

# HOME SERVICE PRICING SOP

The operational system for moving from time-and-materials guessing to a price book your team actually uses

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## WHO THIS IS FOR

Home service operators who know their numbers but cannot get prices delivered consistently in the field.

## WHAT YOU GET

A complete operational system. Flat-rate transition steps, price book mechanics, technician training scripts, the discipline for delivering a price without flinching, and the process for raising prices without losing customers.

## BASED ON

Field research across 200+ home service operators, including flat-rate transition case studies, open-book pricing turnarounds, and franchise-scale pricing systems. Every script and benchmark in this SOP is sourced to real operators who use it.

## **WHY PRICING IS OPERATIONS, NOT MATH**

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Before the SOP, accept what most operators miss. Knowing the right price is not enough. Most underpriced contractors already suspect what they should charge. The block is operational. The tech does not believe the price. The CSR fumbles when asked. The owner softens the number when the homeowner pushes. The estimate sits in a draft folder for four days.

The principle is simple: if the technician does not believe in the price, they will not sell it. Technicians sell what they believe in. The website, the truck, the uniform, the price book. Every signal has to align before the tech reaches the door, because the tech is reading the same signals the customer is.

This SOP is the system that gets the right price delivered at the door, with confidence, every time, by every person on your team. It assumes you have already used the Pricing Calculator & Profitability Guide to find your real number. If you have not, start there. Trying to deploy a price you cannot defend is worse than running underpriced.

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## **STAGE 1: MOVE FROM TIME-AND-MATERIALS TO FLAT RATE**

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The fastest single change you can make to your pricing operation is killing the labor hour as a customer-facing number.

### **WHY TIME-AND-MATERIALS KILLS YOU**

Time-and-materials pricing forces the customer to ask, "How long is this going to take?" That question starts a psychological stopwatch. The customer is now measuring your tech against the clock. The trust erodes the moment the diagnosis takes ten extra minutes.

One HVAC operator ran on hourly pricing for years. Revenue was stuck around \$600K. After pivoting to flat-rate pricing, first-year revenue jumped to \$1M. The business has averaged about 30 percent annual growth since.

### **START WITH THE TOP 20 TO 25 TASKS**

The mistake is trying to build a thousand-line price book before you go to market. Start with the 20 to 25 most common tasks in your trade. That focused list will cover 80 percent of revenue for most home service businesses and gets you operational in weeks, not months.

For each task, document:

- Standard labor hours
- Standard materials list with current pricing
- Loaded labor rate (from the Pricing Calculator)
- Overhead recovery per hour
- Target margin
- Final flat price

That gives you a price book row a tech can quote in 10 seconds.

## **MATERIALS ARE GRAVY, NOT THE MEAL**

The rule, repeated by every operator who has cleaned this up: do not throw away the labor hour and try to make up profit on materials. Charge the right price for labor so the business is profitable even on zero-material jobs. Materials add profit on top.

Why this matters operationally: when techs are trained to "make it up on parts," they over-recommend materials, fight customers on small parts margins, and miss the larger labor profit that should already be embedded in the flat rate. Train the team that labor is the profit. Materials are the bonus.

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## **STAGE 2: TRAIN THE PRICE BOOK INTO THE FIELD**

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A price book that sits in a folder does not generate profit. The price book lives in the tech's mouth or it does not exist.

## **SHOW THE FINANCIALS TO THE TEAM**

One plumbing operator quintupled prices by showing the team the actual financials. She walked them through where they were and where they could be, including that the path required quintupling prices. Transparency got buy-in that a unilateral announcement never would.

Most operators are terrified to show financials to their team. Do it anyway. The team already knows the business is struggling. What they do not know is what the right numbers look like. When you show them the gap between current state and target state, you convert the price book from a top-down mandate into a shared goal.

## **BUILD THE BELIEF**

The principle, repeated by every top-performing operator: if they do not believe the price, they will not sell it. The signal stack matters. The website has to look like the price. The truck has to look like the price. The uniform has to look like the price. The price book in the tech's hand has to read like a professional service company, not a yard sale.

