

The painfully high cost of cutting your price!

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Some of the most important numbers to understand in your business are those relating to the devastating impact on your bottom line of cutting your price. Many businesses, including some very large ones, don't have a handle on this...and it can kill you!

So, here are two examples of the painfully high cost of cutting your price.

Example #1: If your gross margin is 40%...

- If you discount your price by just 10%, you must **increase sales by 33%** to make the same bottom line.
- If you discount your price by 20%, you must **double your sales** to make the same bottom line.
- If you cut your price by 30%, you must sell **four times as much** to generate the same bottom line.

Example #2: If your gross margin is 30%...

- If you discount your price by just 10%, you must **increase sales by 50%** to make the same bottom line.
- If you discount your price by 20%, you must **triple your sales** to make the same bottom line.
- If you cut your price by 30%, you make **no gross margin**, but since you still have all your operating expenses, you'll soon be out of business.

So, the question is, can you **really** double, triple or quadruple your sales by reducing your price?

Sadly, many companies believe that they don't have the money or the time to effectively market their products or services so they try to increase sales by discounting their price. What they don't realize is that cutting their price is almost always more costly than focused and consistent marketing!

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Donald Cooper transforms businesses! Through Keynote Speeches, Workshops and intensive 2-day Management Boot Camps he helps business owners and managers re-think, re-focus and re-energize their business to create compelling customer value and long-term profitability. Simply put, Donald delivers the insights and tools to visualize an extraordinary, profitable and sustainable future for your business and then to proactively manage the business to create that future.

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