



COST & PROFIT MODEL FOR AUTO DETAILING

STEP 1. DETERMINE YOUR FIXED COSTS

(COSTS PAID EACH MONTH, USUALLY "FIXED" AT A CERTAIN AMOUNT)

- INSURANCE
- LOAN PAYMENTS
- TRUCK/VAN PAYMENTS

STEP 2. DETERMINE YOUR VARIABLE COSTS

(COSTS THAT WILL FLUCTUATE EACH MONTH)

- AUTO DETAILING SUPPLIES
- OFFICE SUPPLIES
- ADVERTISING/MARKETING
- FUEL COSTS
- LABOR

STEP 3. TOTAL UP YOUR COSTS FOR THE MONTH

STEP 4. TAKE A 4 MONTH AVERAGE OF YOUR VARIABLE COSTS

- 2 BUSIEST MONTHS, 1 SLOW MONTH, & 1 MEDIUM BUSY MONTH

STEP 5. ADD ALL MONTHS TOGETHER

DIVIDE BY 4

- THIS IS YOUR AVERAGE MONTHLY OVERHEAD

STEP 6. DETERMINE HOW MANY DAYS YOU WORK PER MONTH, & DIVIDE THE OVERHEAD BY THE NUMBER OF DAYS. THEN DIVIDE THAT NUMBER BY THE NUMBER OF HOURS YOU WANT TO WORK PER DAY

- EXAMPLE: $\$3225 \div 26 \text{ DAYS PER MONTH} = \124.03
- EXAMPLE: $\$124.03 \div 8 \text{ HOURS} = \15.50
- $\$15.50$ WOULD BE YOUR HOURLY BREAK EVEN COST

STEP 7. NOW DETERMINE WHAT YOUR HOURLY RATE WILL BE. YOU'LL WANT TO AT LEAST TRIPLE YOUR BREAK EVEN COST

- $\$15.50 \times 3 = \46.50
- $\$31.00$ HOURLY PROFIT

WHY IS THIS IMPORTANT?

YOU ARE PROVIDING A SERVICE WHICH IS VERY LABOR INTENSIVE; YOU ACTUALLY NEED TO KNOW WHAT YOUR HOURLY OPERATING COST IS. ONCE YOU KNOW WHAT IT TAKES TO OPERATE YOUR DETAILING BUSINESS PER HOUR YOU WILL BE ABLE TO PRICE YOUR DETAILING JOBS BETTER AND PROVIDE MORE ACCURATE ESTIMATES FOR OVER-SIZED VEHICLES.

STEP 8. WHEN DEVELOPING YOUR SERVICE MENU, BASE THE PRICES OFF OF THE AMOUNT OF TIME YOU WILL NEED FOR THE JOB MULTIPLIED BY YOUR HOURLY RATE

- WASH/CLAY/BUFF/WAX - 2.5 - 3 HOURS
- $2.5 \times \$46.50 = \116.25
- USE THIS FORMULA FOR ALL SERVICES

STEP 9. PROFIT!



SCAN THIS CODE FOR A MORE DETAILED BREAKDOWN OF A COST & PROFIT MODEL FOR YOUR BUSINESS

