



## Give Yourself a Raise AND Create Transformational Results with “Value-Based Pricing”

Hey, it's Samantha Hartley of Enlightened Marketing and the Magnetic Marketing Essentials Academy, and I am so excited for this video. It's called Give Yourself a Raise AND Create Transformational Results with “Value-Based Pricing.” This is such a vital topic - I can't wait to share it with you.

Now, I'm going to begin walking my talk - elsewhere in the Signature System Program I talked to you about not teaching people everything you know or everything there is to know about the topic, but just the least they need to know in order to get started successfully with it. That's what I'm going to share with you, what will fit in a nutshell. Here's your nutshell message on the topic of Value-Based Pricing.

You are worth more than your time. That's why we talk about Value-Based Pricing, because you are worth more than your time. When you price your services based on time units, whether hours or dollars, or whatever, you get underpaid. Now, you're bringing so much more than just time to your clients. You have experience, tools, you know how to get results from people and you're going to make things quick and easy, and possibly even enjoyable for them to get these benefits that you bring them. You're going to help to achieve what they want. And that doesn't have anything to do with time, and as long as you're compensated only based on your time, you're going to be underpaid.

You want to be paid according to the happiness of your clients, according to them getting the benefits and achieving the outcomes that they desire faster and easier than they could do it on their own. And so, what I'm asking you to do here is to leave behind time-based pricing and we're going to focus on Value-Based Pricing.

The interesting thing about Value-Based Pricing is that it's going to require us to do a little bit of math. It's more advanced and sophisticated approach but, guess what, you're going to be compensated way more for it, so it's really fitting for when you're ready to step up a level in your business that it's going to take a little more sophistication and a little more effort to get to this place.

How are we exactly going to do this? The first thing I want to tell is that there's a few things to know about how you calculate your price, and I have covered that in a blog post, but I don't want to go deeply into that here because I think it's really carefully covered there. It's on my

blog. I'm going to put a link under this video. It's called Raising Your Rates? 6 Ways To Price Your Services. These are 6 things I want you to be considering when you're coming up with your rates.

So, some of that math has explained for you. But, for just today, when we talk about how to arrive at your Value-Based Price, you need to know your costs. Now, I know I don't want you to base your price on your time or materials or the things that you're delivering or anything like that, but you need to know them. You need to figure out approximately how much time it's going to take you to deliver what you're doing for your clients. You need to think about whether you're going to subcontract things out and have others helping you in the project, whether you want to have an administrative help for this, transportation – there's all kinds of considerations when you come up with a Value-Based Price. I make mine a flat fee. You can do flat fee, plus a percentage of something. But, if you're going to come up with a flat fee and you're going to have these things bundled in to it, then any costs that get out of control cut into your profits, so you need to know your costs.

You also need to know your market. What kinds of prices are others who do what you do charging? That will kind of let you know, "Oh, my gosh, I'm like drastically underpriced," or "Oh, interesting, I'm already pushing the top level of my market." You don't necessarily have to price your services according to what the market is doing, but you do need to know and be aware of what else is going on in it, because your clients might say, "Well, someone so does whatever..." and I want you to be familiar with that.

The next thing you need to know are the client's numbers, because if we're going to talk about the kind of results or outcomes that we're going to get for them and we're going to base the price on the value that they're going to receive, then we can't know what that value is going to be, unless we know the client's numbers.

Some of that value might be related to the percentage of growth they're going to have, or the percentage of savings. Some of the consultants I know will charge 10% of the growth that they're going to help their clients achieve, or 50% of the savings that they help the client to save. So, there are different ways to do that and I've done both of those.

You can also know things like whether the results that you're going to get for them are going to help them now or over time, because that also makes a big difference. I've had clients who got double-digit growth, not just in the year that we did our work, but every year since I've worked with them. So, they kind of had what we call "hockey stick" growth when it begins to exponentially grow their business after they do certain kinds of work with me. Those are the kinds of numbers that you want to know, and you're going to need to have conversations with

your clients before you start working with them in order to have a proposal to come up with this stuff.

