



# TOOLS TO HELP INCREASE YOUR PROFIT

## LINEAR PRICE MATRIX

STANDARD PRICING MATRIX OFFERS A VARIABLE MARKUP THAT CAN BE ASSIGNED TO A PARTS GROUP. THE SUGGESTED RETAIL PRICE WILL ADJUST BASED ON THE COST OF THE PART. IT ALLOWS YOU TO CHARGE A HIGHER MARKUP ON PARTS WITH A LOWER COST. BELOW IS AN EXAMPLE OF A TYPICAL PRICE MATRIX.

Minimum	Maximum	Flat	Margin/Markup
0.01	4.00	.00	75.00
4.01	6.00	.00	65.00
6.01	15.00	.00	60.00
15.01	25.00	.00	55.00
25.01	999999.00	.00	50.00
999999.01	.00	.00	.00
.01	.00	.00	.00
.01	.00	.00	.00
.01	.00	.00	.00
.01	99999999.99	.00	40.00

THERE IS ONE DRAWBACK TO A STANDARD PRICE MATRIX. THINK OF A STANDARD PRICE MATRIX LIKE A SET OF STEPS. WHEN AN ITEM'S COST IS AT THE LOW END OF A "STEP", A GREAT DEAL OF PROFIT CAN BE LOST. THE EXAMPLE BELOW SHOWS HOW A 2 CENT DIFFERENCE IN COST CAN AFFECT YOUR PROFIT WHEN USING A STANDARD PRICE MATRIX.

Hrs/Qt Part	Description	Cost	Total	Avg Cost	GP	GP %
1.00 *PART	AIR FILTER	14.99	37.9900	14.99	23.00	60.54
1.00 *PART	AIR FILTER	15.01	33.9900	15.01	18.98	55.84

NOW, THINK OF A LINEAR PRICE MATRIX LIKE A SLIDE OR A HILL. AS THE COST INCREASES, YOUR GROSS PROFIT PERCENTAGE WILL GRADUALLY DECREASE, REMOVING THE "STEPS" IN A STANDARD MATRIX. IN THE EXAMPLE BELOW ONE CAN SEE THAT THE OVERALL GROSS PROFIT DECREASES GRADUALLY INSTEAD OF RAPIDLY.

Hrs/Qt Part	Description	Cost	Total	Avg Cost	GP	GP %
1.00 *PART	AIR FILTER	14.99	44.1900	14.99	29.20	66.08
1.00 *PART	AIR FILTER	15.01	44.2400	15.01	29.23	66.07
1.00 *PART	AIR FILTER	24.99	66.9900	24.99	42.00	62.70
1.00 *PART	AIR FILTER	25.01	66.9900	25.01	41.98	62.67
Subtotal for Air Filter		80.00	222.41			

## LABOR MATRIX

A LABOR MATRIX HELPS A SHOP MAINTAIN ITS PROFIT LEVEL ON JOBS WITH REDUCED PARTS INCOME. FOR EXAMPLE REPLACING A WATER PUMP CAN BE MORE PROFITABLE BECAUSE OF THE ADDITIONAL PROFIT ON THE PARTS AND MATERIALS REQUIRED THAN REPLACING A MAIN BEARING WHERE MINIMAL PARTS WOULD BE SOLD.

THE RATES IN THIS EXAMPLE ARE GREATLY EXAGGERATED TO PROVIDE A CLEAR EXAMPLE ON HOW THE SYSTEM WORKS.

Labor Qty min	Qty Max	Labor Rate	Not used
0.01	1.00	102.00	.00
1.01	3.00	104.00	.00
3.01	5.00	106.00	.00
5.01	8.00	108.00	.00
8.01	9999999.00	110.00	.00

AN EXAMPLE OF THE RESULT IS BELOW:

Hrs/Qt Part	Description	Total	Sell
.80 L	replace manifold pressure sensor	81.60	102.0000
Subtotal for replace manifold pressure sens		81.60	
1.80 L	replace water pump	187.2	104.0000
Subtotal for replace water pump		187.2	
5.80 L	Replace camshaft seal	626.4	108.0000
Subtotal for Replace camshaft seal		626.4	
.30 LOF	Lube Change Oil & Filter	12.50	41.6700
Subtotal for Lube Change Oil & Filter		12.50	

YOU CAN SEE THAT THE SELL (HOURLY) AMOUNT IS AUTOMATICALLY ADJUSTED AS HOURS INCREASE. YES WILL STILL ALLOW FOR STANDARD LABOR PRICING ON THE SAME TICKET, AS WITH THE LUBE, OIL, & FILTER SERVICE ABOVE.

## MARK DOWN FROM PRICE LEVEL

THE "MARK DOWN" FUNCTIONALOWS THE SYSTEM TO PROVIDE A DISCOUNT FROM A SELL PRICE INSTEAD OF A SEPARATE MARKUP FOR A PRICE LEVEL. FOR EXAMPLE, PRICE LEVELS 2 AND 4 BELOW GIVE DISCOUNTS FROM THE RETAIL PRICE.

Name	Profit Margin %	Use Matrix	
Price Level 1	Retail	40.00	0
Price Level 2	Discounted	-10.00	1
Price Level 3	List	30.00	0
Price Level 4	Wholesale	-20.00	1
Price Level 5	Warranty	0.00	0
Price Level 6	Internal	0.00	0

Average Cost	0.00
Last Cost	100.00
<b>Actual Price</b>	
Retail	166.67
Discounted	150.00
List	142.86
Wholesale	133.34
Warranty	100.00
Internal	100.00
Core Price 0.0000	

THE EXAMPLE ON THE LEFT SHOWS THIS PRICING STRUCTURE ON AN ITEM WHICH COSTS \$100.00