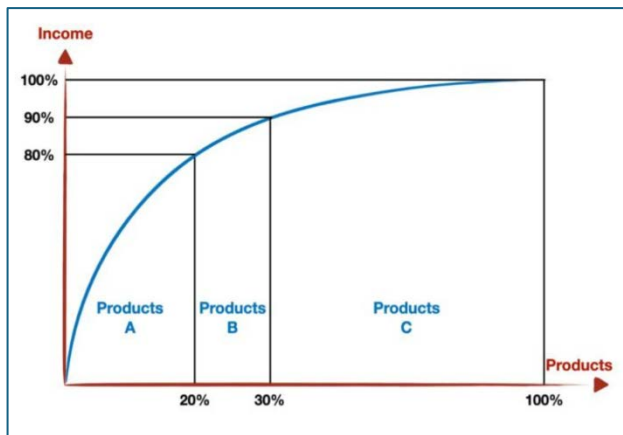


Understanding the ABC Curve for Shed Business Pricing



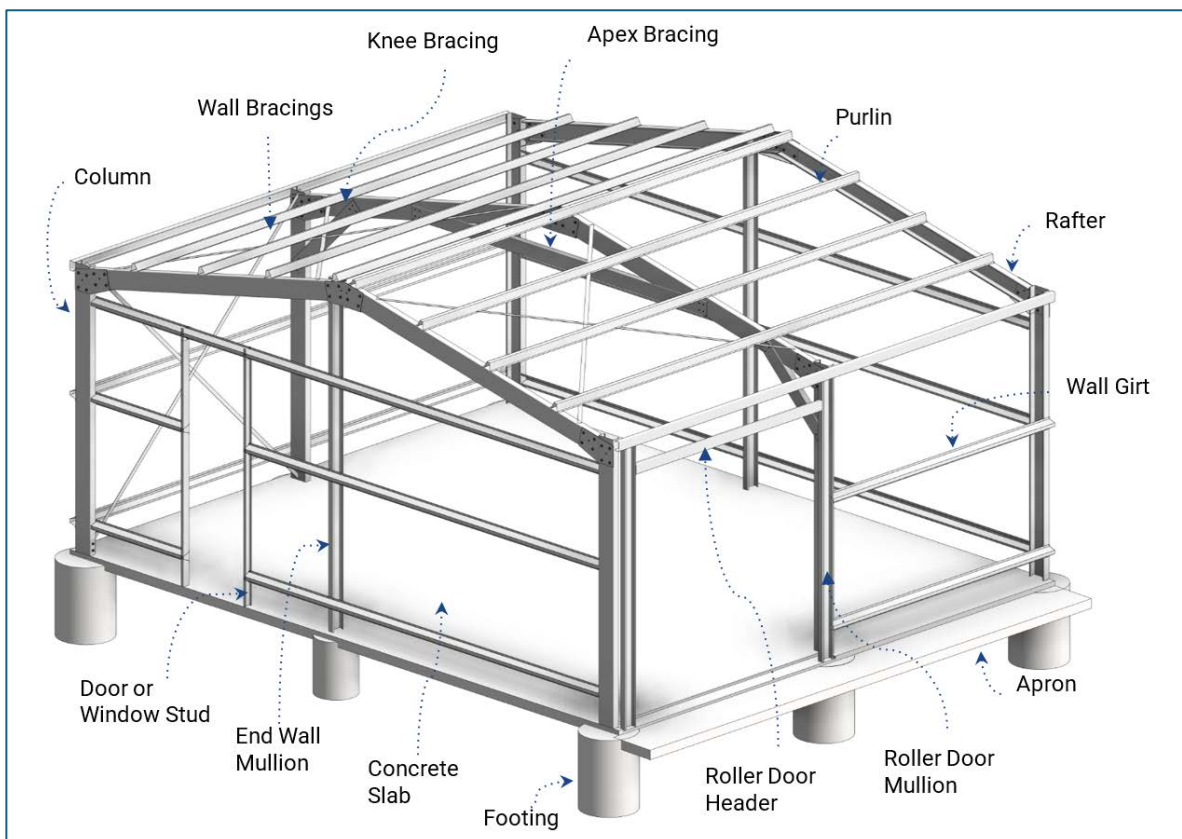
The **ABC Curve** is a strategic pricing and cost management tool that helps businesses prioritize focus areas based on their financial impact. For shed businesses, this method categorizes cost components into three groups (A, B, and C) based on their contribution to the total project cost. By focusing on the most impactful items (A-items), businesses can streamline pricing

