

ARE YOUR PRICES STILL PROFITABLE?

Many business owners have increased their prices during the past two or three years, often in response to rising wage costs, supplier increases, energy bills and financing costs. However, despite these increases, a surprising number of businesses are discovering that profitability has not improved in line with expectations.

In some cases, margins have actually reduced.

ISSUES FOR CONSIDERATION

One common issue is that price increases are often applied gradually or inconsistently, while underlying costs continue to rise across multiple areas of the business. Employment costs, insurance premiums, software subscriptions, borrowing costs and supplier charges have all increased significantly, yet many businesses continue to base their pricing on historic assumptions.

Another problem is that some products, services or customers may no longer be commercially worthwhile. Businesses frequently find that a small number of clients or jobs consume a disproportionate amount of staff time, administration and management attention, while generating relatively modest profits.

WHAT TO DO?

Now may be a sensible time to review whether your current pricing structure still reflects:

- rising operating costs
- staff and recruitment expenses
- delivery and logistics costs
- inflationary pressures
- financing and interest costs
- the true amount of management and administration time involved

It can also be helpful to review which products, services or customer relationships generate the strongest margins, and whether some areas of the business may need to be repriced, restructured or, in some cases, discontinued.

OTHER CONSIDERATIONS

Importantly, pricing reviews do not always mean increasing prices aggressively. In many situations,



improving efficiency, changing billing structures, introducing minimum fees or reviewing payment terms can improve profitability without damaging customer relationships.

Businesses that regularly review pricing and margins are often in a much stronger position to protect profits and cash flow during periods of economic uncertainty.

WE CAN HELP

If you would like help reviewing the profitability of your pricing structure, products or services, please contact us on **01753 888 211** or email **info@nhllp.com**, we are here to help.