CONSIDER BEFORE CUTTING YOUR PRICE

MARGIN OF PROFIT:	20%	25%	30%	35%
IF PRICE IS REDUCED:	ADDITIONAL VOLUME REQUIRED TO MAINTAIN EQUAL PROFIT:			
5%	33-1/3%	25%	20%	16%
7-1/2%	60%	43%	33-1/3%	28%
10%	100%	67%	50%	40%
12-1/2%	165%	100%	71%	55%
15%	300%	150%	100%	75%
20%	—	400%	200%	133%

The chart shows the relationship between volume, price and profit. When prices are cut, much more volume is needed to retain the same percentage of profit to sales. So be wary of the argument that "What we lose in profit, we'll make up in volume." It's a hard game to win.