

How to increase your fees without losing clients

INCREASING YOUR FEES HAS THE EFFECT OF GOING STRAIGHT TO YOUR BOTTOM LINE—AND JUST A 10% INCREASE FOR MANY BUSINESSES COULD EASILY DOUBLE ITS NET PROFIT!

There are many strategies you can use to increase profit, such as increasing enquiries and increasing the number of times someone buys. But, when it comes to the terrific strategy of increasing your prices, it comes with a fear that does not exist with other strategies; a fear that you could lose a sale so business owners are prepared to sacrifice some profit to secure the sale. A bird in the hand you might say.

If only you knew what your competitors were charging. In some sectors this is relatively easy. Supermarkets regularly send researchers to competitors stores to monitor prices—so they are not inadvertently under pricing. After all a can of Heinz baked beans in Woollies is the same as one you could buy from Coles—so there can be little scope for price variation. In the case of career practitioners, you may know anecdotally what competitors charge but what do they put in their can?

Every business has overheads that must be covered and staff to be paid, so

pricing policy becomes better safe than sorry. But look around your sector and you KNOW that some of your competitors are charging more than you, in some cases, a lot more. How do they do it?

Here are some things to consider.

Firstly, you need to understand the true profitability of your business. Owners routinely exclude key parts of their cost structure and will often have hidden cross subsidies between services. I regularly see businesses where the more they sell, they more they lose! This first step tells you how much you need to charge, as a minimum.

The result of this analysis often scares owners who say "I can't possibly charge this, I will go out of business" Well guess what? If you don't you are going out of business anyhow!

The next step is to find clients who are reassured by price. You can buy a pair of no-name sneakers for \$30 at Kmart, or pay \$150 for a pair of Nike at a boutique

sports store. Ask yourself is it the same people who shop at both stores? So who might be your Best Buyers and what is it they value? For your Best Buyers, price is not their highest consideration, for Kmart shoppers, it is.

What this means is, you must understand your points of difference and communicate the value of them to your Best Buyers. Understanding your points of difference is a fundamental key to increasing prices. If buyers do not see your points of difference the only reason they will choose to buy is on price.

These are the first steps to enable you to position yourself as a Price Maker instead of a Price Taker, and to become reassuringly expensive. You will then be paid what you are worth!

Dr Greg Chapman

AUTHOR: "Price: How You Can Charge More Without Losing Sales". Visit www.increaseyourprices.com.au to hear an interview with Greg in the Business Essentials program where he reveals further strategies to increase your fees.

From Malaysia

The Asia-Pacific Programme of Educational Innovation for Development (APEID) UNESCO Bangkok has released two reports about tackling unemployment and employability unesco.org

THE CASE OF GRADUATE EMPLOYABILITY

A large proportion of Malaysian university graduates remain unemployed. Job seekers cite the shortages of jobs ... employers attribute graduate unemployment to a lack of generic skills and serious inadequacy in terms of work-related competences.

KEEPING PACE WITH A CHANGING WORLD BY STRENGTHENING TIES WITH THE LABOUR MARKET

Accelerating shifts in high-technology and the information economy, pressures the higher education system into preparing a competent workforce to meet changing demands for labour.

While tertiary education enrolment increased fivefold from 28.6 million in 1970 to 152.2 million in 2007, global unemployment soared by 34 million from 2007 to 2009, thus creating a highly competitive environment for young people. In 2009, there were 80.7 million young people looking for work, an increase of 7.8 million since 2007.