



VIRTUAL EDGE TECHNOLOGY

TRANSCENDING BUDGET AND PRICE CENTRIC THINKING FOR GREATEST RETURN

By Will Snyder, the Entrepreneur's Competitive Technology Advantage

One of the challenges many business leaders face is that others in the organization don't grasp the importance of letting big picture cost and ROI lead their thinking. So a whole series of choices are made based on price (what you pay today.) These decisions cost the organization millions of dollars in potential income, and more importantly, in equity valuation because the overall cost to the organization isn't considered. I call this the "price v. cost conundrum."

In order to become a more effective, successful CEO and entrepreneur I had to develop an elevated awareness of how important cost is relative to price. Such thinking required adopting a holistic view of the organization. Once I transcended beyond a focus on price to a realization that the best way for me to succeed is to make sure the organization succeeds, I was able to stop letting price limit the solutions I sought.

Now I help CEOs and entrepreneurs see how failure to implement the right technology to grow and protect their businesses can cost millions in cash flow, and tens of millions in valuation. Each dollar lost in cash flow due to inadequate technology solutions equals between \$4-10 lost in business valuation. So a disruption in business or incorrect technology causing a \$300K in hard provable cash revenue loss can cost you \$2M in business valuation.

This happens because customer frustration with down time or an inefficient solution will drive many customers to the competition where they will probably have a reasonably positive experience. Some will stay there. But those who you are lucky enough to retain will most likely shop price on everything they do with you against that competitor from that point forward.

As I grew my awareness and began to emulate the behavior of great CEOs and entrepreneurs I realized that cost as it relates to overarching ROI and equity value is always more important than price. If I have a disparity between budgeted funds and what I need to implement the correct solution I have many options for handling my budget shortfall. I can raise more capital, assume more debt, or enter into a strategic alliance in which price and benefit are shared to name a few.

The wisest and most effective CEO's and entrepreneurs are constantly looking for or creating this kind of synergy. It enhances opportunity sharing and profitability amongst revenue channels and strategic allies. Synergy can also help distribute cost between channels and allies, which increases net income and equity value. And the most successful CEOs surround themselves with department heads who think this way, too.

Transcending the price v. cost conundrum is a universal business challenge. When applied to technology issues, the concern translates into ensuring the right technology is in place to grow the bottom line and safeguarding the organization's systems against crash and down time, which could otherwise lead to catastrophic losses.

Managers, including effective department heads, aren't usually trained to think, "I've only got \$200K but I need a \$500K solution." Instead they look for what they can accomplish with the budgeted \$200K often at the expense of the big picture. They don't think about the enterprise in a truly holistic way. That is precisely why they tend to be limited by divisional budget constraints. Thus the overall cost of a problem to the organization is ignored in favor of



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a less effective solution that suits the budget. The impact of ROI on equity and to owners is completely ignored.

So when most decision making occurs within the departments CEOs and investors run the risk of the enterprise being trapped in the price way of thinking. The right solutions are missed by the limits price thinking imposes on their department heads.

Many people hide behind the “budget” excuse when ignoring creative solutions to critical problems. They see budgetary restraints as a legitimate reason for limited thinking. But effective CEOs, entrepreneurs and investors know it as an excuse that can be transcended by thinking interdependently. “Being trapped within the limitations of one’s individual wallet is a sure path to under funding and failure.” ~Bruce Raymond Wright

Whether you are a CEO, entrepreneur, or department head you can ascend to a cost mentality, too. The secret is in aligning yourself with cost-based thinking. CEOs and entrepreneurs who do this make good solo decisions. But when their supporting departmental leaderships operate from a price mentality correct decisions may not even be presented to them, and will often be missed.

Of course there’s a way out of the price v. cost conundrum and managers at all levels can outgrow it. Like me, you can dramatically improve your success at any level by elevating your awareness of the importance of cost and ROI in all decision-making. My mentor Bruce Raymond Wright has a mentoring platform for business leaders and those who want to think like them. He teaches how to understand price versus cost, and how to use that understanding to transcend the challenges or problems that ordinary or average businesses get trapped in. He can help you

understand how to make the shift from price limited to big picture cost and ROI thinking just as he helped me. Visit that platform here: <http://www.macrostrategicdesign.com/business-planning.html>

Regardless of your level within the organizational structure, thinking like an owner will cause you to make the best decisions for the company even when you have to find creative new ways to accomplish goals. It all starts with adopting a big-picture- cost-and-ROI versus price mentality.

Once you’ve transcended to CEO thinking you’ll be able to formulate a picture of what you need as opposed to looking at what you’ve got in your limited division budget. Rather than setting a ceiling on your option shopping, you’ll realize that you can accomplish more with less of your own money when you think and act synergistically. Once you embrace the truth that the correct solution can be achieved through working with other people or entities you’ll align yourself with holistic CEO thinking. And when you’ve grown your awareness to that place you put yourself in a position to attract the resources that you need. Your ideas will resonate with other people who share your enlightened view of business growth, protection and valuation. You will bridge the chasm of where you stand today to where you need to be tomorrow.

If you’re the type of business owner or leader who wants technology solutions that support and improve the value and strength of your enterprise moving forward, we should talk immediately. I welcome you to call me at the number below.



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