

# Priceless price list

**Put bluntly – a salesperson needs just one thing when sitting down with a potential client: confidence. Confidence in the product, and confidence in the pricing structure in use. An effective, well thought-out and easy to understand pricing system makes life easier for the salesperson, and engenders trust and confidence in the customer. So why do so many companies operate from a pricelist ‘borrowed’ years ago from a competitor or former employer asks Windowlink MD Mark Dudley**

Printed pricelists are still in use in a surprising number of companies, large and small. These pricelists tend to have several different, and conflicting requirements. The owner/sales director wants to know what the profit margin is, but this requires a level of complexity and maintenance difficult to justify, and which may work against the other main requirement – that the pricelist is easy to use. Over the years window companies have come up with varied solutions.

Windowlink is often called in to set up pricing and presentation software and we have come across all shapes and sizes of pricelist from single-page much-simplified efforts to large and bulging lever-arch files. Some are based on a ‘cost plus’ basis and, at some point in their history, have probably given an idea of profitability to the management team. Many more are ‘guesstimates’, cobbled together as a few pages, or a single matrix uplifted for coloured foils, varied materials and glazing. The best to be said is that it is easy to use, and the company seems to be doing okay.

What could possibly go wrong? The obvious answer: a lot. Paper pricelists are open to interpretation: it is possible for three sales-people to price a job from the same pricelist and to calculate three very different ‘correct’ prices. They are inaccurate and have no relationship with actual costs and overheads of a business.

The good news is that pricing and presentation software like Windowlink’s can cope with any method our customers care to throw at it. Systems can mirror software used by suppliers, ensuring that each frame-cost is correct; prices can then be marked-up. Or it could be a reproduction of the manual pricelist previously used. What is important is that cost can now be checked against selling prices before the invoices come in. Alternatively, the pricing could be based on any hybrid method used by the installer.

So, what is the best type of pricelist? From a software point of view, the ‘right’ method is to take the cost of frames and glass, add fitting costs and an element of overhead recovery, then to add the margin required. However, your target market will influence where you position your price. If you present yourself as a top-end, ‘grand designs’ kind of company you will present yourself as best in sector, and you may be able to set your price-point independently of competition. If your target is in the middle or lower part of the market you may need another strategy.

Common pricelist models tend to be either market or competitor-led. You can base your pricing on what you estimate the market will stand, or you can attempt to



**Mark Dudley**

match your competitors’ prices. Neither can be claimed to be accurate; neither will tell you your profit margin. An advantage though is that they can be quicker (and cheaper) to build, and can be modified by simply changing the discount structure.

Many fabricators and trade suppliers now offer versions of their manufacturing software to give accurate costings. This can be helpful, but is of little use to a salesperson on an evening call who needs to give at least a ball-park figure on the night. These programs are focused on one element of a wider product range, but are of more use to the supplier than the installer, removing the need to provide quotations on demand, and allowing the installer to order directly through the software.

Presentation, visualisation and pricing software such as Windowlink’s can be set up to reflect an entire product range, costed accurately and regardless of supplier, from PVC-U, aluminium, and timber windows through to high-end bi-folding and composite doors. Set up properly, a software system can act as brochure, pricelist and sales training manual – if it is in the program it can be sold; if not, not. It gives confidence to salesperson and client and has been proven to increase sales. □

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