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Six Ways to Reduce Fee Resistance

Do your prospects sometimes balk when you quote your prices? Do you feel you're losing business because your fees are too high? The problem might not be your prices; it might be the way you're presenting them to potential clients. Many business owners blame a lost sale on price, but only a small percentage of customers are truly price-sensitive and will make a decision based on price alone. That means the majority of the market buys on value, not price, and that's what we need to move the focus to when we present prices.

The following are six ideas to help you reduce fee resistance and possibly even raise prices without receiving objections about your fees. The overall key is to reduce the prospect's risk of doing business with you while increasing the chances that they will look like a hero after they have hired you.

1. Acknowledge their fear or skepticism.

If your client has just had a couple of failures with other vendors, lost some clients, or laid off staff, he is going to be defensive and skeptical about any proposal that has him spending a large amount of money. The last thing he wants to do right now is make a mistake hiring the wrong vendor.

The first step for you is to see the world from your buyer's eyes. If the budget is tight, you have to acknowledge this elephant in the room. Show them how your service or product can reduce their pain and fit in with their current situation. And show them where it falls short, if it does. Being honest goes a long way and reduces defensive behavior on the prospect's side.

2. Build vision.

Work with the prospect to see the vision of their problems solved. Staying at this high level will allow you both to communicate the big picture and avoid getting lost in the details.

3. Gain buy-in before you write the proposal.

"If we can deliver this, does this sound good to you?" is the type of language you want to use during the initial conversations. As much as you can gain buy-in at every step, do so. This will allow you to keep one eye on where your buyer stands emotionally as well.

If the answer is “no” to the above question, then you have saved time in the proposal stage. Don’t write the proposal until you know what should be in it that will be accepted.

4. Give your prospect a choice of YESes.

In your proposal, create three options: a small, medium, and large, if you will. This reduces your chance of getting a “no.” Your buyer has a choice of YESes to make instead of a yes-no decision.

For example, a trainer’s small option might be two train-the-trainer sessions, 500 licenses, and no instructor manual. A medium option is two train-the-trainer sessions, 1,000 licenses, an instructor manual, and email support. A large option is four train-the-trainer sessions, 2,000 licenses, an instructor manual, two days of onsite support, and email support.

5. Use value words in your conversations, materials, and proposals.

When possible, use words like “investment” instead of “expense.” Also watch your ratio of “you” statements to “I/we” statements. Always use more “you” statements than “I/we” statements. List items you will be doing that are included in the fee and list them in the fees sections as “No charge” or “Included.”

6. Compute ROI.

If you’re dealing with larger accounts, calculating return on investment is pretty much mandatory. Estimate the value of the problems that you will be solving for them, and compare it to the cost of your service. There should be at least a 10 to one ratio, in favor of the prospect.

Include a per person component, if applicable. Your fee might sound high in total, but when you spread it across the number of individuals you will be impacting, it can sound really low. For example, a \$20,000 training fee spread over 5,000 participants is only \$4 per headcount. Let us know what numbers you need to make your marketing presentations complete. We can work with you to compute the number that communicates your value in the most informative way.

These tips will not only help you get what you’re worth, but they will increase your value in the eyes of the client, resulting in a more satisfied client.