



Discount Destruction

The Hidden Cost of 'Just 5%'

Why small discounts create massive profit loss — and what to do instead.



★ THE PROFIT DESTRUCTION CALCULATOR ★

One \$10,000 Job · Three Different Outcomes · Same Fixed Costs

	NO DISCOUNT	5% DISCOUNT ▲	10% DISCOUNT 🏰
Sale Price	\$10,000	\$9,500	\$9,000
Material (40%)	\$4,000	\$4,000	\$4,000
Direct Labor-Install (7%)	\$700	\$700	\$700
Indirect Costs-Shop+ (7%)	\$700	\$700	\$700
Marketing & Sales Costs (includes commission)	\$1,800	\$1,750	\$1,700
Overhead (18%)	\$1,800	\$1,800	\$1,800
NET PROFIT	\$1,000 (10%)	\$550 ↓ 45% PROFIT REDUCTION	\$100 ↓ 90% PROFIT REDUCTION

▲ **Key Insight:** Every dollar discounted is pure profit lost — your costs never change.

PRICING STRATEGY & DISCOUNT TYPES

Four frameworks every owner must know

1 The Triple Constraint
Quality · Quantity · Profit
 Every price is tied to three variables.
 Lower price must reduce Quality, Quantity, or Profit.
 You choose which one suffers.

2 Understanding 'Real' Discounts
 A real discount = same quality & quantity, lower price
 — profit absorbs the entire hit.
 This is what customers mean when they ask to 'come down a bit' on price.

3 Four Better Discount Options

- Tradeoff: reduce scope or quality first
- Marketing: mark-up to mark-down strategy
- Fact Finder: test which discount wins
- Sham: exploiting spec confusion

4 The Education Approach
"What would you like me to remove?"
 When asked for a discount, redirect:
 Price = Quantity, Quality, and Profit.
 Lowering price WILL lower one or all three.

THE COMPANY-LEVEL IMPACT · SCALE THE MATH

20 Jobs/Year @ \$10K avg:

5% discount on all 20:

Lost revenue: \$10,000

Lost PROFIT: \$9,000

100 Jobs/Year @ \$10K avg:

5% discount on all 100:

Lost revenue: \$50,000

Lost PROFIT: \$45,000

Stop the Profit Destruction.

Handle discount requests strategically
 — not on impulse.

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Free Discovery Call

The Purpose of the 30 Minute
Discovery Call is to Delve into Your
Business.

What do you need?

How can I help?

Let's work together to make your
business better run, more efficient,
and more profitable!

Fractional CFO

Having an experienced closet owner
colleague to talk to about your
numbers creates accountability,
while at the same time instills calm
and understanding in knowing you
are not alone.



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