The next thing you're going to do is make a bid. Now, whether this is in a proposal for a consulting engagement, or just the way that you're going to price your coaching services, or whether it's going to be the way you're going to price a group program online, like the way that we're working, you're going to make a bid.

This image has three different things, three different sizes – small, medium, large – and maybe it's my background with the Coca Cola Company, but I really enjoy small, medium, larger offers. Sometimes when I'm making a proposal for my clients, I'll offer choices. There's a small package, medium and large, or it can be Option A, Option B, things like that. Sometimes if I feel there's really only one right way to do the project and I'm not interested in doing it any other way than that, then I make only one. So, that's up to you. Obviously, Value-Based Pricing is a little more art than science.

The next thing you need to do, when you transition from just saying, "I charge \$550 a month," to "I have a mentoring package at \$7500," sometimes you're going to find it a little hard to say. You might find you stumble or you get nervous and you start chattering, or you want to fill all the silent spaces while the client is having sticker shock and thinking about it, or whatever. What I want you to do is practice saying it out loud. Do not make the first time you say, "This project is \$75,000" the time when you're sitting in front of the client, because you may be amazed at what your own reaction is. So, practice saying it out loud until the words no longer have any kind of charge or energy to them. It's just easy, it flows, and you can say it with relaxed confidence.

At the same time as we want to have things that we can say easily, we want to have things that we don't say. I want you to really watch your language around certain things. We don't want to say "cost" related to what the clients are paying us. We want to say "investment." They're really investing in themselves and they should expect to get a return on their investment. They should commit to working with you as if they're going to get a return. That means they're going to have to put some efforts in too, so they're investing in this. We also want to avoid the term "discounts" and "fees" and things like that. Instead of "discounts," you can say "savings." I offer 5% savings on total project for payment in full, for example.

Let's take a look at some frequently asked questions that I get about Value-Based Pricing. "My market can't afford this." I hear this all the time. "My market can't afford anything more than what I'm charging right now." So, this is nonsense. Nonsense. It is a limiting belief, it is not true. You may believe it, but that does not make it true. I want you to work on your mindset and work on this limiting belief and, if you need to, you can get a coach to work with you on your

mindset in this limiting belief. Let me know if you like one I can refer you to somebody who I really respect in this area.

If no one in your market is making money of the kind of that you want to charge, then you may need to consider choosing a new niche. But I would bet that if you look around, you're going to see at least one or two market leaders, who are able to charge probably way more than you even intended to. So, your market can afford it.

The next thing I hear a lot is, "I'm not in a 'make money' or 'save money' market." I'm a life coach, relationship coach, weight loss coach – all those kinds of markets where the benchmark isn't that my client is going to make money or save money. So, how do I do Value-Based Pricing? The thing is that you might not have your price fluctuate in this case based on how much the client is going to earn. That makes sense, right? In my world, I might charge a different price for a similar project, if I'm working with a solopreneur versus a \$10M business. But, in your world, you might have your life coaching fees not fluctuate unless they choose different packages, like your Total Transformation Package or your Signature System Package. By the way, "fee" is a term that we can use internally, not necessarily with a client.

We want to base that value on the cost of inaction. Here we are using "cost." Why? Because they're losing something by not taking action with you. When you look at the cost of inaction, meaning not doing anything, you can ask them, "What else are you spending on to solve this problem?" If you have someone who is really struggling with their weight, what are they doing instead of addressing that situation?

One of my clients works with women who are really struggling with boundaries and they find that they're always exhausted, they're giving time to everyone but themselves. Sometimes they're spending on shopping therapy – with actual therapist, sometimes they're spending their money. It can be costing them through stress, it can be taking a toll on their health, and that can certainly add up to being an expensive cost on them.

Then there's also losing time. Every month and every year that they spend dealing with this situation is costing them. What kind of a toll is it taking on the relationships around them? When you look at that kind of wheel of life, all of the different aspects of their lives and what the situation and problem is costing them, and then you contrast it with what they want to have in their lives, you're going to find that the investment they make with you is suddenly going to be put into perspective.

