

## Unplugging the Package

Let's start with what is a "package" or "lot" price. A package is a single sum or total from one lighting representative's line card. This may include several type numbers, parts and pieces to a lighting system, and/or lighting controls. It is a strategy to assist a rep in maintaining, or increasing, their share of the lighting on a project. This allows them to move money from one manufacturer to another, at the time of order entry, to maximize their profit.

Lighting reps will say there are benefits to the design and contractor communities. For example, quantities of scale, a theory in which the project will save money because one manufacturer's rep can leverage quantities on the project for better pricing. This is only true for products within a single manufacturer. Another "benefit" touted is that the package assists designers in specifying and procuring what they want on a project. This is not entirely true. If all lighting quotations were line item priced then a contractor and distributor could select what approved fixtures they want to purchase by type and price, possibly creating a better value, all the while providing specified items. Line item pricing also allows a contractor to more accurately apply labor units because they can see all the parts and pieces to a system. In a lighting package, these may not be laid out clearly at bid time.

Possibly the largest draw back to a package or lot price, is the ability to compare one bid to another. This is even more difficult if lighting controls are a part of the lighting representative's bid, because you do not know the cost of the lighting fixtures separate from the lighting controls. The difficulty level increases when the need arises to cut costs or value engineer. For example, an architect wants to keep the decorative items in the lobby and determines a less expensive down light could be used to save money. If one does not know the cost of the decorative item and the down lights, how does one know what they are saving? Imagine going to Target and handing the employee your list. They fill the cart, check you out, and give you a total. Would you pay it without knowing how much the Tide or toilet paper costs? If you thought the cost was over budget, would you want to know each price per item to help determine what to put back or exchange for another brand?

We believe the design community wants to offer their best design, using the highest quality products at the greatest economical value. Line item pricing is the best way to achieve this goal.

How do you combat the lot price or package when you do not have the ability to tell others how to run their business or the time to police it?

1. Send light fixture schedules to lighting representatives prior to bid day requesting their equals. Equals can be evaluated and any types that may not have an "equal" will be exposed before bid. Then there is time to determine how to handle those types moving through the bid process (request line item pricing for that type or change it to owner provided, etc). This is also helpful for the design team, distributors, and contractors because the responsibility stays with the design team to determine what is "equal".
2. Require lighting controls to be a separate number from the lighting fixtures.
3. Specifications can be written to allow only line item pricing; however, this option requires enforcement.
4. Decorative items often are the "hook"; you can provide an allowance, by type, for the contractor to purchase separately from more standard items.

This editorial will be unpopular with some; however, it is our position that line item pricing is the best way for all involved to determine what products to provide and their value. Once the products are specified, bid, and approved, a package could be created so the lighting rep can maximize their profits. There is no harm because the value of the products is known.