

# Customer contract price updates

Are you ready to take contract price management to the next level?



**DAVID SCHAER**

Computers Unlimited  
President

**W**e all know the challenges that come with managing contract price updates and agreements. They are time-consuming to plan, challenging to coordinate, and don't always hit financial projections. Leading software systems provide a variety of ways to setup contract prices for hardgoods, gases, and cylinder rental rates, but that's just part of the equation. In light of today's volatile supply chains, especially for gases and hardgoods, software systems need to provide distributors with key features that simplify and streamline the entire contract price management lifecycle. Here are a few features to look for:

## Contract campaigns and financial forecasts

Chances are you have thousands of customer contracts setup in your software system spread across a variety of suppliers and product lines under different terms and durations. Keeping track of when and how best to implement contract changes can be overwhelming! To help ease the pain, look for software features that offer flexible ways to target groups of contracts a.k.a. "campaigns" by supplier, product categories, or individual products. For each campaign, identify the desired revenue goal to hit and be sure to have controls around how often a contract can be updated and the maximum amount it can be increased. Software that gives you the ability to measure historical contract sales against forecasted revenue projections will help validate the proposed increases and revenue goals for each campaign. Collectively, these software features will make it easier to update contracts in an efficient and effective way.

Set realistic contract terms based upon changing market pricing. For example, set up shorter contract terms for products with unpredictable supply chains, whereas products readily available from multiple suppliers warrant longer contract terms because price volatility tends to be lower.

## Dynamic worklists to the rescue

Compared to traditional reports, interactive worklists are quickly becoming today's preferred software technology to use when large amounts of information need to be quickly reviewed, analyzed, and updated. When applied to contract price management, dynamic worklists provide (1) a quick view of important information about each contract, such as the historical sales and contract price history, (2) multiple ways to quickly update each contract price i.e. percentage increase, flat dollar amount, or no change, and (3) the ability to update or reassign large numbers of contracts at the same time. Lastly, when each contract price is updated, dynamic worklists automatically calculate the estimated incremental revenue gains for each customer and the overall campaign.

Implementing the same price increase across all contracts is seldom a winning strategy. Software should give you plenty of flexibility to determine the best way to allocate a rate increase across a set of contracts and customers. And don't forget to leverage your sales team's knowledge of customer price tolerance levels to help minimize customer pushback without jeopardizing campaign financial goals.

## Automated Status Updates


When multiple people are tasked to update hundreds if not thousands of contracts, it's extremely important to measure the progress of individual workloads and the overall campaign status. Sending automated emails to

team members listing their remaining contracts to complete is a simple and cost effective way to ensure price contracts are done on time. Likewise, the ability to send an automated email to the manager when all contracts have been completed eliminates the guessing game and keeps the overall effort moving forward in a timely manner.

## Authorize and approve

It's never a good idea to implement new contract prices without some sort of formal review and approval process. Look for software features that incorporate user authorizations to control these processes. For example, authorize one set of resources (salespeople) to only enter contract prices and a second set of resources (managers or owners) with the authority to override a contract price as well as implement the new contract prices. This team-based approach to contract management encourages a sense of shared effort, insight, and responsibility across the organization.

## Document management

Today it's common to see a variety of methods used to create contract agreements and related documents. Regardless of the approach, software that includes document storage and retrieval capabilities is key. As the need to store more and more types of documents grows, having a standard method to securely store and retrieve documents with standard APIs is a great way to keep costs down. 

## ABOUT THE AUTHOR

David Schaer is the President of Computers Unlimited, developers of TIMS Software, an integrated ERP software and mobile app solution for gas & welding supply distributors.