FREE SCORED WORKSHEET

The Pricing Power Audit Worksheet

Fifteen scored questions that tell you whether you can raise prices now, plus the arithmetic that shows how much volume you can afford to lose if you do.

Apexx Growth Consulting · apexxgrowthconsulting.com · 15 questions · 45 points

Pricing power is not confidence and it is not what you charge. It is the amount you could raise your price without losing the customers you want to keep. It is built rather than declared, and it is built from five things: a clear difference, evidence that the difference produces a result, an understanding of what the customer's alternative actually costs them, discipline at the point of sale, and a package structure that gives the buyer somewhere to go other than down. This worksheet scores all five, then gives you the arithmetic to make a decision.

HOW TO SCORE THIS WORKSHEET

Fifteen questions in five sections, three questions per section. Choose the answer that describes your business **today**. Score **A = 0, B = 1, C = 2, D = 3**. Each section carries a maximum of 9 points. **Maximum total score: 45.** Total each section separately as well as the whole, because the section totals decide what you do next.

Section 1: Difference (9 points possible)

1 If a prospect asks why you rather than the obvious alternative, what happens?

- **A** We talk about quality and service, which is what everyone says.
- **B** We have reasons, but they vary depending on who is in the conversation.
- **C** We have two or three specific differences everyone on the team states the same way.
- **D** We have specific differences a customer could verify independently, and we name the competitor we are better than and the one we are not.

2 How concentrated is your work?

- **A** We take almost any work that comes in.
- **B** We have a general preference but no rules.
- **C** We focus on a defined segment and most of our work is inside it.
- **D** We focus on a defined segment, we decline work outside it, and prospects inside it already know our name.

3 How hard would it be for a customer to replace you?

- **A** Easily. Several providers do what we do in a comparable way.
- **B** Some friction, mostly the inconvenience of switching.
- **C** Meaningful friction. We hold knowledge or integration that would take time to rebuild.
- **D** Substantial. Replacing us would carry real cost or risk, and the customer knows it.

Section 2: Evidence (9 points possible)

1 Can you show what your work produced for previous customers?

- A We rely on general reputation and word of mouth.
- B We have a few informal comments we can repeat.
- C We have documented results from our own delivery records for several customers.
- D We record a defined result measure on every engagement and can show the pattern across many of them.

2 Do you measure anything at the start of an engagement?

- A No baseline is taken.
- B Sometimes, informally, if the customer raises it.
- C We record a starting position on most engagements.
- D A baseline is standard at kickoff and it is reviewed with the customer at defined points.

3 How specific is your guarantee or commitment?

- A None, beyond doing good work.
- B A general satisfaction promise.
- C A specific commitment about process, timing or responsiveness.
- D A specific commitment with a defined remedy, which we can afford because we know our delivery reliability.

Section 3: Buyer economics (9 points possible)

1 Do you know what the problem costs the customer if they do nothing?

- A We have never asked.
- B We have an intuition about it.
- C We ask about it in discovery on most deals.
- D We quantify it with the customer during discovery, in their numbers, and it appears in the proposal.

2 How does your price compare to what the buyer is spending on the problem now?

- A We do not know what they currently spend.
- B We assume we are cheaper than the alternative.
- C We know their current cost and reference it in the conversation.
- D We know their current cost, including internal time and workarounds, and we position price against total cost rather than against a competitor's quote.

3 Who decides, and do you know their constraint?

- **A** We usually talk to whoever contacts us and hope they decide.
- **B** We identify the decision maker but not their budget process.
- **C** We identify the decision maker and roughly where the money comes from.
- **D** We know the decision maker, the budget source, the approval threshold and the timing of their cycle.

Section 4: Discount discipline (9 points possible)

1 How often does the final price differ from the quoted price?

- A Usually. Negotiation is expected on nearly every deal.
- B Frequently, and it depends who is closing.
- C Occasionally, within defined limits.
- D Rarely, and when it happens the customer gives up something in scope or terms in exchange.

2 Do you track what discounting costs you per year?

- A It is not tracked at all.
- B We could reconstruct it from invoices if we had to.
- C Discount is a tracked line and is reviewed periodically.
- D Discount is tracked by salesperson and by deal type, and it is reviewed monthly against a target.

3 What happens when a prospect says the price is too high?

- A We usually find a way to reduce it.
- B We defend it briefly, then concede if the deal looks like it will be lost.
- C We have a defined response and hold price in most cases.
- D We have a defined response, we reduce scope rather than price, and we are willing to lose the deal.

Section 5: Packaging and structure (9 points possible)

1 How is your offer presented?

- A One custom price per prospect, built from scratch.
- B One standard offer at one price.
- C Two or three defined packages at defined prices.
- D Defined packages designed so the comparison is between our options rather than between us and a competitor.

2 Do you know gross margin by package or service line?

- A We see margin only at the company level.
- B We estimate it for the larger lines.
- C We calculate it per line and review it periodically.
- D We calculate it per line, we know our price floor for each, and nothing is quoted below the floor without an explicit approval.

3 **When did you last raise prices, and how did you do it?**

- **A** We cannot remember the last increase.
- **B** Occasionally and reactively, usually after a cost increase hurt.
- **C** On a roughly annual basis for new customers.
- **D** On a defined schedule, communicated in advance, with the effect on close rate and margin measured afterward.

