



Selling 'for profit':

Develop a highly disciplined approach to your sales process. Many companies sell their product or service but do not focus on the profitability of the sale. Here are some tips to help you maximise your effectiveness in *profitable* selling:

1. Make profit important

Get your people in line. All employees need to understand the rudiments of how they can behave profitably. Yes, you can *behave* profitably! Help all employees to have a regard for the costs they incur in their daily jobs. Share (in general terms) how much of the cost of running the business is represented in the cost of the product or service you are selling. Understand how easily this is given away due to inefficient behaviours, wastage, getting things wrong, letting customers down and so on.

2. Understand Costs

As a business you need to know what to charge to cover all your costs and achieve your profitability targets. Whether you are charging for your time, a product or a service, you will need to know how to recoup all costs relating to making that product or service available and what profit margin will sustain your business. Check regularly what the costs of running your business are and your level of sales revenue. Then you can keep track of your viability as a business. It sounds simple but costs need to be in focus.

3. Define your pricing policy

Define a process for managing the prices you charge. Many companies use an upper and lower limit as a guide for market pricing. Communicate clearly to your employees what their limits are and measure performance, rewarding good pricing management. It is too easy to let price slip when giving discounts and running promotions, so let employees know when they can stretch to their limits. Record your companies' adherence to pricing policy and take strong measures if you're letting good habits slip.

4. Find the right price position

Find a position that sits well with your offer. Use the market as a guide in the first instance but intuitively you will know if your charges are about right for what you offer. You might consider the following three observations whilst deciding your price position: 1. Pricing is not going to differentiate your business. Service or quality will make you different, not price! 2. Prices, which to some look like good value, may look cheap to others. Not everyone likes cheap. 3. Try to be premium or low-cost; it's good to be one end of the scale rather than the middle. The centre ground can suggest no position at all! Find a price position and try it. If it doesn't work don't get stuck, look again and find another position that fits.

5. Understand your 'hidden' value

Many products and services have become commodities and can become labeled with a price. Some businesses on the face of it do exactly what other businesses do. An accountant is an accountant after all. Not so! You may have to work hard to find differences but there will be some. Try hard to find these differences because you can charge for them! You may be bigger, smaller, faster or more experienced. You may wear the right kind of tie! Change your position to become the type of supplier they need. Your 'hidden' value is actually the ability to find what the client values most about your product or service. You will rarely need to be the cheapest if you can discover the 'hidden' value in your offer.