The third question I hear a lot, "My client doesn't know their numbers" or "They won't tell me their numbers." This is basically two kinds of possibilities. The first one is that they don't trust. Either they don't trust you at all or not yet, and they don't trust you enough to tell you their numbers or something like that. What I would look at is, if this looks like a client who just

doesn't trust people, then they might be a bad client and you might want to turn them down. If they don't trust you yet, you can see if maybe spending some more time with them would make them feel more comfortable. Signing some NDA, or something like that, will help them to reveal things to you and to really trust you. If not, again, they're not going to be able to get results with you, and so that's not going to be a good situation.

The other thing is that it's potentially ignorance. If they just don't know their numbers, they're ignorant of that, then that's something that you can work with them on. Work with them potentially on a trial project, instead of a whole, huge thing that you might intend to do later with them, and see if you can get more trust and help them to be educated about their numbers. That might kind of give you an idea whether they're going to be a good long-term fit for you, so I'd suggest a trial engagement in both cases.

I've had this situation myself and this is a question that I get a lot. "My potential clients just don't 'get' it and they just want to pay hourly." This is an issue of paradigm. A lot of times when you come to someone and talk to them about "I don't do an hourly thing, I work based on engagements," they keep pressing you. "Okay. But what is it per hour? What if I just want an hour?" "Well, I don't work that way." Their paradigm is that they can hire people and pay them based on an hourly basis. It's possible that all of the contractors that they work with are paid that way. I even had a client who we went round and round, because this is how they work. And, guess what they wanted me to help them with? Bringing in value-added services, because they were trapped in this hourly model. They just didn't see the irony of that, so they just didn't get it.

Sometimes clients just won't get it, they don't have a paradigm for this, but they don't get to tell you how to price your business. So if they're never going to get it and you've really tried and you've said "I don't work hourly and this is what I do and you're going to get this outcome, and the investment is based upon you getting this outcome," if they just don't get it, that's fine. You're going to have to turn down that work and you're never going to see eye to eye with that client, and it's probably best not ever to get started with them. However, if you really stand your ground firmly, you might find that they'll come around and realize that investing in you is the right choice for them.

Finally, "I've never done this before." I hear this a lot from consultants and coaches who say, "Ooh, I mean, this is a brand new kind of project for me" or "I'm just starting out with this kind of an engagement. So, what if they don't get value from what I'm doing?" I want to give you two things here that you're going to do.

The first one is you're going to set up joint accountabilities. Whether you're doing an online program, like you're doing with me here, or whether you're doing a huge engagement with

your clients, either way, nobody can be singly responsible for what happens there. You're responsible, they're responsible. They have to put in their contribution for it, and if you come to the project with the sense of what each of you are going to do, then you're going to find that they're invested in getting results and you are going to rise to the challenge. It's amazing what it brings out of us. When you're really compensated for what you're doing, you'll do anything. You will make sure that they get value, and I think that you're going to find that your genius really flows out of you.

If you're scared on the first project, you might not put the price up as high as it possibly could. Not a million dollars on the first one, but just something that makes you feel invigorated and excited, but still you feel like they could get that result.

The second thing I want you to be careful of is about over-delivering or working too much time, because when you work for a flat fee, a flat amount, then all of the extra time that you spend, or all of the over-giving that you do, is cutting into your profits. So you're going to really incentivize yourself to get results quickly and to do the least amount. Now, I'm not saying don't do a good job. I'm just saying if you can work your most efficiently, then that's going to really get you good results.

You're also going to find that the clients are going to be so invested that they're going to get incredible transformation. So, watch your time, watch your boundaries, but go all out together with the client and look for transformation. Value-Based Pricing is such an exciting topic. It can really transform your business.

If you've got a question about it, post it in a comment on this page. Thank you so much. I look forward to hearing about how this goes for you.