



Unlocking Growth

A Neighborly® Webinar Series

May 2025

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Pricing for profit



Goals for today's session

- Understand why pricing matters, especially now
- Consider the best pricing model for your business
- Learn from fellow Franchise Owners as they share their experiences in pricing best practices

Digital Ad Cost Trends

As more companies recognize the importance of an online presence, the competition for prime advertising space has intensified

Potential Factors:

- 1. Search Engine Results Page is changing and evolving**
 - Limited ad space can increase costs as businesses vie for spots
- 2. Rising Demand**
 - More businesses are investing in paid media, leading to higher demand for limited ad space
- 3. Outside economic factors and shifting consumer behavior**
 - Changes in how consumers search online can affect the demand for certain keywords and the competition for ad space, impacting CPCs

Action Items:

- ✓ Embrace **Flexibility**
 - ✓ Do not pull back, but shift priorities and budgets based on demand
- ✓ **Focus on performance-based channels** that can deliver measurable results
- ✓ Adapt **value-based messaging** that speaks to consumers during concerning times

Impact on Neighborly Owners:

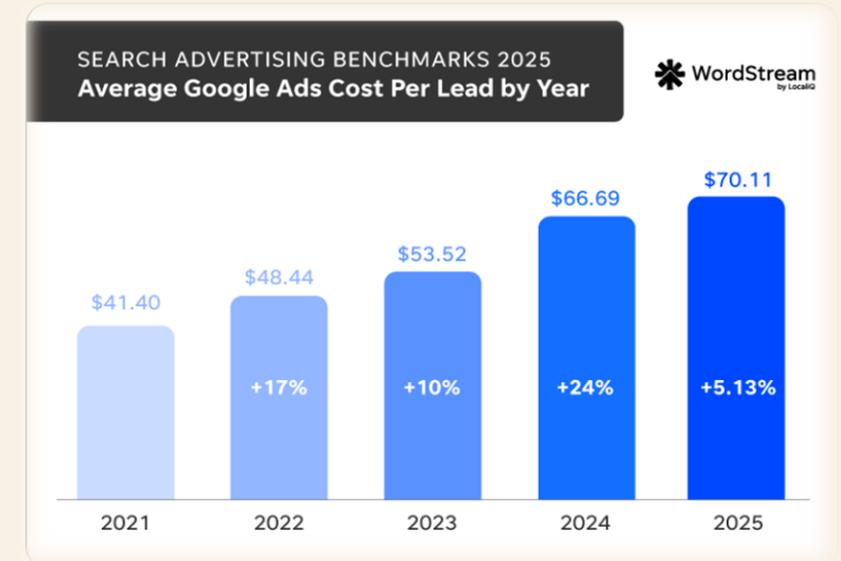
Avg. CPC
\$10.86
 +11% YoY

Avg. CPL
\$78
 -7% YoY

Avg. CVR
14%
 +18% YoY

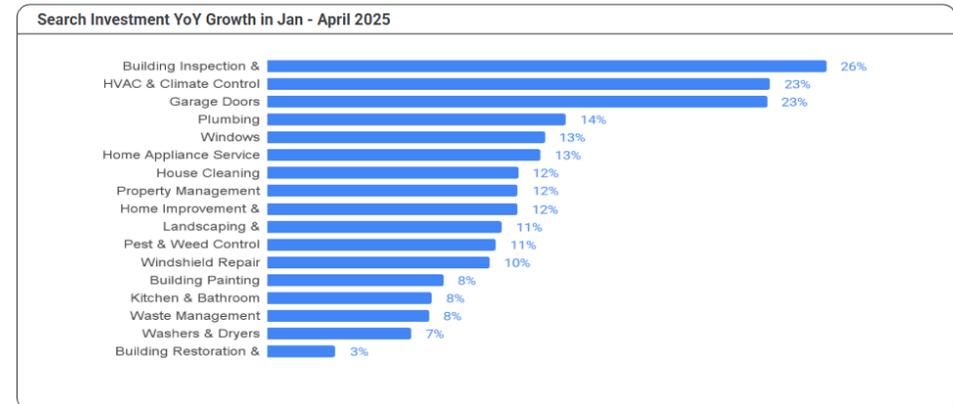
Even with slight increases in CPC, Neighborly owners are seeing improved cost per leads and higher conversion rates

