

Ep #70: Pricing: When to Raise Them, Testing the Waters, and What to do if Your Clients Hate It



Full Episode Transcript

With Your Host

Becca Pike

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Hello, my friends. This is episode number 70 of *The Hell Yes Entrepreneur Podcast*. I am your host, Becca Pike, and it is time for your weekly dose of Hell Yes Coaching. Let's go.

Hey, guys. I'm Becca Pike and welcome to *The Hell Yes Entrepreneur* podcast, the number one show for entrepreneurs looking to create their first six-figure year. If you've got the drive and you know how to hustle but you're not sure where to channel your energy, we've got the answers. Let's dive into today's show.

What's up friends? I am so sore. You know of all the fitness endeavors I've ever had, I've never been a runner. Never once. Never really gotten into it. I think that it is for a very specific type of person, especially distance running. Like the mental fortitude that it takes to run that long. Like, I get in my head. I get bored. I get to a point where I'm like I just don't want to do this anymore. Like I've never been good at distance running. I have recently started running.

Now my goal is not to run like six, seven miles. My goal is to run one mile very fast. That's my goal. So for the last like 20 days, I have been practicing my one mile run. My entire goal is to shave off minutes and seconds until I get to the point where I can run one mile very quickly. My goal is like sub seven, which, for me, is insane because I feel like a fucking lead brick house trying to make its way down the pavement.

But all these years of CrossFit and bodybuilding, like running has never really been a part of it. Like we would run in CrossFit, but it was like once every two months, and it would be a part of the Metcon, and I would die the whole way through it. Then I would never think about it again until the next Metcon that we had to run.

But now it's like holy shit guys. I am so sore. Like my shins and my calves and my body, and oh my god, I'm finally not peeing when I run. Seriously. Anybody that's had a baby like how do I stop peeing? What do I do?

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Someone tell me. Don't really. You don't really need to tell me. I know how to do the pelvic floor exercises, but oh my god, this is crazy.

Anyway, y'all, I've been running. I'm feeling really good about it. I'm gonna be able to run a fast mile. I'm so excited about it. It just feels so good to be in shape. It feels so good for your lungs to just like work really well. I love it. That's all. That's my rant. Okay. Today guys, we are going to be talking about pricing. When to raise them, how to decide what to raise them to, what to do if customers don't like it. They send you death threats after you raise them, right? All the good stuff.

But before we do quick back of house announcement. Y'all guess what's coming back for round two? Sprint to Success 2.0 is coming soon. Last year we did this Sprint to Success 1.0 It was deemed our most fun, most informative, most strategic masterclass to date. It was a by far the most loved class that we had. We're not in there just talking about mindset. This is actual strategy and to do's oozing out of this class. Okay.

We have clients that were reporting insane numbers. I will look those up for the next podcast episode so I can show you guys some of the stuff that they were reporting after going to this class. It was awesome. In this class, I teach you guys exactly how to run a sprint week. So sprint week is a game that I've been playing in my own mind for years, okay. I play it kind of with myself as a strategy to like build my sales, my sales funnel, my clientele, my audience everything.

A few years ago, I started teaching it to my one on one students, and then they started having explosive success. Last year Sprint to Success 1.0 was the first time I ever taught it publicly, like as a masterclass. We saw so much love for that masterclass that we had to bring it back this year, Sprint to Success 2.0. We're gonna do it even better than we did last year. So stay tuned. We're gonna be announcing those dates very soon on my Instagram stories as well as here on the podcast. All right, this is class you don't want to miss. It's only going to be \$22. It's a no brainer.

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All right let's talk about pricing. So I have just bullet points here. I'm just gonna go off and riff through these and kind of give you some ideas, give you some thoughts just off the cuff. So number one, the number one way to know that it is time to raise your prices is very basic supply and demand. If you have a demand that is high, as high or higher than the supply that you can give, it is time to raise your prices. If you are waitlisted. If people are waiting days or weeks to get in to see you. This is a time to raise your prices. Okay.

If you're someone who hasn't created demand yet, let's say that you have the ability to take on 20 clients. You only have two. Now would not be the time to raise your prices. Okay, supply and demand very basic, very straightforward.

Let's move on. Number two, how do you know it's time to raise your prices? Your price doesn't fit your brand. So you can't be like a Louis Vuitton out here with Dollar General prices. You get what I'm saying? Like if your pricing doesn't match the brand and positioning that you are trying to energetically create then it's not going to work. You also can't be a Dollar General out here with Louis Vuitton pricing, you know what I mean? I'm going to have to do a whole podcast sometime just on branding and positioning and exactly what that means. I think I'm going to. I think I'm gonna write that down.

When to raise your prices. Number three, when you want to. What? What did she just say? Yeah, you're allowed to raise your prices just because you want to, because it feels right to you. The last thing that you want to do guys is not raise your prices when you want to and then realize that you're beginning to resent your work or your audience or whatever. Because that's what happens when people don't get compensated what they feel like their service is worth.

