

PRICING TO EARN A PROFIT CHECKLIST

Rising costs are a reality for many businesses, with tariffs driving up the price of materials, components, and imported goods. At the same time, customers are more price-sensitive than ever, expecting value without always appreciating the pressures on your bottom line.

Getting your pricing right is about creating a strategy that balances competitiveness, customer perception, and profitability. The right approach helps you protect margins, communicate value with confidence, and adapt as market conditions shift.

Our checklist will guide you through key steps for pricing to earn a profit, from understanding your true costs to defending your value in the marketplace, so you can make informed decisions that strengthen your business even when costs are climbing.

✓ **Pricing and costing accurately**

- Understand your true overheads
- Choose the right pricing method for your model
- Factor in the impact of tariffs and rising costs
- Research what the market will bear
- Look beyond price to increase value perception
- Review and refine your pricing regularly

✓ **Competing on more than price**

- Communicate the full value of your product or service
- Be transparent about rising costs
- Reframe the competition around long-term outcomes
- Offer structured choices instead of discounts
- Train your team to tell the value story
- Connect pricing to your local and community impact

✓ **Defend and justify your pricing in a tough market**

- Clarify what sets you apart
- Strengthen your negotiation approach
- Address real customer concerns
- Use flexible tactics strategically
- Equip your team to defend prices consistently
- Stay firm when it matters most

✓ **How to price to earn a profit when rising costs and customer pressure collide**

- Know your true cost base
- Plan for different scenarios
- Highlight value in plain language
- Cut costs to create breathing room
- Introduce price changes carefully
- Keep pricing under constant review

✓ **Managing supply chain and input costs**

- Map your supplier network
- Explore alternative sourcing
- Negotiate smarter contracts
- Forecast the impact of tariffs
- Streamline operations to cut waste
- Build stronger supplier relationships

✓ **Monitoring performance and adjusting regularly**

- Set profit margin benchmarks
- Conduct scheduled reviews
- Gather customer feedback
- Watch competitor movements
- Use financial reports to spot trends
- Stay flexible and act quickly

Pricing to earn a profit checklist



Pricing and costing accurately

What you charge for your products or services is one of the most important decisions you'll make. Your prices need to cover costs, deliver healthy profit margins, and remain attractive to customers in a competitive market. Getting this balance wrong can put pressure on your bottom line, either by pricing too low and leaving money on the table, or too high and driving customers elsewhere.

Accurate costing goes deeper than simply adding a markup. It requires understanding overheads, evaluating different pricing methods, and knowing how your business is positioned in the marketplace. With tariffs and other external pressures driving expenses up, small businesses need to be methodical and disciplined in how they calculate and set prices.

Understand your true overheads

Start by listing all fixed expenses, such as rent, wages, utilities, technology subscriptions, and your own salary. These are the costs that remain steady, no matter how much you sell. Add your profit target to these expenses to see how much revenue your pricing must generate.

First Commonwealth Bank's [business cash flow solutions](#) can help you track and manage these numbers effectively. A clear understanding of your baseline costs gives you the confidence to set prices that support both short-term operations and long-term growth.

Choose the right pricing method for your model

Different industries and business types call for different approaches. Manufacturers may calculate cost-plus pricing, retailers often work with margins, and service providers lean on hourly rates. Each method has benefits and drawbacks depending on sales capacity and customer expectations.

Take time to evaluate which method aligns with your business reality. Working with a financial partner, like [First Commonwealth Bank's business advisors](#), can help you run the numbers and select an approach that supports profitability while keeping your offer competitive.

Factor in the impact of tariffs and rising costs

Tariffs and supply chain shifts can quickly erode margins if they aren't factored into your pricing. Monitor how these costs affect raw materials, imported goods, or distribution, and adjust your pricing to reflect the new reality.

Rather than absorbing the full increase, decide what portion can be built into prices and what may require operational efficiencies. Using [financial tools](#) from First Commonwealth Bank can help you forecast changes and respond before they cut too deeply into profits.