Average Google Ad Cost Per Lead YoY



Home Service Search Investment

Advertisers continue to invest heavily on home services categories on search



Source: Google Search Data

Google

*All Brands reported in Looker Studio, based on agency reported performance through April 2025

neighborly[®]

Pricing for Profit

Profit Mastery[®]
Colin King, CPA, CFA

Roadmap

- 1) Introduction
- 2) Revenue → Offer → Price
- 3) How to Calculate Pricing
- 4) How to Create an Offer
- 5) Pricing Strategy

Intro – Profit Mastery

Comprehensive financial curriculum

Founded in 1983

1 million alumni

A fraction of the cost of a CFO or financial consultant

Ways we've helped members:

- Cash flow – \$3m franchisee
- Turnaround plan – \$5m contractor
- Equity raise – \$5m service business
- Breakeven – \$1m service business
- Bookkeeping help – \$1.5m home health

Intro – Colin King, CPA, CFA

Why should you listen to me?

- Professional background: accountant, investor, entrepreneur
- Running a multi-company HoldCo (15 acquisitions since 2018)
- Using PM tools daily

The Vermont Flannel Co.™



ALL
AMERICAN
CLOTHING CO
USA MADE ★ EST. 2002™



 **DRIED**
-DECOR-

Silk
FLOWER DEPOT

GUSSET
-EST. 1987-

Quiz

Q: What is pricing, really?

Price = what you charge

Value = what customers get

Pricing = Moat

“There is no strategic benefit to being the second cheapest in the marketplace, but there is for being the most expensive.”

– Dan Kennedy

The Revenue Equation

$$\text{SALES} - \text{EXPENSES} = \text{PROFIT}$$



$$\text{OFFER} \times \text{CUSTOMERS} \times \text{VOLUME}$$



Price x Value



Leads x Close Rate



of Purchases

The Offer

Problem: Price is only one component of your offer... if you're only thinking price... then you're missing revenue opportunities.

Goal: Create an offer stack that sets you apart from others.

A Story...

Your Offer Stack

List everything that sets you apart from competitors and quantify those:

- Financing
- Free estimate
- Multi-year warranty
- Insured and bonded
- Keep your home clean
- Same day service/installation
- Uniformed, marked vans, safety first (your brand standards)

Pricing

Next, we need to build pricing into our offer... here are 5 common pricing methods:

- 1) Simple markup (cost-plus) – set markup or margin on cost
- 2) Tier-based pricing – good / better / best model
- 3) Time & materials – hourly rate + expenses
- 4) Value pricing – price based on outcomes
- 5) Fixed price – set price regardless of cost

How to Calculate Pricing (Cost-Plus)

- 1) Gather all input costs whether fixed or variable
- 2) Add target margin or mark-up
- 3) Determine target price

Fixed item costs

Product cost	11.7%	\$15.0
Shipping	9.3%	\$12.0
Input cost	0.0%	
Input cost	0.0%	

Variable item costs

Marketplace fee	30.0%	\$38.6
Merchant fee	3.0%	\$3.9
Input cost	0.0%	\$0.0
Input cost	0.0%	\$0.0

Total cost	54.0%	\$69.4
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Target margin	46.0%
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Target price	\$128.6
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Markup vs. Margin

Cost	Selling Price	Markup
\$100	\$110	10.0%
\$100	\$115	15.0%
\$100	\$120	20.0%
\$100	\$125	25.0%
\$100	\$130	30.0%
\$100	\$135	35.0%
\$100	\$140	40.0%
\$100	\$145	45.0%
\$100	\$150	50.0%
\$100	\$155	55.0%
\$100	\$160	60.0%
\$100	\$165	65.0%
\$100	\$170	70.0%
\$100	\$175	75.0%
\$100	\$180	80.0%
\$100	\$185	85.0%
\$100	\$190	90.0%
\$100	\$195	95.0%
\$100	\$200	100.0%

