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Stop discounting your service:  
Sell on Value rather than Time

# Stop discounting your service: Sell on Value rather than Time

The age-old challenge facing agencies is getting clients to pay for your value rather than time. When we sell time, we open ourselves to discounting, undervaluing the service we provide, not selling our real assets (strategic thinking and creativity) and creating no differentiation.

So when quoting your customers, do you sell on outcomes and value, or the number of hours/days a job will take?

I read a story recently about someone who had her wisdom teeth removed. When she received the bill, she was shocked at the cost; over £300 per tooth. When she returned for the follow-up visit the next week, she mentioned the bill to the dentist. "It seems like a lot of money," she exclaimed. "Why it only took you about 15 minutes per tooth." The dentist smiled and said, "That is exactly what you are paying for. If you want me to take an hour or more to remove each tooth, I can do that. In fact, most anyone can do that. But there is value in a 15 minute extraction."

Good point.

True value is never based on time or even effort. It is based on intellectual property (our creativity, strategy and process), ability and the value of the service to the customer. Each item needs to be carefully evaluated when you are pricing your products, services, or time in the marketplace.

## The Opportunity

Clients are not buying your time, work or efforts, they are buying business results. If you start selling your service based on outcomes, outputs and benefits, you start to align yourself with the client and can start charging a fairer fee for the creative work you deliver. This is Value Based Selling.

Lets take an example of both approaches:

### **Price based selling (the traditional agency model)**

- Customer looks for an agency to redesign their website.
- You sell yourself to the customer as being a great company to develop their site.
- You show them examples of your previous work.
- You do your fact find to better understand what the client wants (still features led rather than outcomes and benefits), they show you examples of sites they like and ones they don't like
- You quote the customer based on the number of hours you feel it will take to develop the site
- The client says they like you, your approach and ideas but a competitor quoted £x less than you
- You agree to discount to £X in order to win the business
- You win the business and try to deliver within (discounted) Y hours – you either cut corners or most likely, over service.

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Now lets look at the same example again using

### **Value Based Selling**

- Customer is looking for an agency to redesign their website.
- You talk to the customer about what they are achieving today with their website and what they want to achieve with their new site. This could look like leads generated, visits to the site, white paper download requests or it could be brand awareness etc.
- You work with the client to work out how much this change would achieve in actual £s.
- The customer starts to listen to you. So far it's all been about them and not about you. You are starting to differentiate yourself because the other agencies pitching have all quoted around time to do the job
- You produce a quote that talks about what you will be delivering against an agreed scope of work, the metrics you will use to assess the outcomes and then your cost and your approach (product/service). At this stage you might bring in examples of your other work to add credibility
- The client likes your approach, and even though you are the most expensive agency pitching they can see the ROI so signs you up
- You win the business and sustain an ongoing relationship with the client to implement the metrics.

If you are reading this and thinking up a bunch of objections as to why this won't work for your business, please get in touch, we need to talk. It can work for every agency and I guarantee you it will make you a more profitable and boundaried agency without affecting (except in a positive way) any of your core values.

## In Summary:

5 key benefits of value led pricing in place

1. Focus on value and effectiveness, not time and cost
2. Place focus on results rather than efforts
3. Fosters an entrepreneurial spirit in your agency rather than a production mentality
4. Shares the risk between the client and the agency
5. More profit and longer client relationships for the agency

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**This is one of a series of whitepapers that are available to you.**

Other topics include:

- Winning back time – making the most of your limited time
- Creating a Scalable business
- Developing a unique position for your business
- So you're not charging enough, what can you do?