

# 3 Master Strategies for Raising Your Prices

There is more to setting or raising prices than a simple calculation. From determining your business costs to identifying a fair profit margin, *here's what you need to keep in mind:*



## CALCULATE YOUR BUSINESS COSTS

What's the costs of running your business? Take into consideration your material costs, labor costs and overhead. If your business is in the red or floating close to it, this is a great place to start.

**Try to:**

- ✔ Look for better-priced material by contacting various vendors to let them know you're shopping around.
- ✔ Consider purchasing material at wholesale from big-name suppliers
- ✔ Modernize marketing efforts by building an e-mail list, referral program, networking, and using social media
- ✔ Formulate a plan to use product or supply waste into another product
- ✔ Consider a container return policy for your customers in exchange for a discount
- ✔ Lower financial expenses by seeking out competitively priced insurance policies

## IDENTIFY A FAIR PROFIT MARGIN

Once you know your break-even price, add markups to gain a profit. This is a delicate balance between looking like a bargain or being drastically overpriced.

A "good" margin can vary from industry to industry, so consider taking a look at your competition. Be aware of what your competition is charging for similar services.

*Are your prices competitive,  
drastically higher or lower?*

## UNDERSTAND THE PERCEIVED VALUE

Raising prices often means business is booming. Stay competitive in the marketplace but also be aware of how an increase may impact your customer. When setting a price, view it from your customer's perspective.

**Make the transition smooth by:**

- ✔ Creating additional value to justify the increased price
- ✔ Rolling out the new cost slowly to beta test your new and improved product or service at a higher cost.
- ✔ Raising prices on select products and services or developing pricing tiers to force the customer to consider the value of those specific products.
- ✔ Price is not a set-it-and-forget-it thing. Constantly test new prices, offers and combinations of benefits and premiums to help you sell more at a better price.