



# Software Helps to Sell Value-Added Services

*Processing adds complexity to quotes. Software makes quoting simpler ... and more profitable.*

**A**s metal service centers strive to compete in today's economy, more are enhancing the value-added processing services they offer to customers as a way to increase revenues and improve margins. The more margins on straight distribution services are challenged, the more important value-added opportunities become.

The number of service centers that primarily just distribute stock lengths and sizes is dwindling. In addition, many have increased their offerings from straightforward services like cut-to-length to include more advanced processes such as burning, grinding, trepanning, etc., offered either in-house or by outside processors. This progression towards more sophisticated value-added processes has given rise to

software applications that assist service centers in the selling, tracking and costing of these more complex operations.

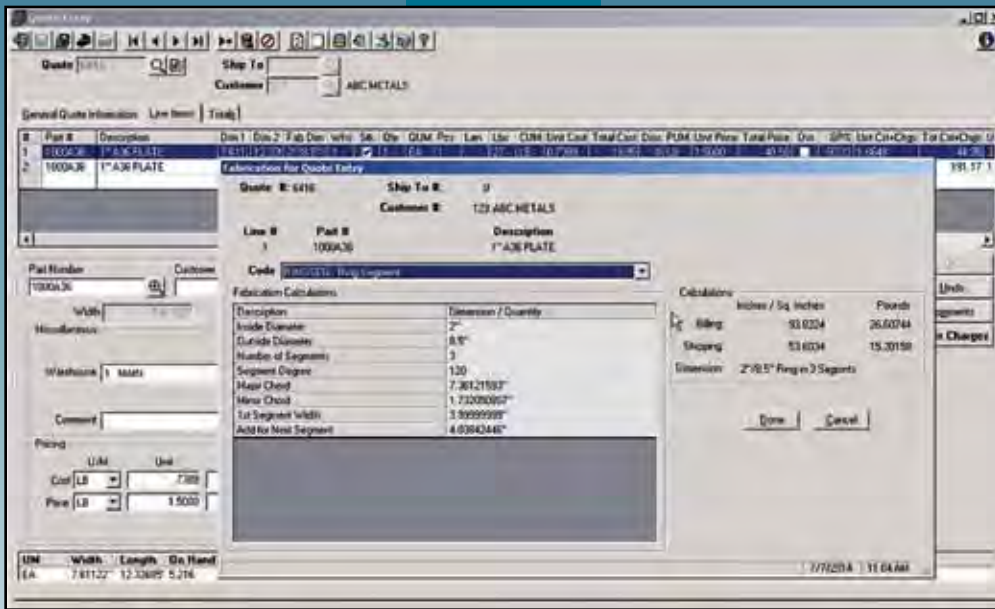
To succeed in providing value-added services profitably, companies should have a consistent method for accounting for the processing costs associated with each service. Software can help from the initial quoting of the processed material through the final disposition of the transaction.

Compusource software creates a fabrication code to define what is being fabricated and the processes that will go into it. Each of the processes or charge codes typically associated with the fabrication code can be calculated based on the material and quantity of the fabricated item (see Screen A).

The formula associated with the fabrication code in this example, RINGSEG, can be set up to calculate the weight of the processed material, as well as the weight of the material that will likely be required to create the finished product. In this case, the service center wants to cost itself and bill the customer for 26 pounds, while the finished product and shipping weight is 15 pounds.

Screen B shows the labor and machine costs automatically associated with the RINGSEG code. Since the software knows the thickness of the material based on the line item ordered, the charge codes can be set up to look at the dimensions, quantity, etc., as well as any calculated items designed into

**Screen A**



*This screen shows an example of a quote for ring segments processed from 1-inch-thick plate, with a 2-inch OD and 8.5-inch ID, in three segments.*

the Fabrication Code. Then it can automatically calculate any internal costs such as labor, machine time, etc., and external costs such as freight, outside processing, etc., along with sell prices related to those costs, if applicable. The sell prices of the additional charges can be “rolled up” into a single sell price for the processed and delivered item, which is what the customer will see on his delivery and invoice documents.

Once the work is completed and the item is shipped, the cost side can be adjusted to include any additional charges and indicate the true profitability of the order. Each of the charge codes can be reflected in a general ledger account to allow for financial reporting on all internal and external processing. History is kept on each sale of the fabricated items so they can be researched by customer name or by item to see if the profits are acceptable or if adjustments are needed to the costing or pricing matrix.

Most importantly, quoting of these types of value-added transactions becomes more consistent, as the formulas do the work for the salesperson. Management can be confident that all of the costs for both the material and the inside or outside processing are factored into the sell price, assuring desired profit levels.



**This screen shows the other charges, such as labor and machine costs, automatically associated with the RINGSEG code in this example.**

As more and more service centers venture into additional value-added processing endeavors, using software that provides a consistent and comprehensive way of selling these services can lead to improved profitability. ■

**MetalCentric**

**Total Information Solutions for Metal Service Centers**

With the leading software solution you can...

- Boost the efficiency of your business
- Streamline operations
- Gain a competitive advantage

MetalCentric is designed specifically for Metal Service Center Businesses.

**Request a Complimentary Demo at [www.metalservicecentersoftware.com/demo](http://www.metalservicecentersoftware.com/demo)**

*Compusource Corp., La Palma, Calif., offers MetalCentric, a fully integrated metal distribution and accounting management system designed for metal service centers. For more information, visit [www.metalservicecentersoftware.com](http://www.metalservicecentersoftware.com).*