Cost	Selling Price	Margin
\$100	\$110	9.1%
\$100	\$115	13.0%
\$100	\$120	16.7%
\$100	\$125	20.0%
\$100	\$130	23.1%
\$100	\$135	25.9%
\$100	\$140	28.6%
\$100	\$145	31.0%
\$100	\$150	33.3%
\$100	\$155	35.5%
\$100	\$160	37.5%
\$100	\$165	39.4%
\$100	\$170	41.2%
\$100	\$175	42.9%
\$100	\$180	44.4%
\$100	\$185	45.9%
\$100	\$190	47.4%
\$100	\$195	48.7%
\$100	\$200	50.0%

Formulas:

$$\text{Markup} = \frac{(\text{Selling Price} - \text{Cost})}{\text{Cost}}$$

$$\text{Markup} = \text{Cost} \times (1 + \text{Markup})$$

$$\text{Margin} = \frac{(\text{Selling Price} - \text{Cost})}{\text{Selling Price}}$$

$$\text{Margin} = \frac{\text{Cost}}{(1 - \text{Margin})}$$

How to Create an Offer

An example of our offer stack for PM Pro

1. Access to Profit Mastery University (PMU) – \$895
2. All webinars and future content – \$1,105
3. Fractional CFO support – \$18,000

Total value = \$20,000

PM Pro = \$1,188 (94% discount)

Takeaways

- 1) Build compelling offers
- 2) Know your customer and market
- 3) Compare price & offer to competitors
- 4) When in doubt, don't lower price, increase value
- 5) Review at least annually and ideally quarterly (formalize it)
- 6) You can use different pricing methods for different offerings

If you leave with one thing...

Don't focus solely on price... instead, focus on perfecting your offer

Want more help?

Visit us at:

www.profitmastery.net/neighborly

Email us at:

