

Hi, this is AJ Mirabedini. CEO and Founder of Entrepreneurs RX.

We're providing alternative business prescriptions for entrepreneurs globally, to be able to systematically grow and manage their businesses as they go into the future.

I'm here to answer more questions that were sent to us for our Entrepreneurial 911 helpline.

And this question is a really good one because I think the timing of it is spot on. The question is, should we raise our prices before inflation reaches us or after?

For small, medium businesses, price increases are the greatest ways of enhancing profits as quickly as you can and to be able to have greater impact on your bottom line than anything else.

However, it's not a doll instrument. It takes a lot of thought and strategy as to why you're raising your prices. How often you raise your prices.

So questions that I have for you that I think would help you understand and be able to give you good guidance as to whether you should increase your prices prior inflammation or not is-

have you already experienced raised increases in your costs because of inflation?

That certainly is the simplest answer to your question. If inflation is already hitting your suppliers, your vendors, and your cost of goods has already increased because of inflation, you absolutely must increase your prices and at least stay competitive.

At least stay in line with where inflation is taking your costs. Obviously, that's also a slippery slope because, you know, you assume that your client's customers can afford your services with increased prices. A good litmus test is look at your competitors. Have your competitors increase their prices?

If they've increased your prices, maybe you don't increase it quite as much as they but you clearly should.

And can increase your prices prior to inflation.

Inflation is inevitable in the market space that we're in now. And I think to be proactive with that, I think makes total sense. And actually being ahead of that is actually also easier for you to absorb to the marketplace because they can see where you are being proactive rather than reactive.

And I think as long as you have that closeness, that intimacy and that connection with your customers, where you understand where they're at and you can communicate with them and make a good case for why you need to increase your prices, I think it can actually be a positive

rather than a negative.

A really good question is also, when was the last time you raised your prices?

It's interesting when you look at big corporations, they have a regular increase in prices and whatever they sell. Goods, services products, inventories, whatever else, you know, when you go to the grocery store, you're not paying the same price for a loaf of bread today than you did a year ago or two years ago, six months ago.

So we understand and we accept how price increases are part of doing business. And I think we respect that. And I think as long as again, you're clear with your market and your customers as to why you're increasing your prices, I think this will, they would appreciate that and have empathy for really what you're trying to get done.

But the big question is really how are you being affected?

Price increases are directly tied to your costs. So if you can maintain your costs have been the same and you can maintain your prices according to your cost, absolutely. I think would be a really good way to go.

Another alternative for you is to create programs that allow customers to retain their old prices, which is a really clever way of increasing loyalty, as well as revenue.

In other words. create a membership program, create a loyalty program, create a VIP program where a client that spends X, then they retain this price. If you don't, you get Y price, which is higher.

And really make it possible for your customers to hang on to older pricing based on how they engage with you.

So creating that program would go a long ways in you being able to have more loyal customers, frequent shoppers, and the consistency of having the same customers that then understand you, believe in you and work with you willingly.

I hope this helps. Here's to your business health. Keep going at it and we're here to help.