



Elise Howes
Howes Business
720-338-2729
elisehowes@iib.ws

WINTER 2005
VOLUME 2
ISSUE 1

smart **Advice for Success!** Business™ matters

Is it time for a price hike?

The decision to raise prices is one of the most difficult choices executives make. Will existing customers flee to competitors? Will new customers look elsewhere?



It may be impossible to predict the outcome, but one thing is for sure: if you fail to examine your costs and pricing periodically, you could be cheating yourself and your employees. As you consider a possible price increase examine management, the marketplace and the quality of your products and services to make an informed decision.

First, manage more efficiently. Raising prices is only one way to increase profitability. Before you hike prices, consider management improvements that may boost the bottom line immediately. Look for inaccurate billing and time keeping, high accounts receivable, workflow bottlenecks, high employee turnover, poor cash flow predictions and other indicators.

Know your costs and price accordingly. The price of your products or services must reflect a realistic calculation of your costs. In recent years the cost of everything from rent to energy has climbed significantly. If your costs have gone up but prices haven't, you're working just as hard for less money. Examine the costs of labor and overhead and make sure your pricing reflects today's reality.

Compare to your competitors. How do your prices stack up against competitors' prices? If yours are significantly lower for a product or service of comparable value, make an adjustment.

Consider quality. A Mercedes and a Dodge don't sell for the same amount for a reason. Quality, perhaps more than any other variable, determines price. In fact, you may lose sales to competitors if

Continued on page 4.

Build referrals: Beyond good service

Many entrepreneurs rely almost exclusively on good customer service to cultivate referrals. Don't miss your other opportunities.



Outstanding service is vital to the health of your business, but it's not always the most reliable way to build referrals. Customers have come to expect (and demand) good customer service. They are more likely to talk about your business when they're unhappy than when they're happy. Keep providing outstanding service, but develop other strategies for building referrals.

“You'll never know unless you ask”

When communicating with your prospects and clients, ask them if they know anyone else whom your products or services could help. This could be a win-win-win opportunity if their client is struggling with a problem you can resolve.

Build deeper relationships

If you measure your networking efforts by the number of meetings attended or business cards collected, it's time to re-think your methods. Networking is not just about making contacts, it's about building relationships that benefit both parties. Be selective about the networking groups you join and the meetings you attend. Take the time to get to know your contacts – what do they need? How can you serve them? Unfortunately, it's all too common for business people to focus on breadth, not depth, in their networking.

Teach friends and family

Who is a better potential source of referrals than the people who know and love you best? Make sure your friends and family members understand what your business does for customers and train them to identify opportunities to refer business your way. When they hear people say words like "I want," "I need," "I can't," "I wish," or "I don't know who," your friends and family should know how to steer them to you.

If you do build a great experience, customers tell each other about that. Word of mouth is very powerful.

– Jeff Bezos, founder and CEO of Amazon.com

“People are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps.”

Mary Kay Ash, founder of Mary Kay Cosmetics

Quick and easy ways to recognize employees

Take care of your employees, and they will take care of your customers. Here are a few inexpensive ways to make staff feel valued.

Free time

- Let high-performing teams leave early to miss rush hour traffic.
- Give an afternoon off to employees who have exceeded expectations for a particular customer.

Free food

- Sponsor a free lunch or breakfast for hardworking teams.
- Subsidize the price of food in vending machines.

More ways to say thanks

- Creating an events committee to plan fun outings, such as trips to a sporting event, a picnic, a holiday party.
- Say thank you with a hand-written note.

Keep employees engaged and energized

Your employees' ideas and passion for their work can help your business grow and succeed. Are your employees giving your company their all? Do they believe that what they're doing is important? Do they feel appreciated? Do they arrive for work filled with purpose?

If you can't honestly offer an enthusiastic "yes" to these questions, consider how you can improve your work environment and relationships to encourage employees to work with energy and enthusiasm. The results could be profitable, personally and financially.

Provide tools. Make sure your employees have everything they need to do their jobs. Ask each staff member, "Do you have everything you need to be as productive and successful as you can be?" Be willing to act on worthwhile responses. Be willing to reconsider any policies they consider counter-productive.

Set expectations. Clearly communicate what's expected of employees, what the company's values are, and how the company defines success. Employees need to understand their roles, where they fit in the big picture, and how they can make the company more successful.

