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7

WAYS TO RAISE PRICES FOR YOUR EXISTING CLIENTS

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SEVEN WAYS TO RAISE PRICES FOR YOUR EXISTING CLIENTS

You know you need to raise prices on existing clients. You may even have legacy clients who haven't seen a price increase in five+ years.

RAISING PRICES IS A NECESSARY STEP IN THE GROWTH OF YOUR BUSINESS, BUT IF YOU DON'T KNOW HOW TO DO IT WELL, YOU RISK DOING SOME DAMAGE. YOU MIGHT HURT RELATIONSHIPS, OR HAVE TOO MANY CLIENTS HEAD FOR THE HILLS.

Here are seven ways you can **increase prices**.
Notice that I don't recommend all of them.

1 MY MOST OFTEN RECOMMENDED OPTION: CREATE NEW PACKAGES WITH PRICES THAT STRADDLE THE OLD PRICE YOUR CLIENT HAD BEEN PAYING.

This gives your client the choice to upgrade to a higher-value, more expensive offering, or they can downgrade to a less expensive, lower-value offering.

The key here is that your client self-selects. If they see value and ROI in the new, more expensive service line, they'll choose that. If they downgrade into the less expensive option, that's ok because you've designed it so that it's still profitable for you.

I'll share a simple example to illustrate the concept. I'm not suggesting these actual prices, but simply using them to illustrate the point. Consult a pricing professional before embarking on a price overhaul.

For our example, let's say a client had been paying \$600/mo for monthly accounting + P/L + Balance Sheet, that option is no longer available and your new options could be:

- Silver: \$750/mo for monthly accounting + P/L + Balance Sheet + 10-minute video/screen share walk-through to highlight any areas of concern + financials delivered by the 20th + guaranteed 3-day response time for questions via email.
- Bronze: \$500/mo for monthly accounting, P/L + Balance Sheet, now delivered quarterly.*



When you give your client a choice between monthly packages, you give them the opportunity to make a great choice for themselves. The key is to design both packages to be nicely profitable for you. That way, clients can pay you more if they're interested in more value, or they can downgrade if they prefer. Whatever they choose is fine with you.

2 MY LEAST FAVORITE OPTION:

2 BLAME COST. WHY DON'T I LIKE THIS ONE? BECAUSE YOU COULD BE LEAVING MONEY ON THE TABLE.

When you blame costs for your price increase, you're missing an opportunity to offer more value to your client. Offering more value would allow them to spend more money with you, but when you blame costs you don't give them that chance.

It's possible they are wanting, even needing, more value from you, but you are not offering that option.

It's bad for you, and it's bad for them.

Your clients grow and change over time. Their businesses grow. Their personal wealth may be growing. What they need from you has likely changed.



Some of them want to pay you more—for better service, for faster response times, for clearer communication, for more proactive guidance, for higher-octane strategy.

They might even be feeling the awkward imbalance: they know you are undercharging but it feels out of place for them to tell you it's time you charge them more.

In the end, blaming your price increase on costs is simply a missed opportunity to offer your clients more value at higher prices.



3 BLAME NOT HAVING RAISED PRICES IN 3+ YEARS.

If you explain to your client that you're raising prices now because you haven't raised them in over three years, well...here's a little tough love: to your buyer, that sounds like a "you problem."

Your client thinks, "I'm sorry that you haven't raised prices in X years, but so what? I mean, I get that it's justified, but...how is this a good thing for me? I'd be willing to pay more if I were getting more value, but now I'm suddenly paying more money for the exact same service."

You gain, but your client doesn't. It doesn't have to be this way, you have better options, like #1, above.

YOU ALSO HAVE THE FOLLOWING OPTION, THAT CAN WORK IF YOUR BUSINESS IS PIVOTING AND IN A GROWTH PHASE:

4 REPOSITION YOUR PRICE INCREASE AS AN INVESTMENT THAT WILL ADD VALUE FOR YOUR CLIENT OVER TIME.

Tell your clients, "We are using the price increase to invest in software, technology, and systems improvements, which will enable us to provide a more powerful service and get your needs met more quickly."



