

How to use: go through each section and check every box that applies. Tally your score at the end. Any unchecked box is a documented operational gap.

Margin Floor Check

- 1 ☐ Do you know the fully loaded cost per unit before setting any discount?
- 2 ☐ Can you name the exact margin percentage on your last ten closed deals?
- 3 ☐ Does any SKU sell below landed cost once fees and returns are included?
- 4 ☐ Do you recalculate margin floors every time a supplier cost changes?
- 5 ☐ Would ten percent more volume at current pricing increase or shrink profit?

Customer Concentration Risk

- 6 ☐ Does any single customer represent more than ten percent of revenue?
- 7 ☐ Have you modeled cash flow if your largest account left next quarter?
- 8 ☐ Can your top customer demand terms your other buyers do not receive?
- 9 ☐ Do you have signed contracts locking in pricing with your largest accounts?
- 10 ☐ Is new customer acquisition keeping pace with dependency on existing ones?

Competitive Response Discipline

- 11 ☐ Do you have a written rule for what you will not cut when undercut?
- 12 ☐ Have you calculated how long a rival can sustain prices below your cost?
- 13 ☐ Does matching a competitor's price trigger an automatic margin review?
- 14 ☐ Can you identify if a rival is funded to outlast you financially?
- 15 ☐ Do you track competitor pricing moves before you react to them?

Differentiation Beyond Price

- 16 ☐ Can buyers name a reason to choose you besides price in one sentence?
- 17 ☐ Do you measure how often prospects compare you on price alone?
- 18 ☐ Have you quantified the dollar value of your service advantages?
- 19 ☐ Does your sales team default to discounting when service is questioned?
- 20 ☐ Do you sell outcomes and results, or do you sell specs and price?

Structural Volume Exposure

- 21 ☐ Is your margin set by manufacturer volume deals rather than your own pricing?
- 22 ☐ Do you compete in a commodity category with no room for added value?
- 23 ☐ Can a larger competitor undercut you on both price and delivery speed?
- 24 ☐ Have you identified all the non-price reasons customers actually leave?
- 25 ☐ Does your model depend on volume growing faster than margin shrinks?

SCORING GUIDE

Score	Level	What it means
0 to 11	CRITICAL	Structural failures are actively destroying margin
12 to 19	MODERATE	Gaps in two or three areas that need immediate attention
20 to 25	STRONG	Systems are solid, focus on optimization

Book a free data audit at modonix.com/service. We identify your top 3 margin leaks in one session. Written by Ahmed Abuswa, Modonix.com