Share information. Provide as much information as possible about the company. Explain where it's making money, where it's losing money, how its products are doing in the marketplace, what new initiatives are being considered and why, and how employees can contribute. Even when the news is not encouraging, people will appreciate your openness.

Get personal. Take the time to get to know your employees, especially their goals. Without prying, show a genuine interest in your team.

Commit to training. Most people like to learn, to grow, and to improve their marketability, and the more education and training you provide, the happier and more engaged they will feel. Cross-train employees in a variety of jobs when possible. This not only improves productivity, it builds cooperation and appreciation when team members understand the challenges of other positions. Also, be sure employees are trained in problem solving and conflict resolution skills. These critical skills will help them communicate better with you, their co-workers, customers and suppliers.

Be inclusive. Include your employees in planning and decision making. Facts "on the ground" may differ from perceptions at 30,000 feet. They may see issues differently and offer ideas for working smarter. If you need to create a more efficient delivery system, ask your delivery staff how they would improve the current system. Use their ideas, and give them credit to them.

Reward and recognize. Personally thank an employee for a job well-done. Specify what was good about it and why you appreciate it. For example, say: "Thank you for organizing that project so well. You made it very clear what should happen, when and why." Remember to celebrate effort as well as accomplishment, to give employees working on long-term goals a boost. See page 2 for inexpensive ways to reward employees.

Following these strategies will help employees feel valued and enthusiastic about their jobs. Not only is this more fun, it's good for business, improves retention, and reduces burn out.



From procrastination to productivity

Procrastination steals valuable time and erodes productivity at work. It can hurt your personal life as well.

When you wait until the last minute to finish critical tasks, you often end up taking work home on the weekend.

So why do we procrastinate? Some seek immediate gratification – when they put things off, they reduce their present stress. Other professionals actually use procrastination for the adrenaline rush. They contend they work better under stress and love the excitement of a tough deadline. Often, delay simply stems from laziness or boredom. And let's not forget the perfectionists whose standards may actually undermine productivity.

Whether procrastination is a way of life for you or an occasional bad habit, you can learn to work more effectively.

Break it down. Think of complicated or time-consuming projects as a series of smaller tasks. Tackling the smaller tasks, you gain momentum and a sense of gratification that propel you forward.

Break through. When your energy flags, the ideas just aren't coming, and you feel overwhelmed, don't give up. Start again with a small or very simple task to regain your momentum.

Celebrate milestones. If you feel tired or lazy or you're just not interested in the task, find a way to make the process more interesting. Reward yourself for achieving milestones in the project. Go out for special lunches with co-workers, instead of eating at your desk, for example.

Set a date to decide. Often, people delay when they can't make up their minds. Set a deadline for making a decision and list the criteria for making it.

Remember that nobody's perfect. If perfectionism is holding you back, ask for clarification of the project's goals. You may find that 80% effort for you is 100% for someone else. For example, don't spend hours on a detailed cost analysis when a rough estimate is all the client needs.

Eliminate distractions. Organize your work environment for work: close the door, get the clutter off your desk. Organize your time – schedule time for important work separate from administrative work. If you work at home, make sure your family respects your boundaries and leave domestic chores for personal time.

As you move from procrastination to productivity, be patient. Procrastination is a habit and, like all habits, it takes time to break.

Procrastination and worry are the twin thieves that will try to rob you of your brilliance – but even the smallest action will drive them from your camp.

– Gil Atkinson, businessman and inventor

Price Hike Continued from page 1

your price is too low – customers may assume your quality is lower. If you have invested in quality improvements without adjusting your price, you may be cheating yourself. If you offer a higher standard of service than competitors, at a much lower cost, it's time to change.

Just do it! If it's clear a price increase is justified and required, don't agonize. Just do it.

Depending on the nature of your business and your relationships with certain customers, you may want to provide advanced notice of a price increase. If you do notify them in advance, be sure you know how to explain the reasons for the change.

First, be matter-of-fact, not defensive. You are not doing anything wrong. Price increases are a fact of life, a legitimate response to increases in costs or innovations in quality. Reasonable customers will understand.

Remember, there's always someone cheaper. Clients looking for lower prices can find them. Remind clients that they cannot find the same level of quality, service, and dependability elsewhere at your price.

If increased costs or improvements in quality justify a price increase for your business – do it. Chances are that it will be more significant to you than to most customers.

