



### **“Supply and Demand Drives Everything in Business”**

**André Larabie**

As with almost everything else in business, planning and executing is not an exact science; however, there are certain things you can do to maximize the likelihood of your future business success, and effective planning and market research is one of those.

If your company is in trouble, there is more need for this than ever.

Business owners—especially successful ones—usually possess a good understanding of their products and services and the market they sell to. However, since you have found yourself in a turnaround situation where the relationship between those primary components is disrupted, for whatever reason, you need to take actions to regain that understanding and to reestablish that relationship.

Savvy (and successful) business owners make it their priority to know as much as they can about their competition and about their customers, and they keep up-to-date on this information. The marketing plans you develop—now and after the turnaround—will require this information as input.

Success in business all depends on the proper coupling between your product and your market. These two things are intimately related as stated in the well-known law of supply and demand:

When the demand is high and the supply is low, prices increase.

When the demand is low and the supply high, prices decrease.

This is a statement of this fundamental concept put in my own words, and it will probably not be very similar to the technical definition you



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would probably get from a classic economics textbook, but I think you understand the concept.

I repeat this relationship here since the understanding of this concept is fundamentally related to your ultimate prosperity as a business manager. You definitely need to be thinking in these terms throughout this process.