Research what the market will bear

Your customers don't live in a vacuum. They're comparing your prices to competitors. Understanding the range in your industry helps you decide whether to position yourself at the higher end, with premium features or service, or closer to the middle ground.

Customer expectations should also shape this decision. If your target audience values reliability, speed, or after-sales support, they may be willing to pay more. Regularly scan the market and pair that knowledge with financial data from your own records to find the sweet spot.

Look beyond price to increase value perception

Sometimes, the key to sustaining higher prices is adding extras that competitors don't offer. This might include extended warranties, expert advice, flexible delivery options, or tailored support. When customers perceive greater value, they're less likely to focus solely on the price tag.

These added features can be less costly than slashing prices but create a strong point of difference in a crowded market. Consider bundling services or offering loyalty programs to highlight value without undermining your margins.

Review and refine your pricing regularly

Markets change, and so do your costs. A price that worked last year may no longer be viable today. Build in regular quarterly reviews to assess whether your pricing is meeting your profit goals and staying competitive.

Use accounting software, financial reports, or [First Commonwealth Bank's business banking tools](#) to analyze revenue against targets. Small adjustments, made consistently, can help you stay profitable without the shock of large increases late.

Pricing to earn a profit checklist



Competing on more than price

Rising costs from tariffs and supply chain pressures can tempt business owners to compete solely on price. But winning customers this way often leads to shrinking margins and a race to the bottom. To stand out and stay profitable, you need to shift the focus from cost alone to the real value your business delivers.

That value can take many forms: quality, reliability, customization, service, or even your role in the community. When you highlight what makes your offering worth the investment, you build customer loyalty and protect profitability, even in markets where cheaper alternatives exist.

Communicate the full value of your product or service

Price is only part of the equation. Customers also weigh quality, durability, and reliability. Highlight how your products or services save time, reduce hassle, or deliver better results over the long term.

For instance, emphasizing superior craftsmanship or consistent on-time delivery reframes the conversation around outcomes rather than upfront cost. With the help of First Commonwealth Bank's [business solutions](#) you can track customer trends and align your messaging with what clients value most.

Be transparent about rising costs

Customers are aware of global trade challenges and often appreciate honesty. Instead of masking higher prices, explain the pressures tariffs create and why you've chosen to maintain quality rather than cut corners.

Framing your pricing as a commitment to high standards builds credibility. Clear, upfront communication shows customers that their investment supports a dependable product or service, rather than one compromised by shortcuts.

Reframe the competition around long-term outcomes

When faced with cheaper competitors, shift the comparison away from short-term savings to long-term impact. Ask customers to consider the true cost of replacements, downtime, or poor service.

By positioning your business as the provider of reliability, warranties, or superior support, you redefine what value means. Instead of chasing the lowest price, you help customers see that buying smart often means buying once.

Offer structured choices instead of discounts

Rather than reducing prices across the board, create tiered packages or bundle complementary products. This allows customers to pick an option that fits their budget while still recognizing the advantages of higher-value tiers.

You can also add service extras like extended hours or faster delivery without cutting into margins. With [First Commonwealth Bank's business banking and payment solutions](#) you can monitor which options perform best and refine your strategy based on real sales data.

Train your team to tell the value story

Employees are often on the front lines when customers question pricing. Give them clear talking points about what makes your business stand out, whether that's longevity, safety standards, or added support.

Role-play scenarios in team meetings so staff feel confident turning objections into opportunities. The more consistent and compelling their responses, the more likely customers are to understand and accept your pricing.

Connect pricing to your local and community impact

Many customers will pay a little more when they know their purchase supports local jobs or sustainable practices. Show how your business contributes to the community, from sourcing locally to sponsoring neighborhood initiatives.

Sharing this broader story transforms price into purpose. It also strengthens loyalty, as customers feel they're part of something bigger when they choose your business.

