**With Halloween right around the corner, let’s talk about a boogeyman that lurks in the shadows and strikes fear into the heart of practically every salesperson and business owner alive:**

**PRICE**

Last month I suffered through a consulting call from hell with a small struggling MSP who was absolutely convinced he couldn’t sell managed services for more than $9 per workstation due to competitive pressure and give the fact he’s in a small market. For over an HOUR he passionately argued with every point I made, adamant that it was impossible to compete against cheaper competition, and ended up outraged that I couldn’t give him the perfect managed services plan that would somehow automatically prevail over his competition.

Despite my best efforts, and giving him client example after client example of others in similar situations where selling managed services for FAR more, I simply could not get him to understand that a) his town was NOT unique in having the only business population in the United States that refused to spend more than $10 per user on a managed services deal and, in fact, that I had other clients in similar markets easily securing ten times that amount in fees, and b) that clients will pay a higher price given sufficient logical reasons to do so. Ultimately, he could not answer the Ultimate Marketing Question: Why should I buy from *you* over any and every other MSP offering similar services? He admitted he didn’t have an answer for that, but was furious with ME that I couldn’t just hand the answer to him.

For the record, my advice was as follows: First, take a good, hard look at WHO you are selling to and how you’re getting them. Some oil traps have low-grade oil but require the same amount (or more) work to extract it. If that’s the case, go find a better quality oil trap to build your marketing drill. Second, go back to the drawing board and look at what you are providing for the money. Do you *really* have a better deal to offer? If not, then work on IMPROVING what you’re offering so that it truly IS worth more based on what customers want, NOT what you think is valuable (a critical point...don’t miss it). If you discover that you are providing more value, work your butt off at learning how to effectively communicate that value you’re providing. Of course, he didn’t like either answer because it required WORK. Further, I suggested he find a niche and customize his services to solving the key problems and wants of that niche and approach the market that way.

But the heart of the matter isn’t that he’s got cheaper competitors or a city that exclusively houses all the cheapskates in American business. The reason he’s running into a price wall every time he sells is because HE BELIEVES that’s what every prospect bases their buying decision on and therefore only sees and hears things that verify that belief. And because of THAT, I’m certain he’s selling on price too-consciously and subconsciously-making the entire sale based on offering the cheapest price when that simply is NOT true. Nobody buys everything on price alone. Would you want the cheapest eye surgeon doing your Lasik surgery? The last time you bought a car, was it based solely on the cheapest car you could find? Do you want to employ the cheapest, lowest-wage workers? If you do, you’re an idiot, and yes, the world has its fair share. Of course, price IS a decision point, and no matter what your price point is, you still need to make some justification for what you charge. **There are absolutely NO business-to-business products, services or buyers of *anything* where factors other than price don’t enter into the decision-making process**. Please go back and read that line again and again UNTIL it sinks in.

So how do you prevent the price boogeyman from jumping out and killing your deal like Jason in a Halloween movie? By NOT committing one of these 5 common pricing mistakes:

1. **Pricing your services in the same manner as everyone else**. When most MSPs go into business, they look around and talk to all the other MSPs in the business, their contracts and what they are delivering and then model THEIR services after what they see. What they don’t realize is that what they’re doing is building a commodity—a service that looks, sounds, acts and is priced like everyone else’s. Then they wonder why they get shopped on price. Dumb.

2. **Marketing to prospects who truly cannot afford your services.** There are some people who simply cannot afford to buy what you’re selling, so STOP marketing to them OR figure out a business model and service where you *can* still profit from what they CAN afford (Wal-Mart). For example, there are certain groups in the IT industry that I’ve spoken in front of where the people are clearly small, struggling IT firms who, even when I get `em, end up in collections, have a high refund rate or simply don’t buy because they quite honestly can’t swing a $500 charge on their credit card. When invited to speak at these events, I decline. You can’t fish in a murky swamp and hope to come up with a prized tuna.

3. **Not being able to give prospects logical and sufficient reasons why your services are worth more.** Let’s take my services for example. If you choose to go with a cheaper competitor, you’re going to waste a lot of precious time and money implementing the WRONG strategies, and nothing is more expensive than bad advice. Bottom line, you HAVE to learn how to make a solid argument to a prospect as to why they need to hire YOU, and help your prospect see the hidden costs of “free” or “cheap” services.

4. **Not having a PREMIUM-priced version of what you sell.** I have this argument with people all the time about varying levels of managed services offerings. Many boast that they only have one price for one service plan that they sell. Stupid. I firmly believe having at least two options is SMART, provided one is a premium version. Even Southwest Airlines offers a “premium” option of business class that guarantees you’ll be one of the first 15 to board the plane. If nothing else, the premium version acts as a contrast to the “coach” services you provide, making them seem like a better bargain.

5. **Negative, emotional beliefs about asking people for money.** Most of the “price” issues I see in business primarily stem from the owner/salesperson having low self-esteem or low confidence in themselves and what they deliver. They never ARTICULATE it that way, but with a little digging, they’ll admit they pull their punches and hold back from confidently advising the client that they should buy from them.

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