

Pricing Strategy and Commission Plans

Many printing sales reps are paid on commission, and there are many kinds of compensation plans. The best plans align the incentives of the sales rep with those of management, while being easy to understand.

JOBZ! enables the sales rep to visualize the anticipated commission on a job while preparing the customer proposal. This commission visualization is automatic, and contributes to more effective pricing strategy.

For example, if the plan is well conceived, then both the company and the sales rep are thinking alike when the sales rep decides: "I'll go in a bit lower on the higher quantities, because that will encourage a bigger sale, and even though my commission percentage drops a little, I'll still be making a decent amount on the job."

Or, "I'll go in low on this job, to prove myself to the customer, even though I won't make much. I'll get it back in the long run as I work the account."

Another example of aligned incentives: "I'm pretty sure that in order to be competitive on this job I'll need to go in at our cost. But then I won't make any commission. So I'll go in a little higher and try to sell our quality and service. If they won't pay the difference, then I'll find someone else who will."

How about the jobs that look like big sales, but a glance at the expensive paper and extensive tradework shows that there is actually very little margin for your company in doing this job, especially if the sales rep discounts it at all. This is where a commission plan based on Value Added can be, well, valuable for your company.

In addition to visualizing the commission a sales rep might earn, the quote screen in JOBZ! enables (and automates) a number of other pricing strategies, such as meeting target prices, or increasing margins for higher quantities while maintaining a declining unit cost, or discounting only the value-added (labor) portion of a job.

With some plans, it is also possible to have rates that vary by the individual sales rep. We can most likely configure JOBZ! with your company's existing commission plan, or help you come up with a new one. Some of the plans that are already available in JOBZ! include:

Base rate as percentage of estimate total, plus/minus a percentage of any markup/discount amount.

Commission as a percent of:

Selling price. 15 steps based on selling price as a percentage of estimate total.

Selling price. 15 steps based on percentage of estimate total; with separate scales for Sheetfed, Web and Digital.

Value added. 15 steps based on percent of selling price that is value added.

Value added. 15 steps based on percentage change from estimated value added, with separate scales for Sheetfed and Web.

Ask to see the JOBZ! Quote screen with commission visualization in action!