

PAT Testing - Is it Still Possible to Make Money?

A Special report by Tim James, PAT Testing Expert Ltd.

This report is aimed primarily at people who are looking to make money from PAT testing, whether they want to setup a PAT testing business, work for one of the many PAT testing companies, or create a lucrative second income to their other work. The report will also be useful to you if you train to carry out PAT testing in your own workplace but want to offer your services to other people too.

To avoid confusion, in this report I have used the term 'Customer' to refer to the person or organisation who is having their PAT testing carried out, and the phrase 'PAT Testing Company' or 'Company' to refer to the organisation or individual who actually does the work.

Carry out a quick search on the internet for 'PAT Testing' and you will find hundreds of companies offering a Portable Appliance Testing Service. All of these companies are falling over each other to offer the lowest prices - some even offer a 'lowest price guarantee.' It is not uncommon to see prices of 76p (or lower) per item. Most people in the industry believe that it isn't possible to carry out a full inspection and test for this price - so how do they manage it? More importantly, what does this mean for newly qualified PAT testing engineers entering the industry?



Most businesses nowadays employ the services of a professional PAT testing company to check all their appliances - normally this is carried out every 12 months. At one time, there was a shortage of companies carrying out the service, and customers had to pay a premium to have the PAT testing carried out. In the 90's it was quite common to hear of customers paying £3.00 or more per item for PAT Testing. It was also quite common to hear of the bosses of PAT testing companies becoming very rich.

More recently, things have become a little more competitive. There are a lot of people out there offering a service, and prices have fallen recently.

At the same time, the recession has seen plenty of PAT Testing customers driven out of business, and those companies still in business are cutting their costs as much as they can. The situation is perhaps worst in the retail sector, but many other businesses are slashing their costs as well.

Some of the big PAT Testing companies have built their fortunes carrying out testing for the High Street retailers. As they cut their costs, or go out of business altogether, the PAT testing companies are struggling to keep busy. The only way they can keep their engineers employed is to offer lower and lower prices.

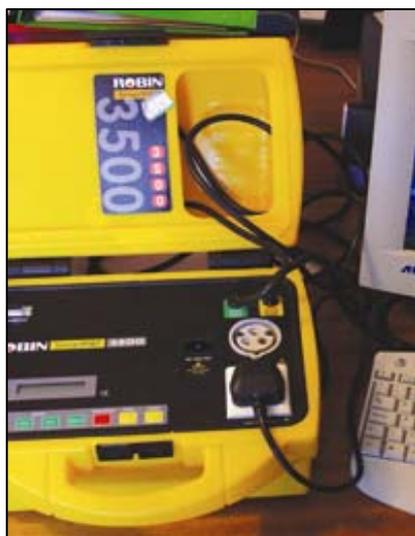
After all, somebody was doing the PAT testing for Woolworths, Adams, Whittards, JJB Sports etc - they're not doing so anymore, and they're pretty desperate to get some more work in!



This all drives prices down, and it is not unusual to see PAT Testing prices as low as £0.76 per item tested. Maybe by the time you read this, somebody will be offering a lower price.

Unfortunately, as the prices fall, so does the standard of PAT testing - it is not easy to make a decent profit when the cost per item is low, and so there is great pressure on the PAT test engineer to take short cuts and get through the items as quickly as possible. This increases the risk that a dangerous item may not get picked up!

The bad news is that some of the customers appear not to care too much whether their equipment has been tested properly or not - all they really want is a sticker on their items and a certificate. This encourages bad PAT testing (or perhaps no testing at all!)



Two Types of PAT Testing Customer

In my 20 years experience of PAT testing, I have reached the conclusion that there are two types of PAT Testing Customer.

Type 1 is the customer we DON'T want!

Imagine you're in your local supermarket on a Saturday afternoon. The store is bustling with people, and the checkouts are all in use. You have a trolley full of shopping, and are just about to start loading it onto the conveyor belt. Now - along comes a guy with a PAT tester, and he chats briefly to the checkout operator. Then - the bad news. This checkout is going to be shut down for 20 minutes whilst it gets PAT tested! You're probably not going to be too impressed and you reluctantly move over to another queue.

Now - imagine that you're standing in the same queue, and the same guy comes up to the checkout, reaches over and puts a few stickers on the till, the bar-code scanner, computer and receipt printer. He doesn't shut it down, and he doesn't test anything. Nobody gets inconvenienced, the customer doesn't get delayed, and the tills ring with cash!

From the outside, of course this is a bad position to be in. The customer is paying for a service which is non-existent, and it is unlikely that a dangerous fault would be discovered by the engineer, unless it was really obvious.