Score your audit

Section 1: Difference

Out of 9

Section 2: Evidence

Out of 9

Section 3: Buyer economics

Out of 9

Section 4: Discount discipline

Out of 9

Section 5: Packaging and structure

Out of 9

Total score

Out of 45

0 to 11	**Price taker** Your price is currently set by whoever you are compared against. Raising it now would cost volume you cannot afford to lose, because nothing in the sales conversation supports a higher number. Build in this order: narrow who you serve, then start recording results from your own delivery. Both are free.
12 to 22	**Defensible but undefended** You have real differences and probably real results, and neither reliably reaches the buyer before price does. This is the most common position and the fastest to improve, because the assets already exist. The work is putting evidence and buyer economics into the conversation earlier.

23 to 33	**Pricing power in reserve** You could very likely hold a higher price than you currently charge. What is missing is discipline and structure rather than justification. Set a floor per line, define who may approve an exception, and test an increase on new quotes before touching existing accounts.
34 to 45	**Price setter** You have difference, evidence, buyer economics and discipline working together. The remaining opportunity is structural: package design, scheduled increases and deliberate segmentation, so that price rises as a matter of routine rather than as an event.

WORK THE LOWEST SECTION, NOT THE TOTAL

The sections are sequential in practice. Evidence without difference sounds like everyone else's marketing. Discount discipline without buyer economics is just stubbornness in a sales meeting, and it loses deals. Your lowest-scoring section is the constraint on your price, regardless of how strong the others are, because a buyer's objection lands wherever your position is thinnest.

The arithmetic: how much volume can you afford to lose?

A price increase raises gross profit per sale, so you can lose some volume and still be ahead. The break-even volume loss is calculated as the price increase divided by the sum of the current gross margin and the price increase, both expressed in percentage points.

> **THE FORMULA**
>
> **Break-even volume loss = Price increase ÷ (Current gross margin + Price increase)**. Example: a 5 percent increase on work carrying a 50 percent gross margin gives 5 ÷ (50 + 5) = 9.1 percent. You could lose 9 percent of your unit volume and hold the same gross profit.

BREAK-EVEN VOLUME LOSS AT DIFFERENT MARGINS AND INCREASES

Current gross margin	5% price increase	10% price increase	15% price increase
30%	14.3%	25.0%	33.3%
40%	11.1%	20.0%	27.3%
50%	9.1%	16.7%	23.1%
60%	7.7%	14.3%	20.0%
70%	6.7%	12.5%	17.6%

Read the table the way an operator should. At a 40 percent gross margin, a 10 percent price increase is worth making if fewer than one customer in five walks away. Most businesses that have never tested an increase are not close to losing one in five on new quotes, which is why the test below is usually worth running. The lower your margin, the more a price increase does for you, which is the opposite of what most owners assume.

Your price floor

Before testing an increase, know the number below which a deal should be declined. The floor is direct cost divided by one minus your target gross margin. Direct cost of $600 with a 55 percent target margin gives $600 ÷ 0.45, which is $1,333. Anything below that is a decision to fund a customer, which is sometimes correct and should always be explicit.

Service or package

One line per package, repeat as needed

Direct cost to deliver one unit

Labor plus materials plus anything that scales with volume

Target gross margin

As a decimal, for example 0.55

Price floor

Direct cost ÷ (1 – target gross margin)

Current price

Gap between current price and floor

If this is negative, stop selling this line at this price

Break-even volume loss at a 10% increase

10 ÷ (current gross margin + 10)

The ninety-day pricing sequence

1. **Weeks 1 to 2: set the floor for every line**
   Calculate direct cost honestly, including the labor hours actually consumed rather than the hours quoted. Any line already below floor is a pricing emergency, not a pricing project.
2. **Weeks 3 to 4: fix the discount leak before raising anything**
   Total your discounts for the last twelve months. Put a written approval limit in place. Recovering discount is faster and less risky than a list price increase, and it requires no external communication at all.
3. **Weeks 5 to 8: test on new quotes only**
   Raise new quotes by a defined amount and hold existing customers unchanged. Track close rate against the same period last quarter. New quotes are where a mistake is cheapest to reverse.
4. **Weeks 9 to 10: read the result honestly**
   Compare close rate change against the break-even from the table. A close rate that drops by less than the break-even means you were underpriced, not that the increase failed.
5. **Weeks 11 to 12: decide on existing accounts**
   If the test held, plan increases for existing customers with real notice, a reason stated in terms of what they receive, and the largest accounts handled personally rather than by email.

YOUR NEXT STEP

Test the increase with the numbers checked first

Pricing is the fastest lever in most businesses and the one with the least margin for error. The Growth Diagnostic reviews your line-level margins, your discount history and your competitive position, then sets a defensible price move and the sequence for making it.

Get the $497 Growth Diagnostic at apexxgrowthconsulting.com

Important. This worksheet is general business information and a self-assessment tool. All figures are illustrative examples used to demonstrate the arithmetic and are not benchmarks or projections. Nothing here is legal, tax, accounting or financial advice. Pricing practices may be subject to contractual terms and to laws governing competition and consumer protection in your jurisdiction, so review significant pricing changes with qualified counsel. No earnings claims are made or implied, and results vary by business.