All right. Here's another one. This one's my favorite. This is the one that I feel like people should base their pricing on the most. I think you should base your pricing the most based on the results that your clients are

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getting. So, for example, like as a business coach, I take into consideration how much more money my clients are gaining when they work with me.

So if I sit down with Jane Doe who is making \$80,000 a year, and we work together for one year. And in that year, she brings in \$400,000. That's \$320,000 more than what she was making before she started working with me. Then I'm not going to have a problem at all charging her \$70,000/\$80,000 a year. Does that make sense?

So like, in my Three More class, the students are gaining at minimum three more clients, at minimum. So if those clients stay with my students, like if my students get three more clients, and those clients stay with my students for more than a year or two, then their lifelong value like those three clients will accumulate a revenue far more than just the \$3,000 that they paid me. Right? So it's easy for me as a business coach to show them how much money they're making off of hiring me. Does that make sense?

But you might be thinking hey, I'm not a business coach. I'm just an accountant, or I'm a house cleaner. Like I can't black and white show people exactly how much money they're making off of me. I would like to challenge you against that. I want to challenge you to learn how to articulate to your customers the money or the time or the energy or the convenience or whatever it is that you're saving them.

So like, even if it's not a normal thing in your industry, do you know how much I love it when my accountant tells me how much money he has saved me in the last quarter? Or like if my house cleaner left here every Friday, I get my house cleaned every Friday. If she left every Friday, and she wrote out a list of all of the projects that she did along with how much time it took her and how much time it saved me, I would love that.

Your ability to articulate your value to someone will be the number one reason that you can and will be successful in increasing your pricing. If you can articulate the value, whether its money saved, time saved, convenience, whatever factor it is, happiness, less anxiety. If you can

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articulate it in a black and white way to your customers, you will be able to get paid whatever it is that you want to get paid. Most industries don't do this.

Okay, next up, a couple other bullet points. Let's say that your price of business is increasing. Let's say you're a mobile business, gas prices are going up. That's a great time to raise your prices. If you provide a unique service that no one else in your area does, great time to increase your prices.

Here's a fun story. I own a massage business. We have to use sheets, right? When someone comes in, they lay on the table. They've got clean sheets. When they get off the table, we remove those sheets. We put them in the wash, and then we put new sheets on, right?

For years, it was just me washing all of the sheets. I would take home duffel bags of sheets, and I would stand at my kitchen counter and drink wine after my kids went to bed and fold clean sheets for hours and watch Netflix on my phone because I didn't have a TV yet. It was insane how many sheets I did, but I don't do that anymore. Now we have a sheet service. But here's the thing, guys. Our sheet service comes, and they pick up dirty sheets twice a week, and they bring us back clean sheets twice a week.

I'm just gonna say this. I'm going to say it, and I'm going to say it shamelessly, They suck. They suck. But here's the deal. There's two companies in Lexington that will do this. These two companies are in charge of sheets for all massage therapists, hospitals, like restaurants that use linens and like want a sheet service. Like they are in charge of so much, and they have completely monopolized Lexington. They have room to suck because there's like no competitor. Right? So like he doesn't even matter if they suck? Where they gonna go? The other competitor, and they're just gonna like pass clients back and forth. Because we started with one of them. We fired them. We went to the next one, and we're like this is terrible.

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So I joke all the time about wanting to start a sheet business and then just completely take over Lexington just based on giving quality service. Just by like having sheets to people on time. I know it sounds crazy. Like actually having sheets to them on time to the point where they don't run out of sheets and then have to cancel massage appointments because they don't have any sheets.

So like giving a quality service in an industry that there aren't that many companies like in that industry in your area, like you could charge astronomical prices if you have a monopoly on that industry and if you give good quality service. I guess technically you could charge like a hell of pricing on that, like really high pricing, and not get quality service. Then people like me are just stuck with either like paying the really high pricing with half assed service or doing it themselves. But you don't want to be that company, you know what I mean?

Another reason to know that you can raise your prices. Hey, if your pricing has stayed the same for a year or longer. Like most businesses raise their prices once a year just as a standard practice. If you have had the same pricing for like 10/15 years, it's time to double check that sister, okay. Guys, let me just riff on this for a second.

You never, ever want to be the cheapest in your industry. In my opinion, you don't even want to be like average. If anything, you want to be expensive. If you consider yourself an expert, an authority, well-educated, well experienced any of that. I think the death of some companies is because they aren't willing to price their services high enough, and their customers do not view that business as a strong competitor. There is no perceived value, right? Like, they just don't perceive the value of it and aren't willing to pay the prices.

It's kind of like vodka. You know a lot of vodka is the exact same process to make it, and some brands like Tvarscki are in like tiny bottles for like \$3. Then other brands like Grey Goose who can charge 20 times the pricing in

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the same size bottle, but it's like the same product. The perceived value is what's different, right?

Like, if I'm sitting in front of two massage therapy places, and I have terrible knee pain, and I want to go get out of knee pain. I'm looking at these two businesses, and they look exactly the same, but one massage is \$50 and the other place is \$110. I desperately want to get out of knee pain, which one am I going to go to? I'm going to perceive that the \$110 one is like better quality, right? Perceived value is everything.