If any of those signals are below the price you are charging, the tech arrives already fighting price resistance. Fix the signals before you fix the script.

## THE TECHNICIAN COMPENSATION LEVER

Operators who run pay-for-performance see the difference immediately. Crews are paid a fixed labor cost per job regardless of time taken. Crew finishes early, they go home with the same pay. The typical result: a 25 to 30 percent efficiency improvement when crews move from hourly to P4P.

This matters for pricing because P4P aligns the technician's incentive with the flat rate. Under hourly comp, slow service makes the tech more money. Under P4P, the tech who is fast and clean takes home more per day. The price book and the pay structure should reinforce each other.

After a significant price increase, one multi-location lawn care operator moved P4P payout from 33 percent to 25 percent of gross mowing revenue, a 25-percentage-point drop in labor cost that flowed directly to the bottom line.

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## STAGE 3: DELIVER THE PRICE WITHOUT FLINCHING

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The price book is loaded. The signals are right. The team is bought in. Now the price has to come out of the tech's mouth without the lip quiver.

### THE RULE: STATE AND SHUT UP

The trainable behavior, proven across hundreds of pricing trainings:

*"Don't let your lip quiver when you deliver the price. Give it with confidence. This is what it is. And then just shut up. The next person to speak is your customer."*

The customer will either accept or surface a real objection. Both are workable. The damage happens when the tech keeps talking after the number, because that signals weakness and invites negotiation.

Train the team in this sequence:

1. State the diagnosis in plain language.
2. State the recommended fix.
3. State the price from the book.
4. Stop talking.

Three sentences, then silence. Practice it in role-play until it lands without nerves.

## THE COPPER ELBOW FRAME

There is a classic story in the trades for techs and owners who feel guilty about charging a high number. A copper elbow starts in a copper mine in Chile. Ships move it. Factories shape it. A courier delivers it to the contractor's door. An entire global supply chain converges so that one piece of fitting reaches the job site.

The contractor is responsible for pricing to support that whole chain. When the contractor says the price is going to be ten grand and the customer asks for five percent off, and the contractor agrees, the contractor takes the hit for the entire worldwide channel. Prices only go one way. You have to price proud.

Use this framing in team training. The price is not arbitrary. The price funds the supply chain, the truck, the insurance, the techs' families. Lowering the price means the contractor absorbs the whole stack. That is not generosity. That is a mistake.

## THE PRE-ARRIVAL SEQUENCE

Trust before price. The pre-arrival and doorstep sequence is designed to make the customer feel visited by a trusted professional before any number is discussed.

1. Offer coffee on the way. Real reciprocity exchange.
2. Knock, do not ring. Knocking signals worker, ringing signals stranger.
3. Observe the property before proposing. Hobbies, gear, smart home devices each trigger different conversations.
4. Ask usage questions before diagnosing.
5. Only address what they called you for first. No surprise "huge inspection."

The customer who reaches the price moment already trusting the tech is a customer who will pay the price. The customer who arrives at the price suspicious of the tech will negotiate. The doorstep sequence is part of the pricing operation.

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## STAGE 4: HANDLE THE OBJECTION WITH OPTIONS AND THE TAKEAWAY

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When price resistance does come, do not drop the price. Drop the scope.

The moment you start negotiating on price is the moment you lose. The replacement move is options.

*"I can build your roof \$2,000 cheaper but I won't because that's my reputation. Here's what I can do instead..."*

Then pivot to a lower-tier option. Same trust frame. Smaller scope. The customer chooses the level they want. The price for the level they chose does not move.

This requires that your price book has tiers. Good, better, best. A flat-rate book with only one option for each job forces every objection into a yes/no fight. Three tiers turn the conversation into a what-fits-you question.

## **FINANCING AS THE SECOND LEVER**

Financing increases average ticket by about 40 percent. 80 percent of the best roofing companies' jobs are financed. The script: "Did you want to use your money or our money today?" The average financed customer pays off a 10-year note in 3.6 years.

For larger tickets, financing collapses the price objection by reframing the total as a monthly number the customer can absorb. Build a financing path into the price book for any job above your typical ticket threshold.

