25 Charging what you are worth

This section is focused on pricing a service-related business as opposed to pricing products.

What are you worth?

Pricing can be the most complex part of the whole marketing process. What are you worth? What is your service worth? How do you justify your rates or prices? There is a lot to think about. The most important thing to consider about prices and rates is that you must charge in accordance with the value that your client will receive from you. To find out what you need to charge you must start by establishing what you are worth in terms of the value you give your clients.

Your service or skill will be more valuable if:

- you can solve a very costly problem and save your customer money
- you add tangible and solid value to your buyer's bottom line
- what you do is rare or in demand and there is a shortage of suppliers
- you can offer value that no-one else can
- you have a history of success and results achievement that back you up
- you have a strong unconditional guarantee.

Why is it important to charge what you are worth?

Pricing can be a strange thing. It has a strong influence on how you feel about the value of what you do. If you undercharge you may end up working very hard for not a lot. You may be perceived as cheap and therefore not so valuable. You may end up with a lot of work but no time to develop and grow your business or your skills. You may get stuck at a level that you find hard to raise. Over-charging can be equally problematic. You may price yourself out of the market, or find yourself under such intense pressure to deliver the high value that equates to the price you are charging that it affects your delivery. Either way it is important to find the right balance both for you and for your customers. You need to feel comfortable about the price you charge your customers and your customers must feel comfortable about the value they perceive themselves to be receiving.

Your challenge

Your challenge will be to establish your worth to your customers and put a price on it. You will then need to communicate the value you are offering to justify that price. You will need to decide exactly how you are going to price your work, i.e.

- by the hour
- by the project
- by the package
- by the solution
- by results.

People's perception of the price you charge can also be a challenge for you.

It is important to recognise that how your product or service is perceived is largely determined by what price you charge for it. Perception of price can influence both buying and selling behaviours. Some only see the value when the price is high, and if low the assumption can be that the quality is absent.

WHAT IS YOUR PERCEPTION OF PRICE? – SPECIAL RESPONSE CHECKLIST

- How do you feel when you deliver the highest price for your goods and services?
- How do you feel when you deliver the lowest?
- How quickly do you discount?
- Why do you discount prices?
- When you present your price, are there differences in how you react to different customers?
- If there are, what are the reasons for that?
- How do you think about money? What are some of your beliefs?
- When you make purchases, is price the most important thing to you?
- If it is not the most important thing, what is?

Most people think their perception is reality. It is not. Being able to challenge your own perception is useful if you want to be able to ask for the best price for your goods or services more of the time. Being aware of your client's perception of price is useful too. You will be able to recognise those people who are more concerned about the value they are getting, than what is on the price tag. Don't let your own beliefs about money get in the way of your customers spending theirs.

How do you know what to charge?

There are many aspects you will need to consider.

- The potential value of each project to each client
- The potential impact the solution will have on your client's bottom line
- What the market conditions are in your industry
- What your competitors charge versus what they offer
- The time it will take to complete the project
- The complexity of the project
- The client's timescales
- The resources required to deliver the results

IS YOUR PRICE RIGHT – SPECIAL RESPONSE CHECKLIST

- What do you charge?
- How much do your prices vary?
- Why do you charge the prices you do?
- How do you work out your prices?
- Do you feel your prices are a true reflection of your value to your customer?
- Could you charge more?
- If so, how would you justify the price?
- Could you charge in a different way (by the project, solution or result)?
- What impact would charging in a different way have?
- How could you test it?

How to use this information

Questioning your own pricing structure and the way it is presented to your clients is a very useful exercise. Develop a value pricing strategy. Consider ways to add value to your service that will justify the prices you want to charge. Look for a way to increase your prices and make a positive impact on your bottom line.

Think value before price