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You Should Know...

Do As I Say

Surprisingly 46% of financial advisors in the US do not have a personal retirement plan themselves reveals a poll by the Financial Planning Association. Also, 75% have no succession plan for their firm reveals the *Wall Street Journal*.

The Point: Do as I say not as I do?

We Like to Drive

More than 8 in 10 working Americans drive to work, and most of them alone reports *TheAtlantic*.*com*.

The Point: It looks like traffic jams are here to stay.

Labor Intensive

The new Volcker Rule (964 pages long) on banking regulations and that governs federally insured banks is expected to take 2.3 million man-hours per year of legal administrative work reports *Business Week*.

The Point: It's certainly not a productivity tool.

Homeless?

Homelessness has fallen 4% nationwide over the past year, but has risen 13% in New York. New York City and LA collectively account for one-fifth of the nation's homeless reports *The Atlantic Magazine*.

The Point: It's sad as these are two of the wealthiest cities in the country.

January's Quote

"Failure seldom stops you. What stops you is fear of failure."

Jack Lemmon

Price Increases

One task that every sales and marketing executive dislikes is quantifying and implementing price increases. Increases in labor costs, material costs, transportation costs, etc. dictate that prices be increased, but by how much? The rate of inflation? The Consumer Price Index? The actual increase in your costs? The size of your major competitor's price increase?

There is as much art as there is science in quantifying the size of a price increase and implementing it; however, there are some principles which might guide your behavior and enhance both your sales and your bottom line.

You first need to put your products in three baskets:

1. Those that are new, innovative, and/or growing rapidly in unit sales.
2. Those that are mature, whose sales are fairly flat, and for which there are substitutes available.
3. And those which have reached commodity status and whose demand is declining.

Don't fall into the trap of increasing prices "across the board evenly." Also, don't assume your competitors' costs increased as much as yours.

The first basket should receive the smallest price increase. You neither want to dampen demand nor provide a "pricing umbrella" to encourage competitors.

Price increases for the second basket should correlate with increases in their cost of production, transportation, sales, or the increase of your largest competitor not with any arbitrary metric such as the inflation index, growth in GDP, etc.

The third basket should receive the largest price increase. These are products which are generally in the "harvest" stage of their lifecycle. They are going to go away no matter what and it's the marketer's job to make sure that the exit is profitable even as unit sales decline.

Yes, I know many view this last product category as the most competitive; however, if you are going to be forced to leave a business sooner or later, decide when and leave it profitably. Don't create a price war during the harvest stage of a product's lifecycle.

Don't forget that when you change end customer prices you should examine the compensation received by your channel partners both objectively and relative to what your competitors pay them.

The Point: Increase prices selectively, avoid using arbitrary benchmarks such as the Consumer Price Index or increases in GDP, and remember the most profitable portion in a product's lifecycle is the harvest portion.

Top 10 Online Languages

Language	% of All Internet Users
English	27.3
Chinese (Mandarin)	22.6
Spanish	7.8
Japanese	5.0
Portuguese	4.2
German	3.8
Arabic	3.5
French	3.0
Russian	3.0
Korean	2.0

Source: Top 10 of Everything 2013