



Why the Lowest Bid Is Bad Business for All

Editors Note: The following article originally appeared April 2008 on [www. prosalesonline.com](http://www.prosalesonline.com) in addition to *SBC Industry News*. The author's message serves to remind of the basics of selling that may be overlooked during difficult economic times.

With the marketplace at or near bottom, everyone is scurrying about for every order and using every resource in their arsenal to get it—or are they? More and more I find myself quoting against bids that are near, at or below cost on many items. It seems many lumberyards are pulling out the big guns—namely price—first. Is starting a price war the best answer for shoring up sagging sales?

My first outside sales position was with a component manufacturer/lumberyard in the early 1980s and I can still remember carrying around a killer price list to help me get in the door. Using price as a lever made sense in that scenario; the contractor did not know me or the company I represented, and price was a good first reason for him to give me a try. Pricing was a tool. But it was the only tool in my bag.

Our sales tool bag needs to have many items in it in addition to price. First and foremost should be a history of satisfied customers. **Nothing keeps customers coming back like continuous excellent customer service**, and if your business has that to offer, **it needs to be the first tool out of the bag**.

Why? You can build profit with customer service. You are offering your customer an additional benefit to the materials you are already selling him. And it adds nothing to the price of your materials—it's already included in your cost of doing business.

You might respond, "Customer service is intangible and difficult to sell, while price speaks for itself." I want to help you see that statement is untrue and a bad reason to ignore customer service in favor of price.

If I start my sales presentation with price, I can only take it in one direction: down. And in this market, where gross sales dollars are already scarce, the last thing you want for your company is reduced margins.

If customer service is a better option, why is customer service the last tool used? I believe it is because salespeople don't really understand all that is meant by the term and how it applies to them personally. Most salespeople think that customer service is something "the company" does for the customer without realizing the salesperson is the most important part of the equation. Perhaps what is needed is a memo to all concerned.

Attention, sales people: You are the reason the customer continues to come back for repeat business. Your attention to detail in handling your customer's business is why he deals with you and not the competition. Your years of experience in this industry give you an edge over the guy down the street and that experience is valuable to your customer. Your ability to communicate effectively with your customer saves him money on every project. Your ability to act as a liaison with your inside sales team, ensuring accurate orders, saves your customer time and money. **You are the Service in Customer Service**.

This list is not exhaustive by any means, but it is intended to make you see the value you offer to a potential customer. Customer service is very tangible and in fact, much more valuable to your customer in a long-term relationship than a quick, down-and-dirty price.

