

Installations and delivery pricing

People often question, what they perceive, as high costs to receive, deliver, unbox, set in place and install a piece of equipment for customers or on behalf of food service equipment dealerships.

These types of jobs are labor intensive, especially if you don't want to get someone hurt, lose them for a period of time and face a potential workman's comp claim. Safety is first and foremost in our business and it should be in any business. We err on the side of having too many humping the machines than too little.

When we get to a point where we can do without a team or a person, we move them off the job and back to running calls.

Then we also take into consideration the liability and risk of handling expensive machinery. Nothing we handle would ever be considered inexpensive. Some is very expensive. Some loads of equipment we handle maybe worth over \$25,000.00.

Plus, with lead times the way they are if we were to have a total loss on a machine the wait would be months again.

If the machine is repairable, you still have issues. Your delivery is delayed. What is the lead time on parts? Cosmetic parts are generally made to order and have long lead times. Will the end user accept a damaged machine that has been repaired? Will the selling dealer accept this as well?

This is not about money and insurance; it is about big headaches you won't to avoid to the best of your abilities. How do you avoid it? Take your time. Do it right. Have enough man power.

If we do everything to mitigate injury and damage, we still have to make a profit. What most people fail to take into account is that 80% or more of these jobs are basically man hours. You have a fixed amount of man hours in day, week, month and year.

We would go out of business if all we did was charge for labor and travel.

Hobart Service, at one time, experimented with having employee teams dedicated exclusively to doing deliveries and installs. They soon came to find that in order to cover their expenses, pricing had to be high and because it ended being high, their volume was low and it get worse. They cut way back on this concept and limited to crews doing really big jobs that took days and that no one else had the expertise to do.

We need to mark up our time, our travel and our materials to cover the lost revenue of dedicated time to this in lieu of more profitable calls. There is an opportunity cost to doing one thing over another. We have to try and make that opportunity cost smaller or it wouldn't be worth doing it.

If we sell a machine ourselves, often time our installs will be neutral because a fair profit is in the machine.

If we do it for a dealer, it has to be higher because what we charge is our only revenue.

I thought I would discuss this because, ironically, the value of a well-executed receipt, delivery and install are actually being recognized in today's market.

How so? If a customer buys a piece off the internet. They pay up front. Often times there is free freight but how free is it?

The manufacturer ships to your location. You unload it. That's free.

You want to schedule delivery? Not free.

You want a lift gate? Not free.

If you don't have a loading dock with personnel on hand during normal business hours then you are going to need to schedule and/or you're going to need a lift gate.

Ok you have your machine. Now you have to unbox it, move it and set in place.

Are you capable of hooking it up or do you have to get someone to do it? Is that person capable of doing it correctly? Because if it is installed wrong any subsequent damages and repairs are not covered under warranty?

Do you have to remove an old piece? What are you doing with it?

All of the above involve your operations time and money. If you are willing and able to take care of it; do it.

If you don't want to, we can handle everything. However, we have to do it at a fair price and everything mentioned above need to be accounted for.

Just remember nothing is free. We are just upfront about it.

