



Moving Away From CPC?

Have flat rates been successful for dealers?

Compiled by: Brent Hoskins, Office Technology Magazine

Following are two related questions submitted by a dealer member as part of BTA's Dealers Helping Dealers resource and many of the answers received. These answers and many others can be found in the members-only section of the BTA website. Visit www.bta.org/DealersHelpingDealers. You will need your username and password to access this member resource.



Are you moving away from CPC and going to flat rate? If so, how is that received by customers and what calculations are you using to determine monthly or quarterly charges?

"We continue to avoid flat-rate charges unless we are unable to monitor. While flat rate is profitable, it is only because we charge enough to not risk taking a loss. If it were to be the general way we price deals, we would completely price ourselves out from winning any business. Our calculations are based on OEM recommendations for volumes and an average of consumables costs and the clicks per service we would reasonably expect."

*Nicholas Hinton, vice president of service
imageOne, Oak Park, Michigan*

"We're still doing CPC on large accounts and flat rates on small accounts."

*Duffie Sams, owner
Duffie's Copier Consultants LLC, Forest City, North Carolina*

"We are doing CPC except on customers that have MPS contracts and cannot seem to connect some of their equipment. We decided to use a flat rate per month on those and to monitor the toner being used so that we stay on the right side of profitability."

*Neville Chaney, president
WJ Office, Boone, North Carolina*

"We are not going to flat rate unless we have a competitive deal where the customer wants it. And, even then, we sell standard service, excluding parts and supplies."

*Jeffrey Foley, co-owner
Apollo Office Systems, Alvin, Texas*

"We have a mix of both. We have moved several customers to flat rates. We took their monthly volume over three to six months and came up with an average. All of our customers that we switched to it love it so far. They like the bill staying the same. We did put into writing that we

would revisit totals once a year to be sure they are still good for both parties."

*Earl Philpot, president
Precision Duplicating Solutions Inc., London, Kentucky*

"We are not moving to flat rate at this time. We are not really seeing it in the field at all either. The only time we are interested at this point would be the small machines and smaller accounts that are difficult to get meters from."

*David Carson, president
Plus Inc., Greenville, South Carolina*

"We do this on the government side and are considering it on the commercial side. We are putting 10% fluff on it with reconciliation both down and up at year end."

*Nick Lioce, president
The Lioce Group, Huntsville, Alabama*

"Yes. So far, we've had a mixed reception, but it is generally well accepted. We do a monthly option only. We build in a cushion for volume over the industry average and an additional uplift if the rate is locked beyond one year."

*John Hastings, executive vice president, Imaging Division
Loffler Companies Inc., St. Louis Park, Minnesota*

"I only have one CPC customer, but it is a large one. The rest of my customers are 'purchase your toner from us and maintenance is free' — all parts, labor and maintenance kits. We started with the CX laser printer and never stopped. Lately we have been giving away printers. I figure if a salesperson would cost me \$5,000 a month, I can give that away in printers. My background is in service, so these are refurbished units."

*Joseph O'Brien, president/service manager
Smart Print, Coal Center, Pennsylvania* ■

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