

The do's and don'ts of setting your prices (and one try not to...)

Getting your prices right is critical – typical then that this is one of the trickiest aspects of business! We thought the following might help your thought process...

DO

Make sure you work out all your costs when pricing your product or service – your premises, your phone bill, and the petrol when you drive to meet or deliver. The likely personal preparation time involved in each job

Charge what people are prepared to pay – this could be less or more than you currently charge!

Competitor analysis to see what the market could potentially sustain but don't just pick a middle price range (see next)

Add value to your price – bonuses, technical support, added customer service, product updates, extended training, discounts on further purchases...

Review your prices on a regular basis

Work out how much more additional revenue your product /service will generate for your client?
If you know the answer you are ready to set your pricing in terms of their benefit - and to defend your charges!



DON'T

Let potential clients beat you up on price because they know that you're a new business that needs clients. Take time to make sure the deal makes sense and that you're not putting your business at risk by taking up huge chunks of time over servicing...and undercharging

Carry too much stock

Let low performing products/services drag you down. Take time to identify your true stars and go all out to promote them

Charge at too low a rate – this will give you no scope for discounts to gain new clients or loyalty rewards to longstanding clients

Put your prices so high that you struggle to fulfil your client's inflated expectations

Put your prices so low that your potential client believes that your product or service probably doesn't have a value.



Get into a price war - all too frequently this leads to a downward spiral. Differentiate yourself from your competitors to avoid direct comparison. If you'd like some help with this we would recommend a free Marketing Healthcheck from Verve Insight Partner janebuswell@businessfulcrum.co.uk

TRY NOT TO

Charge hourly rates. Your clients should pay for the value you deliver not the time spent delivering it. The better you are the more experienced you are – this may mean you can deliver more quickly...and yet they are paying less to someone less experienced and slower!

This is handout no 2 in our Verve Insight Series. Struggling to find insight, energy or indeed... verve around this subject in your current accountant?

Why not pop into our Southampton Offices for a Practical Pricing Session?

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