

Recession Busting Tip # 1 Price.

Business Name _____

Date ____/____/____

Action	Responsibility	Due Date	Completed
Review the video Tip #1			
Calculate gross margin (Total products/services)			
Calculate gross margin (Each products/services)			
Use the price grid to measure your intended price increase			
Review the result			
Increase the price on selected products/service			
Test one product and measure the result			
AFTER test results roll out to other services/products			
Make comment by email on the result and try and be specific. I.e. I increased the price by 10% and no customers left, which gave me an increase in Sales of \$25,000 in 2 weeks. Email lloyd@ibalance.com.au			

The Impact of Increasing Prices:

If your present margin is									
	20%	25%	30%	35%	40%	45%	50%	55%	60%
And you increase your price by	To product the same exact profit, your sales volume must be reduced by								
2%	9%	7%	6%	5%	5%	4%	4%	4%	3%
4%	17%	14%	12%	10%	9%	8%	7%	7%	6%
6%	23%	19%	17%	15%	13%	12%	11%	10%	9%
8%	29%	24%	21%	19%	17%	15%	14%	13%	12%
10%	33%	29%	25%	22%	20%	18%	17%	15%	14%
12%	38%	32%	29%	26%	23%	21%	19%	18%	17%
14%	41%	36%	32%	29%	26%	24%	22%	20%	19%
16%	44%	39%	35%	31%	29%	26%	24%	23%	21%
18%	47%	42%	38%	34%	31%	29%	26%	25%	23%
20%	50%	44%	40%	36%	33%	31%	29%	27%	25%
25%	56%	50%	45%	42%	38%	36%	33%	31%	29%
30%	60%	55%	50	46%	43%	40%	38%	35%	33%

The Cost of Discounting:

If your present margin is										
	20%	25%	30%	35%	40%	45%	50%	55%	60%	
And you reduce your price by	To product the same exact profit, your sales volume must increase by									
2%	11%	9%	7%	6%	5%	5%	4%	4%	3%	
4%	25%	19%	15%	13%	11%	10%	9%	8%	7%	
6%	43%	32%	25%	21%	18%	15%	14%	12%	11%	
8%	67%	47%	36%	30%	25%	22%	19%	17%	15%	
10%	100%	67%	50%	40%	33%	29%	25%	22%	20%	
12%	150%	92%	67%	52%	43%	36%	32%	28%	25%	
14%	233%	127%	88%	67%	54%	45%	39%	34%	30%	
16%	400%	178%	114%	84%	67%	55%	47%	41%	36%	
18%	900%	257%	150%	106%	82%	67%	56%	49%	43%	
20%	-	400%	200%	133%	100%	80%	67%	57%	50%	
25%	-	-	500%	250%	167%	125%	100%	83%	71%	
30%	-	-	-	600%	300%	200%	150%	120%	100%	