However, the engineer finds that he can stick hundreds of stickers on in a day, so he can afford to charge a really low price for each item. The customer is happy because they are not having the disruption of having their equipment shut down, and they get a certificate to say their equipment has been tested (even though it probably hasn't!)

Type 1 customers are not really interested about whether or not their equipment is tested properly, they just need a certificate. Maybe their insurance company have demanded they have a PAT test certificate, or maybe it's to satisfy the Health and Safety manager at Head Office.

I understand that these customers think that because they have a PAT Test certificate, this means they won't be prosecuted if somebody gets an electric shock in their store. This is, quite obviously, not the case, but it seems to be a commonly held belief.

It is little wonder that this side of the business is becoming incredibly competitive - the customers find it easy to play the PAT testers off against each other, and prices get lower and lower. It isn't long before the price reaches a point at which it isn't possible to do a decent job, and the only way the PAT testing companies can remain in business is to rush around each site putting stickers on, but not actually checking anything properly.

Thankfully, the tide is changing for the better.

Type 2 is the customer we DO want!

There are still plenty of customers out there who are prepared to pay a realistic price for a proper PAT testing service. PAT testing is seen, not as a necessary evil, but as a relevant and important part of the company's health and safety system. More importantly, they understand what the work entails, and accept the small amount of disruption involved, and are prepared to pay for it. They realise that they have a legal responsibility to make sure their equipment is safe, and they want to be sure that it is.

At the moment, most of the Type 2 customers are the smaller and medium sized companies. Thankfully, these are exactly the customers you need to be targeting when you first start out!

These include Hairdressers, Web Designers, Joiners, Builders, Carpenters, Accountants, Coffee Shops, Solicitors, Restaurants and Hotels, amongst many others.

The key to all of this is to make sure your customer knows what you are proposing to do for them. Whilst it is true that price will always be a major factor, you must focus on the service you will offer your customer.

Make it clear that PAT testing DOES require the equipment to be shut down, but that you will work with them to ensure that any disruption is kept to a minimum. If you are testing in a retail store - try to do the work at a quiet time, when you can test without causing difficulties. If you are in an office, make sure your customer knows that you will work your way around, shutting down one workstation at a time. You will work quickly and efficiently, but you will not take short cuts - and you won't miss any dangerous faults!

Your customer will nearly always start by asking you for a price - but you need to talk away from that if you can. Talk to them about some of the horror stories you've learned from companies who offer a low price, and tell them they will still be liable for any accidents if they pay the lowest bidder and they don't test their equipment properly!

Above all, don't get trapped into a lowest price spiral. If your customer really only wants to pay a low price, and isn't bothered about the service, then you should back out gracefully. Perhaps you can offer to 'pick up the pieces' when they offer the job to the lowest bidder, and it all comes crashing down around their ears! It will, eventually.

In the past I have, on occasion, lost work to another company who offered a lower price. One customer in particular had used our company for 3 years, but then gone with another company in the 4th year. The service from the other company was so awful, that they came back to us in year 5.

Ironically - the other company had offered a lower price 'per item' than we did, but they added lots of other 'hidden' costs to their bill afterwards. So, not only was their service very poor, but they ended up charging more than we would have done anyway!

So Can I Make Any Money?

Simple answer - yes you can!



Whilst it is true that PAT testing is not the 'licence to print money' that it was in the 90's, there is still plenty of work out there if you are prepared to work hard.

You need to put in some legwork to get the work, and once you have it, you have to do it properly. Once your customer knows you will do a good job, with the minimum of disruption and the maximum of efficiency, you should find you keep the customer year on year. The job becomes less about price, and more about service.

You will soon find you have enough customers to make a decent living - even in a recession.

Stay away from the big retailers, and the other big customers who want to beat you down on price. Chances are you won't want that work yet anyway (you won't have the capability to do it) but the only way (at present) you could break into that market would be to compete on price. And, as we've already shown, that means you won't be able to do it properly for the price. Let the big PAT testing companies battle it out among themselves - for now at least.

Concentrate on the small and medium sized companies, schools, hotels and sole-traders - where you can do a decent job for a realistic price.

Perhaps you won't earn enough to have your own chauffeur driven Bentley (like the boss of a well known PAT testing company) but you will earn a decent living. And, in the current financial climate, that's not a bad thing to aim for.

