

# 6 Things to Do When Your Prospects Say, 'Your Price Is Too High'



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by [Mike Schultz](#)

*"Your fees are too high; can you do it for less?"*

In the highly competitive marketplace we hear dreaded phrases like that all the time. The easy thing to do is to offer a discount, but that cuts into your profit margins and sets a precedent for the future. You don't want to become a victim of discounting gone wrong.

So, what do you do when clients push back on your fees?

The glib answer is: focus on your value. Trite, but true. If it's worth it to the client, they'll pay for it. But when faced with price push-back, many are at a loss for what to do in the moment.

Here are six guidelines to follow the next time a prospect says, "Your price is too high."

**1. Don't backtrack:** I was playing golf with a bunch of old friends last summer. One of these gents is an attorney who was speaking about his services with another old friend who runs a hedge fund. Without being asked, he got to price and said, "My fees are \$300 per hour, but if you need me to, I'll work for less."

Here's an example of backtracking before even getting push-back. (I'd hate to see him in court, "Members of the jury, he's innocent! Unless, well, you don't think so. OK, we'll plea bargain with opposing counsel...")

The fact is, it can be tempting to respond right away with, "How much can you spend?" or "Let me see what I can do to lower the price." Don't just fold. Follow the process outlined in [Turning No into Yes: How to Handle the Most Common Objections](#). Only then will you get to the heart of the issue and find your way around it (while also maintaining your desired fee).

**2. Confront competitor pricing head on:** Folks are tempted to backtrack when the buyer says, "But I can get it from XYZ provider at a lower price." At this point, many sellers give the indication that they're willing to negotiate prices.

Instead, acknowledge that other sellers' prices are, indeed, all over the map and leave it there—you're basically saying, "I acknowledge other providers' prices are lower than mine, but my fee is my fee." Then ask the buyer, "Is there a reason you haven't already rewarded them the business?" Some buyers will share why they'd prefer to work with you, and you can leverage these reasons to maintain your price.

It's true, buyers might walk—that's a risk you take. Many times, however, you'll simply set the foundation for continuing the sales process at your preferred fee level.

**3. Don't start talking cost structure:** Imagine your firm has proposed a \$15k / month retainer. Some clients will ask, "Well, how did you come up with that price?"

The seller then pulls out a scope sheet and shows how the technology costs are X, the implementation rate is Y, and the monthly service fee is Z, so here's the fee. Heading down this path is a slippery slope and leads to nickel-and-diming here, there, and everywhere.

In our [Fees and Pricing Benchmark Report](#), we found that firms of various price and profit levels use retainer pricing. However, firms that achieve premium prices and profit levels do not share the underlying fee structure nearly as often as the other firms.

Think of it like this: if you went to buy a car and asked what the exhaust system cost or how much the dashboard set them back, you would probably get laughed at. In the same vein, you should not lift up the hood simply because you're asked what your costs are.

**4. Ask, "Which part don't you want?":** When selling consulting services, consultants are tempted to cut fees when they get push-back, especially for large deals. The logic goes like this, "Well, it's a \$120,000 deal, but if we get it, we can get by with \$110,000 and be OK. That would be better than losing the whole thing." So they cut their fees.

This is a bad precedent to set if repeat business is important to you. You'll always end up playing the price-cut game at contract renewal time.

Instead, when a client is considering a \$120,000 deal comprised of five major components, ask them which component they don't want. You might find yourself going component by component, and as the client realizes they want the whole thing, you don't cut any of your fee.

Also, going component by component forces the client to consider what it would take for them to do that particular component of the work (if they could even do it). All of a sudden they realize how much they'd prefer to pay you to get it done.

**5. Don't dismiss the buyer when they push back:** I often hear this comment: "If they push back on price, we don't want them! Pushing back on price is an indicator that a client will be high maintenance or worse down the road."

That might not be the case. Buyers are often taught to challenge price in multiple ways. Just because they challenge you doesn't mean they are bad people or are destined to be bad clients. It also doesn't mean they're challenging your value personally. (I've seen many salespeople react viscerally and personally to fee pressure. Bad form.)

It often means they're trying to figure out how to engage you and your solutions. Some providers discount; others don't. They're just asking. Hold your ground and treat them reasonably in the process, and oftentimes they'll just come around.

**6. Offer financing and payment terms:** For many buyers money is an issue *right now*, and they can't buy because of the payment terms. Sometimes simply adjusting the payment terms is all the client needs to move forward.

Clients will, in the end, pay more for your products and services if they see you offer more value than the alternatives. And as much as you might disdain the thoughts, buyers will continue to pressure price and other consultants will continue discounting to win business. But if you follow these four guidelines when you get price pressure, you'll find yourself winning more deals at your asking price.