6 full-time; 15 peak season

FOUNDED: 2004

HEADQUARTERS:

Upper Marlboro, MD

2008 REVENUE: \$400,000

EXPERIENCE



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