

## Pricing Program for Sourcewell contract.

1. Starting place for all quotes: Highest price that the member partner will pay for equipment, freight, installation and any open market item is standard net plus 5% Example: if item #1 has a list price of 100.00 and the standard net is 50% then the standard net cost is 50.00 and the added mark up is 2.50 for a total price to the member of 52.50. This pricing is used typically for 1-3 item purchase.

2. For larger purchases of the pricing can vary in the members benefit.

Example: If a member partner was to purchase 8 refrigerators for 1000.00 per unit the factory would most likely give SSI an additional discount for that purchase of 5%.  $8 \times 1000 = 8000.00$  discount would go from 50% to 50/5. Net Cost per unit without the additional discount is 500.00. With the additional 5% discount the new net cost would be 475.00. Instead a total cost of  $8 \times 500.00$  or 4000.00 it would be 3800.00

3. Additionally: when in a competitive situation against another dealer provider SSI can also move the mark up from 5% to something lower to make sure that SSI and Sourcewell will retain the business.

Example: If a member partner is going to purchase a gas range for 6500.00 and they have a quote from another provider not a Sourcewell provider and the net cost of the range to SSI is 6450.00.  $(6450.00 \times 5\%)$  would be a sales cost to the member of 6772.50. To beat the other provider SSI would mark the range up not 5% but .5% to a sell price of 6482.25

Each factory has different discount structures. SSI will try to influence each factory discount to the benefit of the member partner, depending on the size of the potential order.