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Business Essential Briefs: (2) Key Takeaways from the Pricing Strategy World Summit 2022

Hello Darkness, My Old Friend

Leaders are thinking differently about their businesses given a possible recession. Many are going on a spending freeze. It's easy to get pricing wrong right now, especially with inflation continuing to surge. But customers are smart—they know everyone is increasing prices. The game becomes who can increase prices the least, while gaining market share. In some cases this could look like implementing a temporary fee or surcharge instead of a price increase (e.g. for freight or energy costs).

Recommendation: In times of volatility, focus on providing predictability for the customer. Increase transparency wherever possible to make it clear you are not price gouging your customers.

Remember Your Business Purpose

Look at the business from the bigger picture of profitability. Maybe valuable resources can be saved from accounts that are draining time and energy without much return. Perhaps there's an opportunity for your business to start providing services in addition to their products. You have a massive opportunity to contribute to the success of the company - for some pricing decisions this may mean stepping out of your analyst box and influencing the sales team to make difficult decisions.

Recommendation: Make a 2x2 matrix and plot customers based on profitability and company resources spent on that account. Bring the insights to leadership. Firing unprofitable customers often needs to come from the top, and these insights prompt critical action to help save company time when you need it most.

The Bottom Line

One thing is clear: Between inflation, labour challenges, and supply chain issues most businesses are in the same boat. Now is the time to make your dollars count and contribute insights to the business when it needs you most. Keep the outcome in the foreground: profitability or bust.



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