

Financial training For non financial staff



The financial training specialists

Roast chicken (profit)

Last week I bought a chicken from the new butcher in Leyburn, our local market town. It was more expensive than the Co-op, but it looked very good.

It didn't taste very good: it tasted excellent! The price premium was dwarfed by the quality of the meat. So when I bought this week's chicken I didn't consider the Co-op, I went straight to Halls.

There are two aspects to quality in business.

One is finding out what level of quality our customers want (and are prepared to pay for!), and providing that. Some customers just want "cheap", whilst for other customers quality is a much more important issue.

And quality isn't just about product quality; it's also about the quality of service. Surly waiters can kill a restaurant business just as effectively as a bout of food poisoning!

But the second aspect is appropriate pricing. We know we get what we pay for, and a high quality item costs more than a lower quality counterpart. You'll know the quote: "If a bargain looks too good to be true..."

Our pricing must reflect our quality. If customers want the lowest prices, we can't afford to provide top quality. If they want high quality, we need to charge a premium price to cover our costs. And if we charge a premium price, but provide low quality, we'll get found out fairly quickly!

How do you find out what level of quality your customers want, and do your prices properly reflect your quality?