

Straight Talk about Billing

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Critical Do's and Don'ts When Setting Your Pricing Strategy

When it comes dollars and cents - what matters is **VALUE**, not hours.

Sure, setting up a billable-hour fee is easy, and sometimes profitable. But what about charging for the value you provide your clients? It's really not as abstract as you might think.

Here are three things you must know before you get started.

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1. **What is the client's ultimate objective?**
2. **How will the client measure progress or success?**
3. **What is a successful result worth to the client? In other words, if you succeed, what quantifiable value will you actually deliver?**

Once you've answered the above questions, it's time to begin thinking about a strategy. Setting value-based fees is a delicate process that requires some forethought. Here are some critical do's and don'ts to watch for.

- **Avoid early discussions about fees.** Assert that you can't say how much your service will cost until you have a full understanding of his or her needs.
- **Offer multiple options.** Give your client a range of choices, including a budget option.
- **Quantify your benefits.** Strive to achieve a minimum 5-to-1 benefit cost ratio. The perceivable tangible and intangible improvements you create should be worth at least five times the fee of the client.
- **Highlight the differences between you and your competitors.** Show what makes you stand out. Highlight your methodology and the processes that help you achieve breakthrough results.
- **Customize your recommendations.** Cater to your client's needs. Use their exact words and phrases when presenting your recommendations. This will minimize objections and clients are much less likely to haggle over price.
- **Don't promise discount options if the client offers to sign on long-term.** This will encourage the client to negotiate hard on the price.
- **Don't fear rejection.** If a client says no to a proposal, just walk away. It's okay to reject business that doesn't meet your requirements.
- **Never apologize for your fees.** You are asking for an equitable share of the value you've created and delivered.

Each firm has their own optimal pricing solution. If you're not seeing the profits you want, consider re-thinking your own fee strategy. Redesign it with VALUE and your clients in mind. You may just find that combination will help yield **BIG** money.

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