12 Top Tips for Getting Work as a PAT tester.

1. Get a website - this is really important! Make sure your site talks about your service, and the fact that you test your customer's equipment properly! If you make it clear that you will charge a competitive price for a good service and focus on service rather than price, you will get some of your visitors turning into paying customers.
2. Get your website registered in the search engines and directories. The top positions on Google go to the established companies who spend thousands on their search engine position - so focus on local directories who specialise in your area.
3. Be prepared to do some leg-work. Walking into shops, hairdressers, B&B's etc with a simple brochure and a business card will generate some work - there are lots of people who are thinking about getting their stuff tested, but haven't got around to it yet. If you turn up and offer to do it for a few quid, they will probably say yes.
4. Use word of mouth - it's amazing how many people need to have something tested! We all know somebody who runs a mobile disco, bouncy castle hire, video business etc, and they all know loads of other people in the same industry. Make sure you give your business card to all of your existing customers - perhaps offer incentives if they pass them on to other people?
5. Be wary of advertising in Yellow Pages and other paper based directories. I have tried this in the past, and it hasn't worked for me. It is my experience that people looking for a PAT testing service don't look in the Yellow Pages.
6. Think carefully about telephone sales. I have known this work well in the PAT testing business, but it has to be done properly. Simply phoning people up and offering to PAT test for them doesn't usually work. It may be worth contacting a telesales agency and striking a deal with them where you pay for every lead they get for you.
7. Forge relationships with other people in the industry. Find a fellow PAT tester 100 miles away from you - if you get a job in their area, pass it to them. Encourage them to do the same. You will both benefit from a bit of extra work, and you won't be travelling so much!
8. Cooperate with other contractors - if you know a local electrician, it is likely that they get asked for PAT testing occasionally. If they're not set up to do PAT testing properly, they probably don't want to do it. Offer to do that work for them on their behalf. When you are PAT testing for your other customers, you will often find faults with the wiring (broken sockets etc) - you can recommend your electrician friend in exchange, and you both benefit!
9. Investigate the private lettings market - whether you know someone who rents their house out, or a property company with hundreds of rented houses - this is a big growth area at the moment. All landlords need to provide safety certificates

when they rent their houses - this includes the fixed wiring check (Periodic Inspection Report), the Gas Safety check, and the PAT testing. Usually, rented properties only have a few items in them, so the big PAT testing companies are not interested in the work. If you can forge an alliance with a plumber and an electrician (or perhaps you are one already) you can offer the PAT testing service as an 'add on' and make some money!

10. Be honest with your customer. If your customer asks you if PAT testing is a legal requirement - don't pull the wool over their ears. Explain to them what PAT testing is all about, and explain why they need to do it. There are enough cowboys in this industry - if you give your customers good, honest and practical advice, you will build up trust, which leads to profits.
11. Remember to offer a first rate service to your customers. If you do a good job this year, you will have no trouble getting them back a year later. But remember to get in touch with them - don't wait for them to contact you when their PAT testing runs out. This is the key to growing your business!
12. From someone who has NOT done this, and been burnt - accept the following advice please! Remember to credit check your customers, and work hard at getting paid once you've done the job. Some organisations are shortening their payment terms to help small businesses (especially government departments) but others are increasing their terms. Some companies now expect to pay you 90 days after you invoice them - so you could be waiting 3 months (or longer) to get paid. If you agree to this, be sure the customer is not going to go bust in the meantime! You could do the most profitable job in history, but it means nothing until the cash is in the bank.



Growing your PAT Testing Business

I will write more on this on another occasion, but consider this simple thought for a moment.

- Suppose you have a good marketing system which enables you to get 50 new customers in a year.
- In the first year, you work for those first 50 customers.
- You do a great job, and you manage to get 80% of those customers in the following year.
- That means, in year two, get 50 new customers and test 40 from last year, and you now have 90 customers! That's an increase of 80%. It won't be long before you have a decent sized business.

This is the kind of growth that many businesses can only dream of. Even if we factor in the effects of the recession, the numbers still look good.

Let's assume that, in the current climate, you only keep 60% of your existing customers (instead of 80%) and you only manage to get half of the new ones (25 instead of 50)

You will still end up with $30+25 = 55$ customers in year two - that's still an increase of 10%. How many businesses can claim that in a recession?

Now, consider that you do a really bad job for your customers, and they all go elsewhere next time. That means you have to get 50 new customers each year, just to keep your business at the same level. Not good.

Now, factor in the fact that your new customers will fall slightly because of the recession, and your business is shrinking.

So remember - offer a decent service for a realistic price. Be honest and up-front with your customers, and focus on service rather than price. Don't be afraid to turn down work which is too cheap, and concentrate on keeping your good customers happy.

And if you do end up a multi-millionaire, remember where you learned it all!

If you have any comments or feedback about this special report (good or bad) please let me know. You can contact me directly by email tim.james@pat-testing-expert.com