Pricing to earn a profit checklist



Defend and justify your pricing in a tough market

When customers are cautious about spending, it's natural for them to ask for discounts, shop around, or challenge your rates. If you can't confidently explain why your prices are fair, you may end up giving away margin and undermining profitability. Defending your pricing is less about arguing and more about showing why the investment is worthwhile.

By grounding your pricing in clear value, reliable delivery, and customer-focused benefits, you can hold the line in a competitive market. The goal is to help buyers see that your price reflects more than a number. It reflects trust, quality, and results they can count on.

Clarify what sets you apart

Your unique strengths, whether it's quality materials, fast turnaround, or specialized expertise, should be front and center when talking about price. These factors distinguish your offer from competitors and justify a higher rate.

Telling your business story also helps customers connect with you on a deeper level. Share how you support local suppliers, emphasize sustainability, or provide services that others simply don't. The clearer your differentiators, the easier it becomes to defend your pricing.

Strengthen your negotiation approach

Conversations about cost can be tough, but they're also an opportunity to demonstrate confidence in your value. Lead with facts, not feelings: highlight warranties, proven reliability, or total cost of ownership.

If a competitor is cheaper, reframe the comparison by pointing out what customers miss out on by going low-cost, whether it's slower service, limited guarantees, or added risk. With tools like [First Commonwealth Bank's treasury management services](#) you can keep financial insights at hand to back up your talking points.

Address real customer concerns

Often, what sounds like a price objection is really about something else: trust, reliability, or convenience. Make it clear how you handle these concerns, from punctual delivery and transparent communication to offering warranties or service guarantees.

When customers feel reassured that their purchase won't create extra stress or hidden costs, they're more likely to view your price as fair. Backing your words with certifications, testimonials, or documented quality checks adds credibility.

Use flexible tactics strategically

Not every customer has the same budget, so it can help to offer creative pricing strategies that protect your margin while keeping customers engaged. Tiered packages, bundled products, or limited-time offers add variety without resorting to across-the-board discounts.

Psychological pricing, such as \$49.95 instead of \$50, can also influence buying behavior. The key is to use these tools sparingly and track their impact. [First Commonwealth Bank's merchant services](#) make it easy to monitor how promotions affect sales across different channels.

Equip your team to defend prices consistently

If your staff are the ones handling customer conversations, they need more than just product knowledge. They need to understand the value story. Train them with real examples, testimonials, and clear explanations so they can respond with confidence instead of hesitation.

Role-playing scenarios can prepare them for tough questions and help them avoid undercutting the message with phrases like "I know it's expensive." Consistent messaging across your team reinforces the professionalism behind your pricing.

Stay firm when it matters most

Sometimes the strongest move is simply holding the line. If you've done the work to set a fair and profitable price, standing by it communicates that you believe in the value of what you deliver. Customers often respect confidence, even if they initially push back.

Having solid financial visibility makes it easier to know when to say yes and when to walk away from a discount. Using [First Commonwealth Bank's business tools](#) can give you the clarity you need to stay profitable while keeping negotiations grounded in facts.

Pricing to earn a profit checklist



How to price to earn a profit when rising costs and customer pressure collide

Across the US, many business owners are squeezed from both sides: supplier costs keep climbing while customers push back against increases. Tariffs, labor expenses, and supply chain disruptions make it harder to protect profit, while inflation-weary buyers resist paying more.

In this environment, pricing isn't simply arithmetic. It's a strategic decision that affects your survival and customer relationships. Done well, pricing covers expenses, maintains margins, and still feels fair to your audience. Done poorly, it eats into profits and risks damaging trust.

Know your true cost base

Before you can set profitable prices, you need a complete picture of your expenses. That includes both fixed costs like rent, salaries, and insurance, and variable costs such as raw materials, packaging, and utilities. This breakdown helps you calculate your breakeven point and identify the margin required to stay in the black.

