The SBO Program @lert

We can't *&%#!* charge $120 per hour!

OH, YES YOU CAN…and that's about what you're charging NOW!

1.   Even though your "official" charge rate for labour is (say) $65 per hour

2.   Under the **SBOP** your charge rate is an "internal" reference or index rate used only for quoting, managing and reporting purposes

3.   Currently, you charge customers a markup on materials & sub-contacted services; to this you probably also add …

   *   A fixed or standard amount or % as a contribution to overheads
   *   A % premium depending on the status of the customer
   *   A standard call-out fee and possibly a delivery fee.

Here is an example from a typical invoice (quoted labour: 12 hours):

Invoice value (GST exclusive)	$1,917
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Materials & parts (cost $500)	$ 800
Labour 12 hours at $65 per hour	$ 780
Add 15% for overheads and profit	$ 237
Add a call out fee	$ 50
Add "extra" as this is a "good" customer	$ 50
	$1,917
	========

Compare this approach with the SBOP:

Invoice value (GST exclusive)	$1,917
LESS Materials & parts AT COST	$(500)
= Deemed return from Labour	$1,475
Divide by labour hours (12) = equivalent rate per hour	$ 123

The historical invoice analysis reviews 20 randomly selected invoices providing an assessment of the "average" rate achieved over the past 12 months.

Quoting under the SBO Program is based on:

1.   Parts & materials AT COST (no markup);
2.   Quoted or standard labour hours at this INTERNAL RATE
3.   And there's no need to distinguish between labour categories
4.   This 'internal management rate' is never revealed to customers.

Now tell me you can't charge $120 per labour!