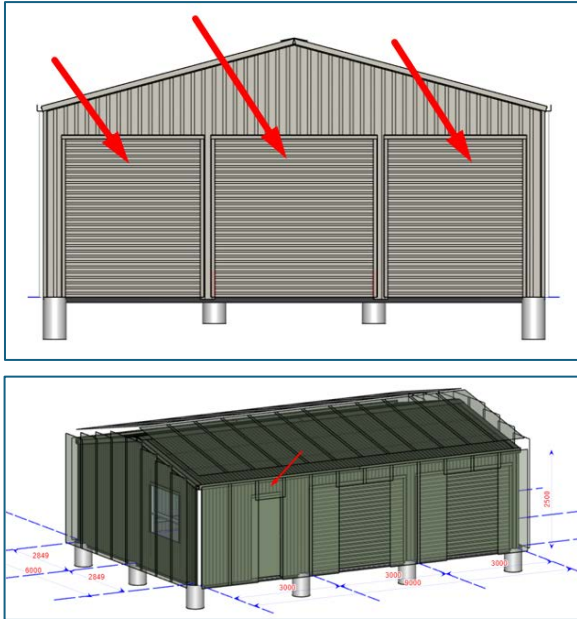
decisions, optimise profitability, and reduce time wasted on minor details.

How the ABC Curve Works

1. **Category A (High Impact – 70-80% of Total Cost)**

These are the **most critical components** that dominate your shed pricing. Small changes here have a significant effect on overall costs and profitability.





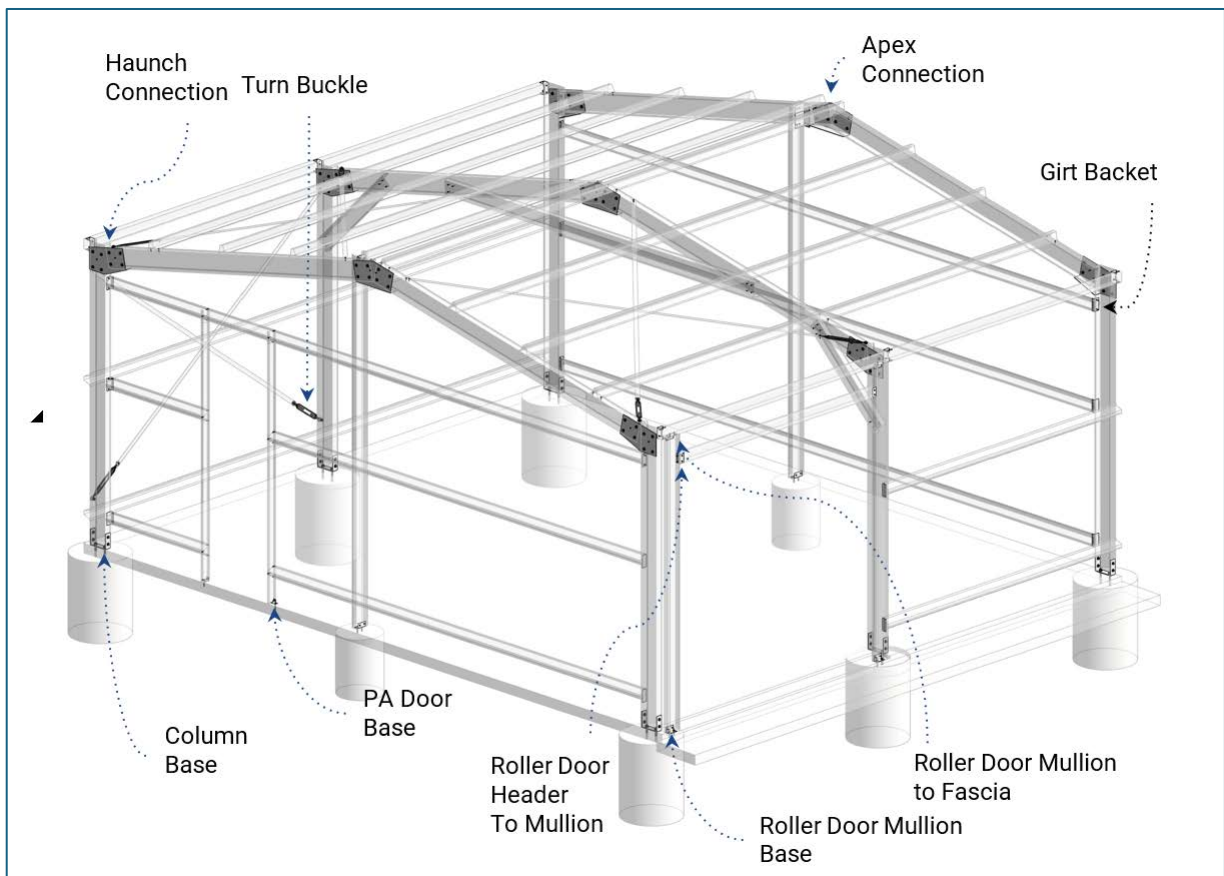
○ **Examples:**

- **Wall and Roof Iron Cladding**
- **Portal Frames, Purlins, Girts and other structural frames and members**
- **Labour** (e.g., installation, welding)
- **Concreting and Foundations** (e.g., concreting, footings)
- **Large fixtures** (e.g., doors, windows, roller shutters)
- **Insulation**

- **Action:** Negotiate aggressively with suppliers, optimise design efficiencies, and monitor market prices closely.