It goes without saying but I'll say it anyway: only use this one if it's true.

This option can work when Option 1 (creating two packages whose prices straddle the old price) is for some reason not available.

5 ADD VALUE AND RAISE THE PRICE.

Simply let your clients know that in the near future you'll be offering them more value for more money.

"As of [this_future_date], we will no longer be offering [this_existing] service. We have created a better, more valuable service that will include:

- *thing_one*
- *thing_two*
- *thing_three*

This new service will help you:

- *do_this_better*
- *get_this_faster*
- *be_easier_this_way*

When this new service line becomes available on [this_future-date], the price will be [this_new_price].

You will automatically be upgraded to this service, but you can choose to discontinue service at any time if you find it's not for you."

This option has the benefit of being cut and dry, so it works well for accountants who want to make significant changes quickly, and to large numbers of clients at once.

It won't always be received smoothly. Anticipate ruffled feathers.

Remember, ruffled feathers are easier to tolerate when you know that this shift is what your business (and life) requires.



6 ADD A PAYMENT OPTION.

When you simply need to raise the price, and you don't have a second package the client can choose, consider adding a payment option.

For example, if using this method with returns, raise the price (a bunch) and then:

- offer 10% for payment in full up front before Dec 31st.
- offer to split the payment in half, 50% due before Dec 31st and 50% due at filing.
- or pay in full at time of filing.

When you offer payment options, your client still gets a choice, but it shifts their focus from how much they are paying to how they want to pay, and when.



7 GRANDFATHER THEM AT THEIR OLD PRICE FOR SIX MONTHS.

When you simply need to raise the price, and you don't have a second package the client can choose, consider allowing them to continue paying their old price for a finite amount of time.

To get the full benefit of this method, tell clients you're doing this before you do it!

Otherwise, they will be blissfully unaware of the great deal you're giving them.

If they don't know about the value, they cannot perceive the value, and will not appreciate the value.



Perhaps you'll write:

"Dear Client,

[Insert niceties, such as "we are pleased to have you as an ongoing client"]

As we continue to enhance the value and quality of our services, we will be increasing prices to \$xxx/mo for new clients, beginning Jan 1 2023.

As a loyal and appreciated customer, we are happy to extend your current price of \$xxx/mo through June 1st 2023. Beginning July 1 2023, your new price will be \$xxx/mo."

When you use this method, you help your client celebrate their good fortune. They think, "Prices go up—I get it. I'll be getting a special deal for six months!"

It changes the positioning in their mind from "that's too bad," to "great, thank you!"

**RAISING PRICES ON EXISTING CLIENTS ISN'T IMPOSSIBLE!
IT DOESN'T EVEN HAVE TO BE PAINFUL WHEN YOU
IMPLEMENT THE STRATEGIES ABOVE.**

WHEN RAISING PRICES AND YOU ARE (RIGHTFULLY) CONCERNED ABOUT PRESERVING CLIENT RELATIONSHIPS AND YOUR REPUTATION,

IT'S VITAL TO:

- ✓ CHOOSE THE RIGHT STRATEGY
- ✓ GIVE YOUR CLIENTS VIABLE OPTIONS
- ✓ WRAP YOUR OPTIONS IN A TASTEFUL SCRIPT

I GET THAT IT DOESN'T SEEM EASY. THAT YOU MIGHT HAVE TREPIDATION ABOUT THESE CHANGES.

BUT IT'S WORTH DOING.



It needs to be done. For your sanity and life balance, it needs to be done.

It's good for your business; it's good for your clients

And you don't have to do this alone.

I can help you take what seems like an overwhelming project and break it down into small, manageable steps.

We break your client roster apart into like-segments, and move through each segment one-by-one.

We observe responses, and adjust accordingly.

By taking this iterative approach, we reprice all your clients in two months or less.

IF YOU WANT HELP, SIMPLY REACH OUT: EMAIL ME AT GC@GERALDINECARTER.COM.