colin@profitmastery.net



Owner/Panelist Experiences

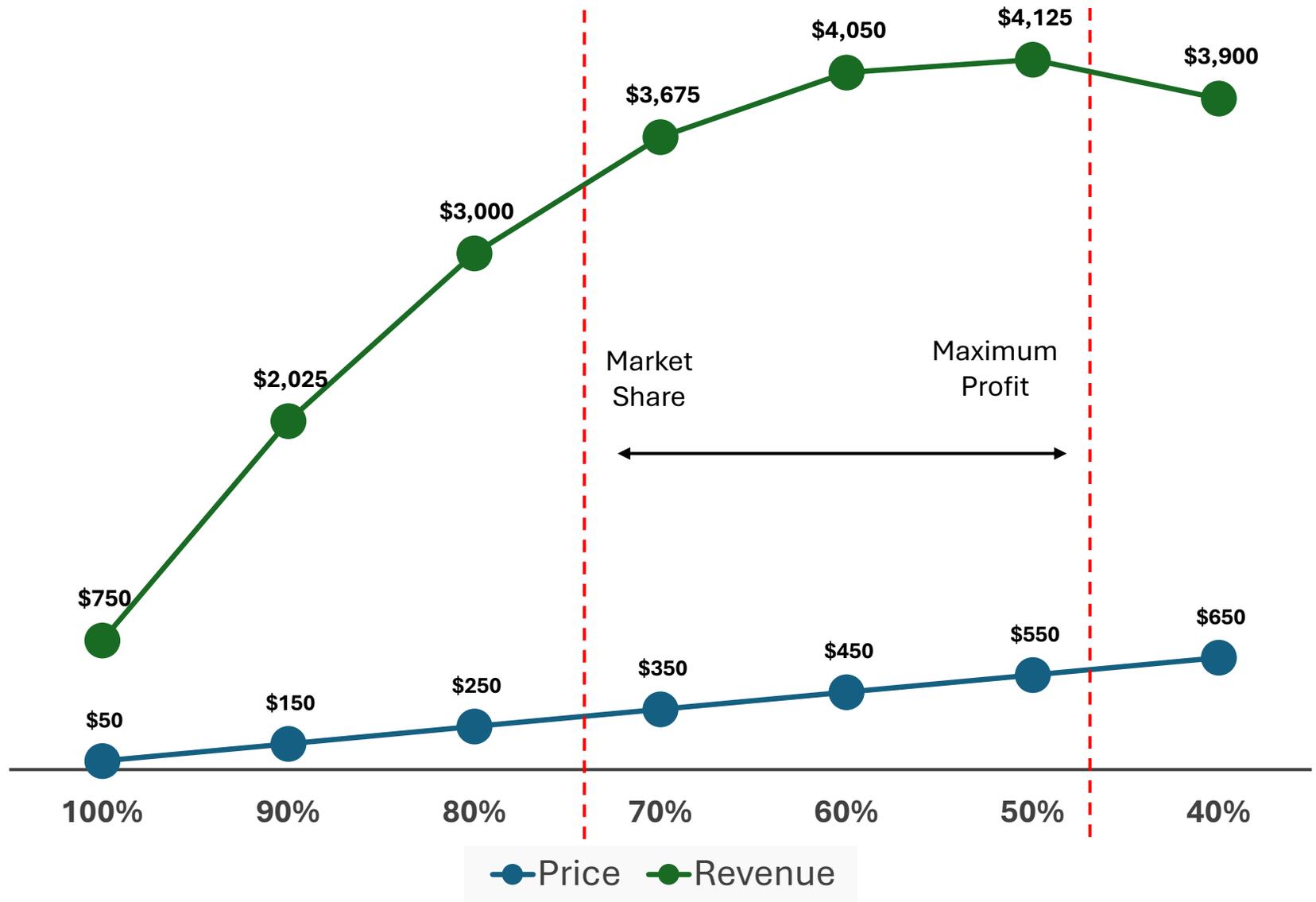


Brian Cain
Mr. Electric of Virginia Beach North



Joel Belyew
Precision Door Service of Indianapolis

Price-Close-Revenue Comparison (15 jobs)



Upcoming Unlocking Growth Webinars

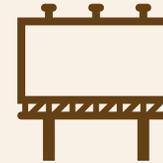
June 10 & 12

**How to Work with Agencies
and Hold Them Accountable**

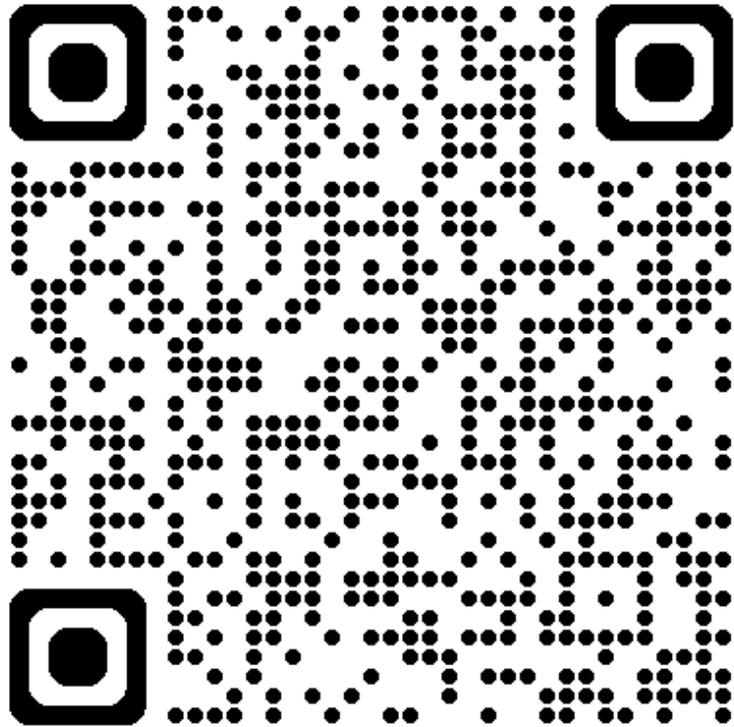


July 15 & 17

Local Service Ads



Unlocking Growth Webinar Recordings and Resources



Survey



Thank You