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Buoy Profits During Market Downturn with Innovation

Holden Advisors Offers Pricing Tactics for a Slowing Market

CONCORD, MASS (PRWeb) – January 31, 2008 – Mark Burton, Co-Author of *Pricing with Confidence: 10 Ways to Stop Leaving Money on the Table*, advises companies to innovate their way to profitability in a market downturn, rather than just rely on price decreases to sell more products.

Recessions erode pricing power – particularly where there is a lot of competition. Everyone is racing to maintain share or keep their factories running though the market is slowing. The reason for investing in innovation when times are good holds truer during a market slowdown: innovation creates greater pricing power due to your ability to offer something of unique value to your customers.

Burton offers, “GM is an example of a company that is playing for the future and making smart moves now. They have made a number of moves that should help their profitability during the downturn such as:

1. Cut a historic deal with the unions to shift health care costs off of their books
2. Increased profits per car by over \$1,000 by reducing incentives
3. Reduced volume to rental car companies to cut the price competition that results when those cars are sold after a few months
4. Built an impressive product pipeline that will help them weather the storm this year and enable them to hit the ground running when the industry is projected to rebound in late '08 early '09

“Another great example is Tennant, a company that makes industrial floor cleaners. As reported in the *Wall Street Journal*, January 28, 2008, the company increased its R&D budget by 38% to focus more on meeting customer needs better than any other competitor. They bet they could outsmart their competitors with innovative products. To do this they committed to a significant R&D budget, at a time they were facing lay-offs and salary cuts for executives; with \$2 million ear-marked for an Advance Product Development group. The result? They doubled their profit in less than 3 years.”

For more information on pricing in a recession, Holden Advisors offers the following:

- 1) Please request a copy of The Recession Issue newsletter at www.holdenadvisors.com
- 2) Download a copy of Mr. Burton's article on pricing innovation: http://www.holdenadvisors.com/Form_rocketplan.html

3) Contact Mark Burton through his blog: www.markburton.wordpress.com.

About Pricing with Confidence

The book, *Pricing with Confidence: Ten Ways to Stop Leaving Money on the Table* is published by Wiley & Sons, describes easy-to-understand steps companies can take to design and implement pricing approaches that are profitable, even in challenging times. For more information on what pricing strategies your companies can adopt when markets change, to learn more about the book, order a copy, or to view upcoming seminars see: www.pricingwithconfidencebook.com.

About Holden Advisors Authors

Reed Holden and Mark Burton are co-founders of Holden Advisors www.holdenadvisors.com, a pricing consultancy and education firm that specializes in working across product, marketing, pricing, and sales functions to improve pricing performance. Dr. Holden is an Adjunct Associate Professor at Columbia University. Holden and Burton have a long history of developing leading-edge, yet practical, pricing processes for companies in a wide range of industries. They can be reached through Mark's blog: www.markburton.wordpress.com or Reed's blog: www.reedholden.wordpress.com.