
March 9, 2022

Custom Job Pricing

Last month we pointed out the need to be cautious in special-order pricing due to inflationary pressures. We stated that it is imperative for you to stay on top of supplier price changes (as stability has been thrown out the window) and implement a process of working up a price by contacting suppliers before passing on a quote to your customer. This can prevent many of those surprises that arise if we are not cautious.

But what happens if, for whatever reason (such as employee error, supplier last minute price change, etc.), an unforeseen price change results in a potential loss on a special order? Now you are in a precarious situation - do you accept the status quo and eat the loss or do you attempt to explain the problem to your customer in order to wheedle a few extra bucks out of them? The real ultimate cost comes down to the effect your decision will have on your "brand".

Over the years you have worked diligently to build your reputation for customer service, trust, and integrity. You have expended substantial sums in advertising and sweat equity to obtain and subsequently please your customer base. They come to you because of the service, trust, and integrity you have established with them. If you attempt to cajole a customer to pay more due to unforeseen consequences, you will not only lose that customer but everyone with whom they have a relationship. Remember that even a long-term relationship is only as good as your last interaction. Due to the difficult times ahead maintaining and nurturing your client base could become much more important.

So how do you address this issue? Communication. Train your staff to inform the customer that we are all facing uncertainty and that you will keep them fully informed of any appreciable price changes. Do not "hip-shoot" quotes. All quotes for special-orders and expensive repair work should be approximate and/or conditional when dealing with suppliers when the entire industry is in a flux. Have a sign fully displaying this factor at your intake and be sure to have appropriate language printed on any receipts.

When you must deal with a possible price change to a customer but are willing to make less on the job to keep them satisfied, turn it into a positive for them. Inform the customer that you value their business. Again, stress your commitment to them so they understand your words of trust and integrity ring true. You want to ensure that the customer has a positive interaction with you. Taking a "poor me, I guess I have to take a loss" attitude is a put-off. The customer will see it as negative and that you are only taking the hit because you must. Always turn it around to let the customer know that they are a beneficiary and you are happy to do this for them because of your commitment to them as a valued customer.

PRIME can help you prepare for and manage tough situations in this uncertain time. We will assist you in customizing the best plans and strategies for your individual store. You've built a successful business - let us help you make it even better!!

We at PRIME specialize in assisting retailers in finding the path to achieving their goals and overall success in their business. We invite you to visit our website, www.NVPrimeConsulting.com, for an overall view of the services we provide. If you have questions as to how we may be able to assist you, please do not hesitate to call - 888-849-4978. Of course, all communications and information are strictly confidential.

Sincerely,

The PRIME Team - *Jim, Jeannie & Warren*

-----Professional Resources & Inventory Management Experts-----
