

Why it's Unwise to Pay too Much but Worse to Pay too Little



Many business leaders today readily accept the lowest bid. But is it prudent to do so? In this post, we present some reasons why it's unwise to pay too much but worse to pay too little.

John Ruskin, a prominent social thinker, philosopher, and philanthropist of the Victorian era, wrote the following often quoted explanation:

"When you pay too much, you lose a little money—that's all. When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do. The common law of business balance prohibits paying a little and getting a lot—it can't be done. If you deal with the lowest bidder, it is well to add something for the risk you run, and if you do that you will have enough to pay for something better."

Thus, a customer should always consider other factors in addition to the dollar amount on the proposal. After all, what good is a low bid if the product is inadequate or the service inferior?

What Can Go Wrong?

In any buying situation, you may not realize that a low bid, particularly one that's much lower than the others, may be cause for concern. Possible reasons for this include:

- The vendor left some essential items out of the proposal.

- They incorporated low quality products in their solution.
- The supplier doesn't understand the scope of the work.
- They may need to cut corners to get the work done within the lower amount.
- Later, you may be charged hidden fees or more than the proposed amount because of "unexpected" issues.

If the vendor has missed something important or excluded some items to provide a lower price, the project is likely to end up late and over-budget.



"The bitterness of poor quality remains long after the sweetness of low price is forgotten."
Benjamin Franklin

On the other hand, a vendor could be the low bidder for several valid reasons. All should be examined before accepting the bid. Here are a few:

1. They have lower overhead.
2. The company has advantageous arrangements with its suppliers.
3. They work hard to keep costs down with [technology and productivity](#).

If you find an honest company with competent people that incorporates the latest productivity tools to work efficiently, then you may have found a long-term partner.

However, if they left important items out of their proposal and then come back and ask for more money to make up the difference as the project continues, then you are not saving any money.

How to Select a Retail Technology Provider

Before you start, consider what it is you really need from a [retail technology provider](#). If what you want most is to leverage technology to grow the business and increase revenues while costs decline, that narrows down the selection pool considerably.

"As I hurtled through space, one thought kept crossing my mind—every part of this rocket was supplied by the lowest bidder." John Glenn

Technology is an investment to build your retail business. You want a return on that investment that meets your expectations and those of your investors. Consequently, finding an IT consultant that can show you how to achieve that goal becomes an objective.

When choosing a retail technology provider, you may also be seeking some or all the following:

- Advice that triggers new ideas and possibilities rather than constrains your thinking
- Your staff to become more capable and acquire new skills and knowledge from the consultant
- The project to be completed on time and under budget with minimal interruptions

Once you have identified your organization's technology needs, look for a provider that offers the [technical competencies](#) that meet those needs. This will involve looking under the hood before you buy.

Look into each provider and see what kind of reviews they are getting online. Read the case studies or ask current and former clients about their experience with the company.



Consider Intangible Factors

In addition to the expertise and partnerships providers list on their websites, look at their job ads. These will highlight the [hard and soft skills they hire](#) for in the professionals who will support your systems.

Consider which company makes you feel the most at ease and has the best communication. If one returns phone calls or emails faster than the others, they will probably be the most responsive during the engagement.

In summary, price is a factor in the decision but only one of several criteria. Go with the vendor you feel best about overall—because outsourced IT is a relationship. Going with the right retail technology vendor ensures that you receive a higher quality of work, better service, and excellent advice to enhance your revenue growth.

Don't Pay Too Little or Too Much

eMazzanti Technologies brings nearly 20 years of experience and numerous [industry awards](#) based on [service excellence](#) and commitment to customer success. Our technicians have talent, training, and experience and that makes them valuable. Even so, through incorporating the latest [technology and productivity tools](#), we have kept our rates competitive. Sometimes we are the lowest bidder but always provide the greatest value.

2015 | 2013 | 2012 Microsoft
Partner of the Year



Inc. 500 ||| **5000**
2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010



ShoreTel Sky
Partner of the Year