S05 E02
POST REMOVAL & DISCOUNTS
Post Removal with Ultrasonics & Why Discounts Are Problematic

THE KODAK STUDY

Review the article about the Kodak study *(Eastman Kodak)*; it is a remarkable piece of data with which to think. If you've ever wondered how much your business must increase in order to keep an even keel after cutting price, here are some figures from Kodak's research department.

"Assuming an anticipated profit of 25% on selling price, a 2% cut in that selling price means you must increase your volume of sales by 8.7% to make the same profit obtained before the price was lowered."

> "A 3% cut means a 13.6% increase in sales is necessary."
> "A 5% cut means a 25% increase in sales is necessary."
> "A 7.5% cut means a 42.8% increase in sales is necessary."
> "A 15% cut means a 150% increase in sales is necessary."
> "A 20% cut means a 400% increase in sales is necessary."

"To reverse the process, or increase prices:

> "A 3% increase means the same profit on 90% of sales volume."
> "A 5% increase means the same profit on 83.5% of sales volume."
> "A 7.5% increase means the same profit on 77% of sales volume."
> "A 10% increase means the same profit on 71.5% of sales volume."
> "A 15% increase means the same profit on 62.5% of sales volume."
> "A 20% increase means the same profit on 55.5% of sales volume."

"There are practices with 25-30% profit margins today .... those practices with 50% overheads are becoming fewer so these statistics might be quite appropriate to look at. Imagine, one could afford to lose nearly half of one's patients with an increase in fees of only 20% .... the likelihood of one losing that many patients is slim. The possibility of increasing sales by 400% with 20% or greater decrease in fees mandated by most PPO's or capitation plans is remote.

ADVANCED ENDODONTICS
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