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## **STAGE 5: RAISE PRICES WITHOUT LOSING YOUR MIND**

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The price book is delivered consistently. Close rate is healthy. Now you face the operator's permanent question: when do I raise prices, and how do I do it without losing the business?

### **WHEN TO RAISE**

The rule: raise prices when demand exceeds supply. When you need to hire or add a truck to grow, you are at capacity. That is the trigger. Calendar time and inflation are not triggers.

The close rate diagnostic:

- Above 70 percent close rate: prices are too low. Raise immediately.
- 50 to 70 percent close rate: growth mode. Holding here is fine if you are intentionally acquiring customers.
- 30 to 50 percent close rate: profit mode. The right place to sit if you are protecting margin.
- Below 30 percent close rate: something else is broken. Do not lower price. Audit the sales process.

The principle behind the diagnostic: a competitor undercutting you by your full margin (10 to 20 percent) is almost certainly losing money on every job and will go out of business. Race-to-the-bottom price wars are self-eliminating.

### **THE 3 PERCENT REALITY**

The fear of raising prices is disproportionate to what actually happens. The real attrition rate from a price increase is approximately 3 percent. Roughly 1 in 10 customers complain. Roughly 1 in 3 of those complainers actually leave. The remaining 90 percent accept and stay.

To validate the math before rolling it out company-wide, test on 10 percent of your customer base first. If 1 of 50 test customers leaves (2 percent), expect to lose roughly 18 of 450 remaining customers, not the feared 250.

Operators running annual price increase letters consistently see 2 to 7 percent attrition, usually closer to 2 percent. As one multi-location operator put it:

*"I have yet to see anyone raise prices in the past three years and regret it."*

The customers who leave when prices rise are precisely the ones you want to lose. They value your service the least. They complain the loudest. They post the worst reviews. They tie up admin time on every job. Raising prices sheds your worst customers automatically.

## THE COMMUNICATION SCRIPT

For sticky services (cards on file, recurring contracts, established brand), use a one-sentence price increase notice:

*"Next week we start our mowing season. Here's your pricing for the upcoming 2026 season. If you have any questions, let us know. We look forward to seeing you."*

Over-explaining invites negotiation. The single-line approach forces the customer to either accept or surface a real objection.

For larger increases or new pricing programs, lean on specifics, not "inflation":

*"We've tried to put this off as long as we possibly can. We've invested in our team, increased base pay, added benefits, and increased our general liability insurance. Now we need to recoup some of those costs to maintain a sustainable business and serve you for years to come."*

Cite two or three concrete cost line items, not vague macroeconomic references. Insurance doubled. Starting pay went from \$14 to \$23 per hour. Workers comp went up. Concrete numbers outperform "inflation" every time. Customers have inflation fatigue and associate it with corporations padding profits. Itemize to differentiate.

## THE SOFT ESCAPE VALVE

For customers in real financial hardship, offer to extend existing pricing temporarily, routed through a manager (not general customer service). This protects the brand from public anger without surrendering the broader increase. Existing customers who left angry have come back six months later. The operator's ask was simply to edit or remove the negative review in exchange for honoring original pricing going forward.

## THE REINVESTMENT MATH

The ideal price increase sequence has five steps:

1. Hit capacity.
2. Build a reliable marketing engine.

3. Raise prices.
4. Reinvest one third of the new revenue into customer acquisition.
5. Keep two thirds as additional profit.

Worked example. Raise prices by \$10,000 per month. Spend one third (\$3,000) on paid ads at \$100 CAC, which buys 30 new customers per month. That replaces any 60 customers you might lose within two months. The remaining \$6,667 per month flows to the bottom line.

Do not raise prices before you have steps 1 and 2. Without capacity and without a marketing engine, the lost customers cannot be replaced.

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## THE ESTIMATING DISCIPLINE

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Most disputes and callbacks come from vague estimates, not bad work. Most customers do not complain at the estimate or during the work. They complain when the invoice arrives and the number does not match what they thought they agreed to.

