

# THE COST OF DOING BUSINESS: II



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## Session II: Cost from Unit Service Level (Ground-Up)

- Cost of Service Worksheet—Construction Unit (SAMPLE)
  - Data Collection and Calculations
- Cost of Service Worksheet—Event Unit (SAMPLE)
  - Data Collection and Calculations
- Sample Spreadsheet
- Applying these principles to other equipment
  - Restroom Trailers
  - Hand Wash Sink Stations
  - Other
- Price

# PETER F. DRUCKER (1909–2005)

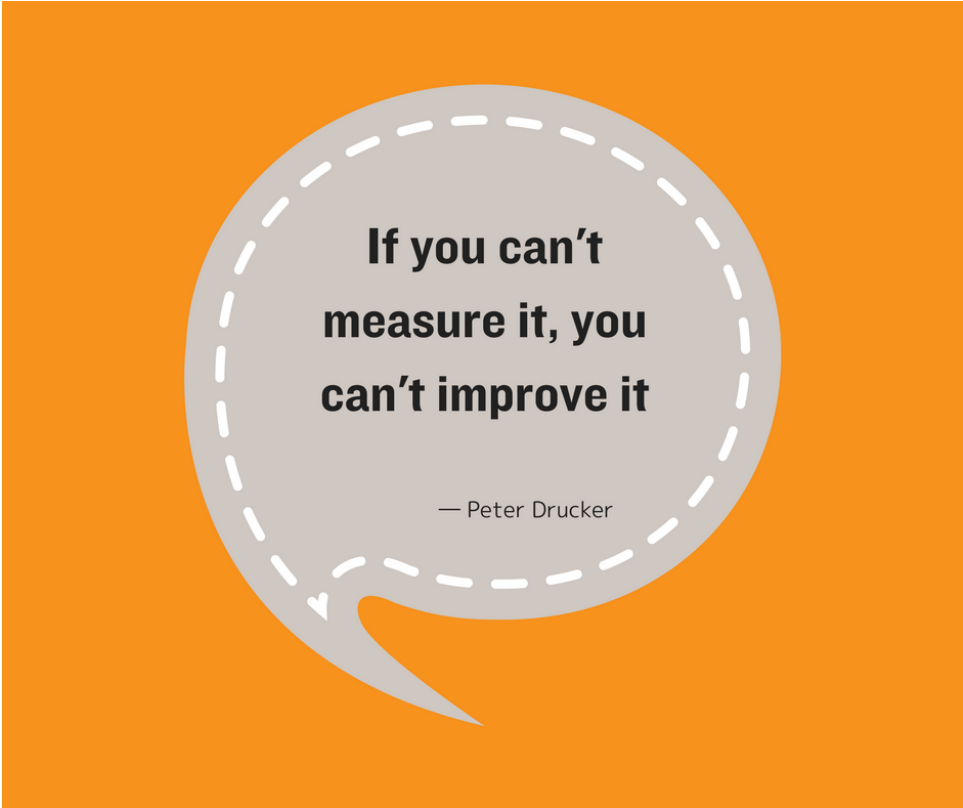
## THE FATHER OF MODERN MANAGEMENT



You can't manage what  
you don't measure.

Peter F. Drucker

quotation



**If you can't  
measure it, you  
can't improve it**

— Peter Drucker

WHILE YOU MAY KNOW YOUR **PRICE**,  
DO YOU REALLY KNOW YOUR ACTUAL **COST**?

## **Cost**

The expense incurred for providing a service that the Company sells.

## **Price**

The amount a customer is willing to pay for that service.

# KNOWLEDGE BASE

In PART I, exact data was obtained from:

- Receipts
- Invoices
- Bills
- Paychecks
- Insurance Contracts
- Tax Returns
- Depreciation Schedules
- Etc.

This data was used and evaluated by an Accountant, CPA, and Company Ownership.

In PART II, MOST of our data will arise from:

1. KNOWLEDGE OF THE BUSINESS as well as
2. EDUCATED GUESSES based on input from Managers, Route Service, and Administrative employees.

## OUTLINES FOR THE PSAI

Beginning in 2010, the PSAI embarked on a project to help members understand the “Cost of Doing Business from the Ground Up.”

Outlines for Construction Units and Event Units are the basis for our discussion.

Once we discuss the elements and techniques for determining a “best guess” for Units’ cost of service, the principles can be used to analyze:

- ❑ Restroom Trailers—Various sizes? For long-term versus weekend rentals?
- ❑ Sink Stations—Events? Long-term use?
- ❑ Hand Sanitizer Stands—Short- and long-term use?
- ❑ Other equipment that your company uses.

## NOTICE:

At PSAI events, we will not discuss pricing or comparative rates. If any such discussion comes up, we will have to end the Session.

Thank you for cooperating with this legal mandate.





**COST OF DOING BUSINESS 2010  
BILOXI, MS CONSTRUCTION UNITS**





# COST OF DOING BUSINESS 2011 MILWAUKEE, WI EVENT UNITS

# PRICE

After working with your own data, compare your cost data with your prices to see if your pricing structure is reasonable.

Some companies conduct Price Surveys in their market in order to assess their prices in relation to that of their competition.

Many company attributes outweigh “cheapest price in town:”

- Best Service
- Professionalism
- Dependability
- Reliability
- Experience
- Wide Selection of Products

Best of luck with your analysis!