Many owners uncover overlooked expenses, from overtime to marketing spend, that explain why profits feel thinner than sales suggest. Tools like First Commonwealth Bank's cash flow solutions can give you clearer visibility, helping you make pricing decisions based on real numbers, not guesswork.

Plan for different scenarios

Uncertainty makes it risky to set prices once and leave them unchanged. Map out a few possible scenarios, such as higher tariffs, increased labor costs, or dips in demand, and calculate how each would affect your margins. This preparation gives you a clear playbook if conditions shift quickly.

For example, you might set a baseline price for stable conditions, an adjusted price if material costs rise by 10%, and another if supply delays increase expenses further. Using [First Commonwealth Bank's cash flow forecasting guide](#) can help you model these scenarios so you're ready to act rather than scrambling under pressure.

Highlight value in plain language

Customers are more likely to accept higher prices if they understand what they get in return. That might include time savings, risk reduction, warranties, or longer-lasting products. Connecting your offer directly to customer benefits reframes the discussion away from cost alone.

Honesty also matters. Instead of hiding behind vague explanation of increased expenses, be open about how tariffs or supply chain changes have added to your costs. When you position higher prices as a commitment to quality and reliability, you keep trust intact.

Cut costs to create breathing room

Sometimes the best way to protect profitability is by lowering expenses instead of raising prices. Review supplier contracts, explore bulk buying, and negotiate for early-payment discounts. Look internally too: streamline processes, automate repetitive tasks, and trim unnecessary overhead.

Even modest savings can make a significant difference when margins are tight. [First Commonwealth Bank's treasury management services](#) can help you identify opportunities to manage expenses more effectively, freeing up space to keep pricing competitive without sacrificing profit.

Introduce price changes carefully

Big jumps in pricing often trigger customer resistance. Smaller, gradual adjustments tend to be more palatable and give customers time to adapt. You can also target changes to specific products, starting with those that are unique or in high demand.

Pairing increases with visible improvements like better packaging, loyalty programs, or added features helps customers feel they're receiving more value alongside a higher price. Communicating these changes clearly makes the shift feel like part of a thoughtful plan rather than a sudden shock.

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Keep pricing under constant review

Costs, markets, and customer expectations are always moving. Treat pricing as an ongoing process rather than a one-off decision. Regularly reviewing expenses, competitor activity, and customer feedback will help you stay ahead of change instead of reacting late.

Consider quarterly reviews as part of your routine. Use [First Commonwealth Bank's business checking](#) to monitor performance and spot trends early. This rhythm helps you adapt with confidence and safeguard profitability over the long term.

Managing supply chain and input costs

Tariffs and global trade disruptions are hitting US businesses hard, raising the price of materials, parts, and imports. For many owners, the challenge isn't just about passing costs onto customers. It's about managing supply chains smartly so pricing doesn't spiral out of control.

Strong supply chain management can reduce volatility, uncover savings, and give you more control over profit margins. By carefully tracking suppliers, exploring alternatives, and negotiating effectively, you'll be better prepared to manage rising expenses without losing ground in the market.

Map your supplier network

Start by identifying every supplier in your chain, from raw material providers to shipping partners. Document which of these relationships are affected by tariffs, which are stable, and where you may be overly reliant on a single source.

This exercise helps you see the weak points that could threaten your costs. If one supplier raises prices suddenly, you'll know immediately where the pressure is coming from and can take steps to address it.

Explore alternative sourcing

Consider whether local or regional suppliers can provide materials at more stable prices, even if the per-unit cost is slightly higher. Shorter lead times, fewer shipping risks, and reduced tariff exposure may save you money overall.

Diversifying suppliers also lowers risk. When you spread your purchasing across multiple sources, you protect yourself from sudden disruptions that can eat into profit.

Negotiate smarter contracts

Long-term agreements, bulk discounts, or early-payment deals can help you secure more favorable terms with suppliers. Even a 2–3% saving can have a major impact over thousands of units.

