

# **Family Pricing**

By Larry Edwards

Probably the single largest obstacle that service consultants face in selling is the inability to quickly quote prices. Especially prices of common items, like wiper blade inserts or air filters. Most managers are not aware of this because no one ever complains. Remember a customer who does not complain is a customer who does not come back to do business with you! The service consultants do not complain that they cannot quote process effectively and the customers do not complain that they cannot get an accurate price quote. As a result, management usually has no idea how many potential sales are lost every year because they do not have a quick pricing structure in place.

The key to developing a quick pricing structure is Family Pricing of common items. Items that have the same name but a myriad of different prices can easily be priced at one-single-price. Family Pricing requires that you first determine how many of these items you are selling in your dealership and how much you paid for these items. You then divide your investment cost by the number of units sold to determine your average investment cost per item.

When you have determined your average investment cost you then apply your desired gross profit to your cost and now you have a single price that you can sell every item at. Next you add your labor and you have a Family Price. Following is an example of a spreadsheet that we utilize to develop these.

### Family Pricing Worksheet

**Item** WIPER BLADES

Part #	Unit Cost	Units Sold	Investment Cost
85222-50030	14.94	7	104.58
85222-33180	18.26	1	18.26
85212-33160	10.22	1	10.22
85212-50070	8.51	3	25.53
85212-60090	8.22	8	65.76
85212-30340	12.51	7	87.57
85222-33111	11.02	7	77.14
85212-50041	8.51	3	25.53
85212-24071	12.51	1	12.51
85222-48020	17.18	6	103.08
85222-30520	25.45	5	127.25
85222-06020	14.8	8	118.4
85212-36030	13.69	9	123.21

85212-33031	11.18	6	67.08
Totals		72	966.12

Average Investment Cost	\$13.42
Desired Gross Profit	50.00%
Suggested List Price	\$26.84
FRH Allowance	0.2
Labor	23.01
Total Installed Price	\$49.85

\$53.34 Plus Tax & Shop Supplies

If you would like a copy of this spreadsheet, e-mail me a request and I will send it to you.

Family pricing is imperative if you want to have a truly competitive service pricing structure. Remember, being competitive is not simply your price, it also include your ability to quote prices quickly!



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