



Excerpted from  
FastTrac® GrowthVenture™



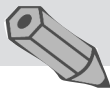
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# Pricing Policies

## *Specific Pricing Policies*

After you have determined your general pricing strategies, you can better decide between the following specific pricing policies. You can use policies to respond to trends, follow industry practices, and influence customers' buying behaviors.



## Pricing Policies

Which of the following pricing policies will best support your pricing strategies?

- Volume Pricing** – Studies show that small orders are costly, and many are sold at a loss. Encourage larger orders by providing volume discounts or tiered pricing on larger orders.
- Bundled Products and Services** – By selling related products or services together, you can increase the amount of sales per purchase and profitability.
- Fixed Price Bid** – Instead of working for an hourly rate, give the customer a fixed price bid for the job. This practice protects the customer and provides you an incentive to work efficiently. The customer pays for results, not time.
- High-Margin Products** – Different products usually have different gross margins. You can offset sales of lower margin items by selling sufficient products/services with higher margins.
- Discounts for prompt or early payments** – By offering term discounts, you can improve cash flow and collect on receivables earlier. For example, you may provide a term of 2/10, n/30, which allows a two percent discount on invoices paid within 10 days of an invoice due in 30 days.
- Payment options** – Allow customers to spread out their payments over time, with or without paying interest. Provide coupon books if payments are stretched out for six months or more, invoice a portion over two or three months, or charge an automatic payment on customers' credit cards.
- Responding to pricing conflicts** – Price wars are generally costly, so plan ways to avoid them. If a price war develops, try to respond creatively without matching the competitor's price cuts penny for penny.