Think beyond unit price, as delivery reliability, payment schedules, and inventory flexibility also contribute to stronger margins. [First Commonwealth Bank's business banking services](#) can help you manage cash flow so you're positioned to take advantage of early-payment discounts.

Forecast the impact of tariffs

Run scenarios to see how different tariff levels would affect your pricing. For example, a 15% increase in imported steel might not only raise your costs but also limit your ability to compete in certain markets.

With [First Commonwealth Bank's cash flow forecasting guide](#), you can model these changes before they hit, giving you time to adjust pricing, cut costs, or renegotiate terms with buyers.

Streamline operations to cut waste

Internal inefficiencies can magnify the effect of higher input costs. Review your processes for areas where materials are wasted, production times are longer than necessary, or shipping is fragmented.

Simple steps like consolidating orders, upgrading to more efficient equipment, or reducing packaging can save more than you might expect. These savings make it easier to absorb tariff-driven costs without passing everything onto customers.

Build stronger supplier relationships

Treat suppliers as partners rather than just vendors. Regular communication keeps you informed about potential cost changes, shortages, or new opportunities before they happen.

Suppliers are often more flexible with businesses they see as long-term partners. By being transparent about your challenges and working together, you may be able to secure priority access, better terms, or collaborative cost-saving ideas.

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Monitoring performance and adjusting regularly

In today's environment, pricing can't be a one-time decision. Costs shift quickly, competitors adjust, and customer expectations evolve. Businesses that revisit pricing regularly are better able to protect margins and adapt to change.

Monitoring performance is about more than checking sales numbers. It's about understanding profitability at the product, service, and customer level, and making timely adjustments when the numbers no longer add up. This ongoing review keeps your business resilient and profitable, even when conditions are tough.

Set profit margin benchmarks

Decide the minimum profit margin you need to keep your business healthy and sustainable. This benchmark acts as a baseline for evaluating whether products or services are performing as they should.

If certain offerings fall short, you'll know it's time to raise prices, cut costs, or reconsider their role in your lineup. Benchmarks give you a clear target to measure against, rather than guessing.

Conduct scheduled reviews

Don't wait until margins are thin to check whether your pricing still works. Commit to quarterly or biannual reviews where you evaluate costs, sales, and competitor pricing side by side.

This rhythm helps you make smaller, less disruptive changes over time, rather than scrambling for big adjustments when expenses suddenly rise.

Gather customer feedback

Sales data shows what people buy, but customer feedback reveals why. Regularly ask clients how they perceive your pricing compared to value received.

Surveys, reviews, or informal conversations can highlight whether your pricing feels fair or out of step. [First Commonwealth Bank's merchant services](#) can also provide insight into buying habits that help you interpret this feedback.

Watch competitor movements

Track how others in your market adjust their pricing. Even if you don't follow their lead, this information helps you anticipate customer expectations and understand broader market conditions.

If competitors are all raising prices due to tariffs, customers may be more accepting of your increases as well. Staying informed helps you position your pricing more strategically.

Use financial reports to spot trends

Regularly reviewing income statements, balance sheets, and cash flow reports will show how pricing decisions affect the bigger financial picture. This allows you to catch negative trends before they become serious issues.

First Commonwealth Bank's reporting tools make it easier to access these insights quickly, so you can act on them without delay. Data-driven adjustments give you confidence that your strategy is grounded in facts.

Stay flexible and act quickly

When costs or demand shift suddenly, hesitation can be expensive. Build the habit of responding promptly to market changes, whether that means adjusting prices, cutting expenses, or reworking offers.

The ability to pivot calmly and strategically is what separates businesses that survive from those that struggle. Treat pricing as a living process that evolves with your environment, not a decision locked in place.

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Notes

Note

This is a guide only and should neither replace competent advice, nor be taken or relied upon as financial or professional advice. Seek professional advice before making any decision that could affect your business.