## Can You Afford to Get Pricing Wrong?



### Susan Trivers



## Don't believe most of what you read about pricing!



Pricing Strategy and Pricing Model are two different things. If you don't know the difference how can you price correctly?

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### Why am I talking about language in a Pricing post?



Because the language around pricing is horribly mixed up.



l'm setting the record straight today.

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# Pricing Strategy defined:



Pricing strategy is the *RULE* you follow to determine actual prices or fees.

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There are two possible rules.



## 1. Prices and fees reflect *time* worked on the matter.



"We track every minute spent on a client's matter and charge for that time."



2. Prices and fees reflect the IMPACT (life changing differences) the firm delivers to our clients.



"Our fees and prices are proportional to the life changing differences we deliver."



# Pricing Models defined:



Pricing models are methods for implementing your rule.

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The most comon time-based pricing model is Hourly Billing



Hourly billing rates are set by adding costs + profit and dividing by the number of hours.



## Other considerations include:

- Competitor's prices
- Dynamic pricing
- Premium pricing

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The client or buyer does not figure into any of these models.

Only the firm's costs of goods, personnel, overhead, and operations + profit.



## IMPACT Based Pricing model



This is the only pricing model that puts the client's needs, wants, and desires first.



IMPACT Based Pricing allows you to set a minimum fee.



## There is no upper limit.

## Each offer is unique.



It is the model that gauges not only the IMPACT delivered but the *significance* of that IMPACT.

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When fees are truly proportional to the IMPACT, both the client and the firm benefit.



As firms accumulate more expertise and successfully deliver life changing differences, their fees rise.



Costs do not rise because their existing associates are capable of delivering greater IMPACT.



They attract clients with needs, wants, and desires that have greater significance.

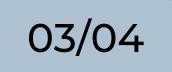


I am wholeheartedly in favor of IMPACT Based Pricing for professional and business services firms.



With your time based pricing strategy you won't know:





- What makes a difference to clients
- How significant those differences are
- How much more revenue you could earn.

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Why bind yourself to hourly billing that puts hard brakes on growth?



If it's time for a change of your firm's pricing strategy, pick a date and time on my <u>calendar</u> for a virtual Coffee.



**Don't just read-ACT!** 

Susan Trivers Pricing Strategist

Getting pricing RIGHT for professional and business services firms.

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