

When did you last put your prices up?



Fifteen minutes, one real price, and the questions a good coach would ask you.

The practice

Most owners review their prices in the way most people review their home insurance: when something forces them to. The rate card was set a few years ago, a couple of clients were given a “temporary” discount that is now in its fourth year, and salaries have gone up twice since anyone looked.

In a study of 2,463 companies, Marn and Rosiello found that a 1% improvement in price, with no loss of volume, raised operating profit by 11.1% on average, against 3.3% for the same improvement in volume. They also showed that the rate card is rarely the price a business receives: discounts, write-offs, free extras and old prices all come off along the way. Once a year, find out what you really earn.

Your real price

Fees for one service last year (£)

Days or hours spent on it

What I actually earned per day or hour

My rate card price per day or hour

The difference (£ and %)

Where it went: discounts, write-offs, free extras, old prices

Rise in people costs since my prices last changed (%)

A consultancy with a rate card of £800 a day found it was earning £680. Halving its write-offs alone would add about £70,600 a year, for the same work.

Try this this week

Take one service and divide last year's fees by the days or hours spent on it. Compare the answer with your rate card. Then choose a month for your annual price review and put it in the diary.

Coach yourself

Set aside fifteen minutes where nobody can interrupt you, and answer in writing. An answer looks surprisingly different once it is on paper.

G

GOAL

What would fair prices let me do, for the business and for me?

R

REALITY

What did I actually earn per day last year, and when did my prices last change?

O

OPTIONS

Which leak is easiest to close, and which clients would I start with?

W

WILL

What will I change first, when will clients hear, and who keeps the list of discounts?

If you catch yourself saying...

You hear yourself say	Try asking instead
<i>"I couldn't ask them for more"</i>	What would I say if I were them?
<i>"Times are hard for clients too"</i>	What happens to my clients if my business struggles?
<i>"I'll do it after the next big win"</i>	What would I need to feel to do it now?

ONE HARDER QUESTION

My costs have gone up since my prices last moved. Who is paying for the difference?

Keep it going

Price reviews happen once, with some ceremony, then not again until a bad year forces it. Give one person the review and the discount list, and put three check dates in the diary: 3, 6 and 12 months from today.

When to get help

Changing the terms of a contract is one for a solicitor. Your accountant can model what a price change does to profit and cash. If cash is already tight, talk to them first.

What a coach adds

This card gives you the questions. What it cannot do is notice which one you avoided. It is one of the SMARTer practice cards, covering the ten key areas of a business that sells expertise.



Talk yours through with me: book a Discovery Call at smarterentrepreneurs.co.uk

No pitch, no pressure, and you'll leave with something useful either way.