Scrap Metal Removal Fee Assessment Guide

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# The Scrap Metal Removal Fee Assessment Cheat Sheet

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**ATTENTION: The Fee Assessment Cheat Sheet is On The LAST Page Of This Document**

# Introduction - Should I Charge a Fee?

Lots of people think that just because scrap metal has some monetary value, and people just "give it away" that you're obligated to provide scrap metal removal services for free.

This is only true if you don't care about whether or not you're actually losing money... Which is VERY easy to do.

This worksheet will help you evaluate how much a scrap metal removal job is REALLY worth to you, by systematically calculating your costs vs your earnings according to some simple variables we'll discuss shortly.

In my opinion, no scrap metal removal job is too small, you just need to charge a fee

The trick is getting the fee 'just right' so you always earn AT LEAST what you're worth, without accidentally over-charging the customer and losing the job.

You're never losing out by offering a fee for your service to a customer who doesn't have enough scrap for a free removal, but you will ALWAYS lose out when you flat-out turn a customer down.

So let's look at what should be factored into your costs first.

**COSTS**

- Fuel
- Man hours spent driving

# Scrap Metal Removal Fee Assessment Guide

- Man hours spent on job
- Man hours spent “breaking down”
- Materials like blades, cutting discs, drill bits.

All of those things cost money, and they can eat away at the profits from your scrap pretty quick if you're not careful.

So let's create an example situation to create a practice scrap metal removal cost assessment.

The job:

> You'll be picking up 4 large household appliances (1 stove, 2 washers and a dryer), and a couple hundred lbs of weight equipment.
>
> The scrap is located about 30 miles away (30 minutes), and you'll be bringing along a helper to assist in loading the scrap. There won't be any breaking down or extra materials such as blades required.
>
> We'll also assume that it should take about an hour to get everything loaded up and be out of there.

**Looks like it could quality for a free removal right? Let's find out!**

Ok, so we have a general understanding of the job, let's start factoring costs...

Fuel – First you need to know how much your fuel will cost.

To start off you'll need to know your vehicle's MPG (miles per gallon).

(If you don't know how to calculate your MPG, go here: https://www.google.com/search?q=how+to+calculate+mpg)

# Scrap Metal Removal Fee Assessment Guide

Let's assume you'll be taking only 1 truck, it gets 20mpg on average, and the cost of fuel is $3 per gallon.

The job is 30 miles away and you get 20mpg, so you will consume 1.5 gallons of gas EACH WAY (30mi / 20mpg), for a total of 3 gallons of gas.

3 gallons x $3/gallon = $9

**Total cost of fuel is $9**

Next you need to figure out how much our man hours are worth, for both you AND your partner/helper.

The first step to this is determining WHAT YOU'RE WORTH, per hour.

If you haven't done so already, place an hourly wage on yourself and your helper, separately, right now.

Let's assume that your hourly wage is $20, and your helper's hourly wage is $15.

Now that you know what you're worth, you need to estimate how many man hours it will take to complete the job.

If you ARE going to include drive time in your man hours, calculate your total hours by adding together the following estimated values:

- Total hours to job x2 (*don't forget the drive back* :)
- Total hours on job
- Total hours spent breaking down (if any)

If you are NOT including drive time in your man hours, calculate your hours using the following estimated values:

- Total hours on job
- Total hours spent breaking down (if any)

Total them all up.  We will charge for drive time in this example.

For our example job, we have a total of 2 man hours (2 total hours per person).

We won't be breaking anything down and we don't need any materials like blades to get the job done so we can skip that.

Now we just need to calculate the **total cost per hour**, which is the sum of your hourly wage AND your helpers hourly wage.  In our case our total cost per hour is $35 per hour ($20 for you + $15 for your helper = $35)

So you have 2 man hours to account for at $35, so for our example job, including drive time, **the cost of man hours comes to $70** (2 hours x $35/hour).

Now we just need to add our cost of FUEL to our cost of MAN HOURS and we have the 'true' cost for this scrap metal removal job.

Cost of fuel = $9

Cost of man hours = $70

**Total cost for removal job = $79**

Ok, great, you know how much you have to make AT A BARE MINIMUM from the scrap in order for it to qualify as a “free removal”.

**So the next step is to estimate how much the scrap is actually worth.**

To do this, assuming it's all light iron (regular steel) you just need to know the steel price per ton and make a good guess at how much the scrap weighs.

Let's assume that scrap steel is going for .06/lb, which is about $130/ton.

We'll also assume that all 4 of the appliances each weigh about 100lbs, totaling 400lbs, and exercise equipment is 300lbs.  This gives us a grand total of 700lbs. At .05 cents per pound, the value of our scrap is only about **$42!**

# Scrap Metal Removal Fee Assessment Guide

With a total cost of $79 to even DO this job, and only $42 in scrap value means you're actually losing almost $40 if you remove this scrap for free!  ($42 for scrap - $79 for hours/fuel = $37 loss )

**You have to charge a fee of AT LEAST $37 to earn what you deserve.**

Does all of that make sense?  I hope so!

Our example job looked like it would make a few bucks, but it wasn't the case.

Don't always assume that just because it's “free”, that it's worth it.

As time goes on you'll be able to do this all in your head on a whim, but sometimes it helps to see it in a visual or even PHYSICAL form to make it easier to estimate the actual profitability of your scrap metal removal business.

So attached is the Scrap Metal Removal Fee Assessment Sheet, which you can use to quickly and easily do fee or free assessments before you commit to any local or long distance scrap metal removal projects.

Feel free to download and print as many copies of the document as you need to help out.  You might find it useful to print out a bunch and fill one out every time a prospective customer contacts you to request your services.

**Scrap Metal Removal Assessment Worksheet on the next page.**

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# Scrap Metal Removal Fee Assessment Cheat Sheet

- ☐ Step 1 - Calculate fuel costs.
- ☐ Step 2 - Determine your hourly wages and total cost per hour.
- ☐ Step 3 - Estimate how many hours it will take to do the job.
  (Include drivetime in your hours now if you choose to charge for drivetime)
- ☐ Step 4 - Estimate total cost of man hours to do the job.
  ('total cost per hour' x 'estimated number of hours')
- ☐ Step 5 - Calculate estimated total job cost.
  ('total cost of man hours" + 'fuel costs')
- ☐ Step 6 - Estimate total weight of scrap metal to be recycled.
- ☐ Step 7 - Estimate total payout of scrap to be recycled.
  ('total weight of scrap' x 'price per lb')
- ☐ Step 8 - Estimate total profit from scrap metal removal job.
  ('payout of scrap' - 'total job cost')

✔ If the result from step 8 is a **POSITIVE** number... the job qualifies as free...
And the result is your ESTIMATED PROFIT after hourly wages are paid.

X If the result from step 8 is a **NEGATIVE** number... you need to charge a fee...
And the result is your ESTIMATED FEE you should charge.

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