2. **Category B (Moderate Impact – 15-25% of Total Cost)**

These items matter but have less influence than A-items. They require attention but not constant scrutiny.



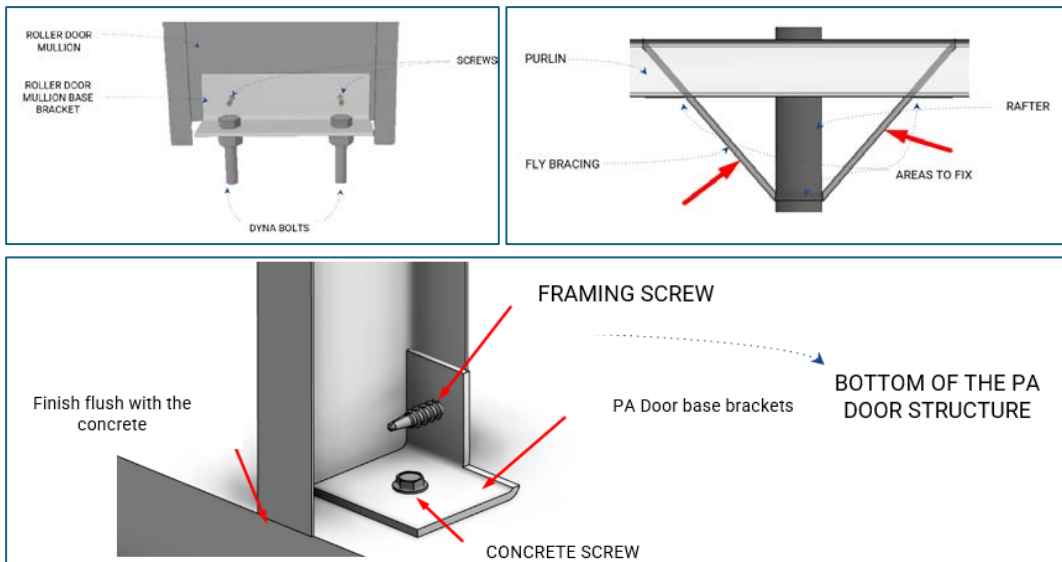
- **Examples:**

- **Main Bracket Components**
- **Smaller openings**
- **Permits and Admin Costs**
- **Gutters, Ventilation systems and Equipment**

- **Action:** Standardize pricing for consistency and periodically review supplier contracts.

3. **Category C (Low Impact – 5-10% of Total Cost)**

These are minor, frequently purchased items with minimal individual impact on total costs.



- **Examples:**

- **Fasteners** (e.g., screws, bolts)
- **Smaller plates and cleats**
- **Flashings**
- **Cover Sheets**
- **Sealants/adhesives**
- **Trim accessories** (e.g., handles, hinges)

- **Action:** Use fixed markup percentages or bundled pricing to avoid overcomplicating quotes or pricing calculations.



Why Focus on A-Items?

- **Cost Leverage:** A-items account for **70-80% of total shed costs**. A 10% saving on steel frames or labour could save thousands, while a 10% saving on screws saves pennies.
- **Pricing Accuracy:** Misquoting A-items (e.g., underestimating concreting or cladding costs) can lead to significant profit erosion.
- **Efficiency:** Streamlining processes for high-impact items reduces administrative workload and errors.

Practical Steps to Apply the ABC Curve

1. **Identify A-Items:** Audit past projects to determine which components consistently drive costs (e.g., labour, frames, cladding).
2. **Negotiate Bulk Rates:** Secure discounts with suppliers for high-volume A-items like steel or concrete.
3. **Standardize B-Items:** Create fixed pricing tiers for moderate-impact items (e.g., insulation thickness options).
4. **Automate C-Items:** Use flat fees or percentage markups for small components to simplify quotes.

Example for a Shed Quote

Components	Category	Cost Contribution	Pricing Strategy
Steel Frame	A	40%	Negotiate supplier contracts quarterly
Labour	A	30%	Track hourly rates and productivity
Concrete Slab	A	20%	Lock in bulk material pricing
Roller Door	B	7%	Offer 2–3 standardised options
Bolts, Screws/Sealants	C	3%	Apply a 5% markup to cover all items.

Key Takeaway



The ABC Curve ensures your team prioritises **what matters most**. By focusing on A-items (labour, frames, cladding, etc.), you'll maximise pricing accuracy and profitability. Meanwhile, minor items (C) can be managed with simple rules, freeing time to refine high-impact areas.