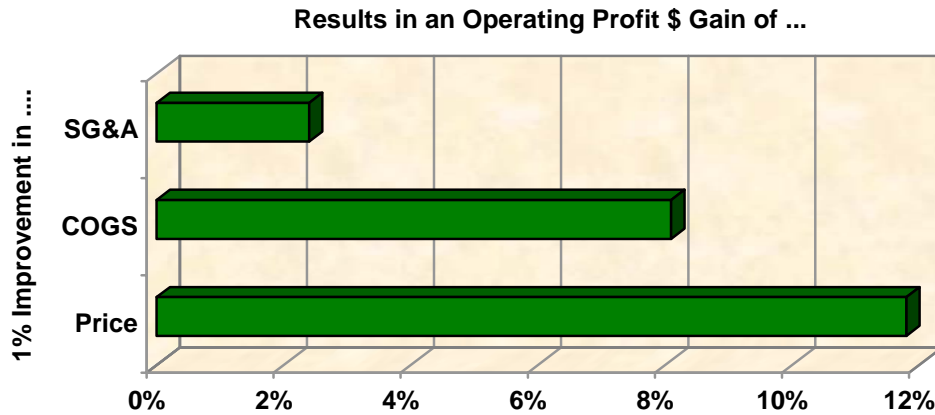


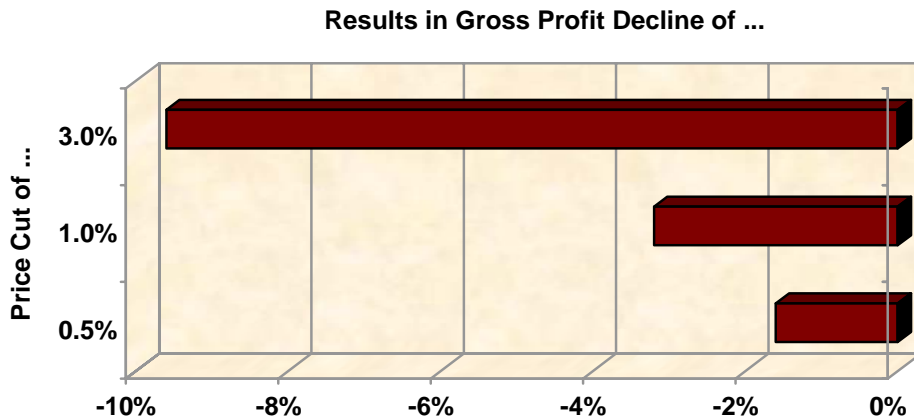


**Astute Pricing by Sales Representatives can Expand Profit**

One surefire way to grow profit is to deploy sales resources that masterfully price your company's products and services. The right price can boost profit more than improvements in the cost-of goods sold or reductions in SG&A.<sup>1</sup>



Inappropriate discounting dramatically shrinks profits.



Pricing discretion should be delegated to appropriately trained sales representatives who have demonstrated an ability to sell on total delivered value. That is, those who effectively appeal to customers' needs for lowered product-life operating costs or other financial benefits. Under this sales approach, product price is a function of return on investment rather than a cost.

<sup>1</sup> Results incorporated in graphs are based on TopMark's analytical sampling of manufacturing-dominated, publicly-traded companies.



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## Astute Pricing by Sales Representatives can Expand Profit

Selling on total delivered value requires sales representatives to know their customers' businesses and profit making formulas. Supplementing this information should be a knowledge of: 1) customer-specific costs and price data (including won and loss quotes) and 2) competitors' price levels and value propositions. Thus armed, sales representatives will be able to:

- Identify those customers whose business costs or profits can be improved significantly through the product/service solution they're offering;
- Quote the best price indicated by the relationship between market prices, their current price positions at the customer and the price targets management wants the sales representative to achieve; and;
- Avoid "leaving money on the table."

Typically, different functions – each with their own buying criteria – have input into a purchasing decision. It is important, therefore, that a sales representative understand the buying criteria of each decision maker or influencer in order to tailor the extent a sales message emphasizes product performance and economics, warranty, parts availability, service, etc.

Finally, price acceptance is highly dependent upon how effectively a sales representative structures and communicates the deal. How a price is structured is as important as the price tag. Such off-invoice items as volume discounts, year-end rebates, payment terms<sup>2</sup>, discounts and freight can influence the customer's price perceptions.

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<sup>2</sup> For example, partial payments at: purchase order receipt, commencement of assembly, assembly completion, equipment shipment, customer's final acceptance of equipment.