

## **Third Party Vendors: Nickel-and Dime-Specialists**

*by Ranger Kidwell-Ross, Director of World Sweeping Association*

One of our WSA members recently contacted our office about one of the third party vendors (TPV) he was contracted with for sweeping the parking lots of some Home Depot stores. The middleman company — one of the many that are so prevalent these days for regional and national sweeping accounts — said they needed a price reduction of \$5/sweep. His question: Should he do that?

TPV contracts typically provide very little margin to start with. Contractors have to really sharpen their pencils to bid a price that still provides them with a normal profit margin. An unmistakable message is given when a reduction from the contracted price is agreed to.

In essence, when an ethical contractor bids at a particular price per sweep, they are telling the client that the bid price reflects them covering their costs plus only the normal profit needed for equipment repair and their other expenses that allow long-term growth. When the contractor later agrees to a discount of even \$5/sweep, that indicates to the customer that the contractor was actually price gouging a little bit with their initial pricing.

Due to inflation, the margin on a pre-existing contract has probably eroded since it was signed. However, if a price increase was requested to a TPV there's little likelihood it would be granted.

TPV's are notorious for finding ways to nickel-and-dime the contractors they hire, with slow payments, bogus service complaints and suspect requests like "The client has asked for a \$5/sweep reduction." For these reasons many top contractors refuse to work for TPV companies.

At WSA we catalog all of the known TPVs and allow our members the opportunity to comment on their experiences with them. This knowledge has allowed them to find out from other members which have proven shady and which have not.