

Title:

Fixed Price Contracts For First Time Customers

Word Count:

415

Summary:

Fixed price contracts are the best and safest method when working with a customer for the first time. You put clients at ease, you reduce your risk, and you establish willingness and ability to pay buy using fixed price contracts.

Keywords:

Fixed Price Contract

Article Body:

Fixed price contracts are the best and safest method when working with a customer for the first time. This puts the customer at ease and it reduces your risk of not being paid at all. With this first fixed price contract your main objective is to establish the willingness and ability to pay. After that you can build the relationship.

It's important to note that when you establish a fixed price contract you do that with a customer - not a client. Until a customer has proven that they'll be with you through the duration they are a transaction related customer. They are not a long-term client yet. When you first start out with somebody if you set up a price fixed contract the customer will be a lot more receptive because they perceive lower risk.

This perception may mean a lower margin for you because your fixed price contract is less per hour than you normally charge. Don't worry about this. The more important objective here is to turn this customer into a client after you have established the willingness and ability to pay.

Fixed Price Contract Conditions

Doing price fixed contract work is only viable if you have very a defined project. It is very difficult to do with an emergency service call. You don't know what you're walking into. Keep that in mind. Don't do foolish things like committing yourself to spend three days on a server rebuild for a fixed price contract of \$250.

Include in every fixed price contract two or three sentences that explain that

it is subject to credit approval. If you grant credit, always leave yourself an out if they refuse to give you a credit application or the credit application is incomplete. This first fixed price contract is the riskiest. Because of this you want to do things that are in your own best interests.

The Bottom Line on Fixed Price Contracts

The key thing to remember with fixed price contracts is that you are more likely to get stuck with the first bill with a new customer than anywhere else. Use fixed price contracts as way to entice new customers and to lower your risk of nonpayment. Your goal is to turn these fixed price contract customers into long term clients but first you need to know how willing and able they are to pay their bills.

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