### USE A STANDARDIZED TEMPLATE

One multi-location operator uses a 7-page digital estimate template. Estimators copy-paste and change only job-specific details. This eliminates ambiguity and invoice disputes. The template documents scope, exclusions, price, and what happens if scope changes.

### SKIP THE IN-PERSON ESTIMATE WHEN YOU CAN

The in-person estimate is the most expensive way to quote. Driving to a property costs \$80 to \$150 in opportunity cost: the revenue you could have generated during that time, plus fuel and vehicle wear. A slightly inaccurate phone or instant quote, correctable at first service visit, is almost always worth more than a perfectly accurate in-person one.

### THREE-TIER FLAT-RATE BY CATEGORY

Small, medium, large by square footage. Converts a custom-quoted service into a standardized product. Raises close rate because customers get an instant answer instead of waiting days. Lets price corrections happen after 3 to 6 months of real data rather than guessing upfront. Less than 1 percent of customers require a price change after the fact.

### PRICE EACH ESTIMATE LINE ITEM TO STAND ALONE

For multi-line jobs, price each chunk as if it is the only item the customer will accept. This protects you on partial-acceptance jobs where the customer wants the deck but not the fence. If the deck is priced to depend on the fence margin, you lose money on the partial sale.

## RENEW AT PEAK DEMAND

Annual contracts should renew at peak demand (April 1 for mowing, or whenever the first service visit of the season occurs), not in January. Customers who have already seen your crew on their property that week have high switching friction. Competitors are too busy to bid. The customer needs you to show up next week. January renewals put you in a months-long limbo because the customer has no urgent need and full time to shop alternatives.

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## IMPLEMENTATION CHECKLIST

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### Flat rate transition:

- ☐ Top 20 to 25 tasks documented with standard hours and materials
- ☐ Loaded labor rate plugged into each task (use the Pricing Calculator)
- ☐ Overhead recovery built into each price
- ☐ Three-tier pricing structure (good / better / best) for major service categories
- ☐ Financing path documented for tickets above your threshold

### Team belief building:

- ☐ Financials shared with the team showing current state vs. target state
- ☐ Website, trucks, and uniforms upgraded to match price positioning
- ☐ Pay-for-performance structure aligned with flat-rate book
- ☐ Tech training schedule documented (role-play 3x weekly minimum)

### Price delivery training:

- ☐ Three-sentence delivery sequence trained on every tech
- ☐ "State and shut up" practiced until natural
- ☐ Pre-arrival doorstep sequence trained and standardized
- ☐ Objection-handling script using options and takeaway documented

### Estimating discipline:

- ☐ Standardized digital estimate template in use
- ☐ Phone or instant quotes used where possible
- ☐ Each line item priced to stand alone
- ☐ Annual contracts set to renew at peak demand, not January

### Price increase protocol:

- ☐ Close rate monitored by service line (the trigger metric)
- ☐ 10 percent test group identified for any new increase

- ☐ One-sentence renewal script ready for sticky services
  - ☐ Itemized cost script ready for larger increases (specific line items, not "inflation")
  - ☐ Soft escape valve documented (manager line for hardship cases)
  - ☐ Reinvestment plan documented (one third to acquisition, two thirds to profit)
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## WHERE THIS SOP ENDS AND THE OTHERS BEGIN

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This SOP gets the right price delivered consistently. It does not derive the right price. For loaded labor rate, overhead recovery, break-even, and equipment cost math, use the Pricing Calculator & Profitability Guide.

This SOP also does not tell you what target to aim at. If you want to work backward from a profit number to find the revenue, average ticket, close rate, and tech count you need, that is in the Profit Goal Planner.

Use the Calculator to find your real number. Use this SOP to deploy it. Use the Planner to steer toward the profit target it serves.

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*All scripts and benchmarks in this SOP are sourced from real operators running home service businesses. Data points are drawn from flat-rate transition case studies, multi-location franchise pricing systems, and open-book management turnarounds across plumbing, HVAC, garage door, roofing, and lawn care verticals.*

• WHAT'S NEXT •

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