In fact, every time I have raised my prices, I have like increased the demand, especially in the coaching world and in the online world. But also in the massage world. Every time I've increased my prices, there is more people knocking down my door to come in and get it.

All right, so a couple things to remember. You guys can test raising your prices. Okay? A lot of times clients come to me, and they think that raising their prices is really scary because they have to go all in all at once. Like, they have to just like boom, tell all their customers. Like send out a banner, write it in the sky with an airplane, and then they have to like stick to it. You guys get to do whatever the fuck you want your business. How about that? You can raise your prices, and try it out. Try it for eight or 10 consults, test the waters, see how it goes.

But with this approach, there is a huge disclaimer, huge. Okay. If you're gonna test it, you got to number one, test it more than two or three times. Okay. There's got to be for like a proper testing period. It needs to be broad and like across a larger spectrum of people. But number two, and this is the biggest disclaimer of all, you got to know the difference between people saying no because of the actual price versus them saying no because of the way that you are presenting the new price.

If this new price makes you squirmy and feel like you're running a scam, and you present it in a way that lacks confidence and authority, then you're gonna get more no's. But it's not because the price is too high. It's because

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you're acting like a douchebag saying it. But only because of your own thoughts and like money stories about the new price, right? Because it doesn't feel right coming out of your mouth.

So, number one, once you find your price, you need to work on it mentally. On like finding all of the evidence for why that price is the right price for you. As Alex Hormozi says, you want your price to be high enough that you're holding in a laugh when you say it out loud to someone. You want to raise your prices high enough, but not so high that you can't say it without being weird about it. Right?

Guys when you're raising your prices, I have a lot of clients that will talk about raising their prices, but they can't make a decision for like six months. Don't take forever to figure it out. You can decide on new prices in like less than five seconds. Just to make the decision. If you notice that you're circling and obsessing over your pricing then there's something else there that's under the surface.

Sometimes we stay in confusion, or we go back and forth on like decision making, not because we actually don't know, but because there is a fear there that is like keeping us from pulling the trigger. So when you're doing it, when you're raising your prices, stop taking so much time figuring out what the prices should be. Like do that, make that quick, make that decision, then spend more time practicing your own belief about these prices, right? Like how are these prices benefiting your company? How is it possible that raising your prices is benefiting your clients, and they're getting more results?

When I raised my prices for one on one coaching, my clients got such better results. They came in more seriously. They took it more seriously. When I raised my prices at Massage Strong, we had more people coming in that were more serious about getting out of pain. We had more people coming in that were ready to do their stretching homework, that wanted to do it. It was benefiting because they had more skin in the game. They had more money on the table.

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So get to a place in your mind. If people tell you no, you are in such strong belief that it's not your pricing at all. It's just not. Like your pricing is worth everything, and everyone knows that. Like that's where you want to be mentally.

All right, and when you raise your prices, guys, sidenote, give your audience a heads up. Okay. This is not a time to be sneaky. It's a time to be super transparent. Like let them know that it's coming. Tell them the date that it's coming. Make sure it's like posted in your lobby. Make sure that it's like something that you talk about with your clients, and they understand what's happening. But it can be as cut and dry as that. You don't have to go into these like really long explanation with your customers about exactly why you're doing it, what it's going to look like. It can be as simple as prices are increasing on March 1st. That's it, right.

When you do this have boundaries. There's gonna be people that want to talk to you about making an exception for them, especially your oldest customers. I promise. The ones that have been with you for the longest. It's because they have been trained to be catered to. It's true. Like when you first start a business, you will cater to your customers because they're your only customers paying. So like if they want a deal, usually you're like giving them a deal. You're doing whatever you can to make them happy.

As you grow a business and as you scale, you start having to hold space for way more customers. You start having to problem solve for way more customers, right. So as your business evolves, and it always should be evolving, prices are going to change, and the people that were trained on a certain price, and were trained to believe that we could roll out the red carpet for them because we did for so long. Those are usually the people that are the most confused when you start having to problem solve on a bigger scale.

So you guys get to decide what you do with your customers as far as like giving some people the red carpet, some people not, giving some people pricing changes, and some people not. I don't believe in grandfathering in

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pricing. I like to keep it fair across the entire board, even if that means some of my very favorite and my most loved clients leave me. And it can be really hard to see that happen, but I truly believe in the fairness of across the board everyone pays the same. I think it's a big disservice to discount certain people and not force them to grow with your company.

I always get this question. What if I lose clientele because I'm raising my prices? Listen, you might. Totally possible. It's also possible that you won't lose any. You might be surprised at how few people actually bat an eye at your price raising. So like I've done some big price raises, and I've done little ones. I have coached people to do all sorts of price raises.

In fact, I'm coaching a woman right now who does mobile pet grooming. She hired me one on one a few months ago. She has this huge demand, customers out the wazoo, but almost zero profit. She wasn't charging enough. She was very worried about upsetting people, and she wanted to like make everyone happy and you know the whole deal. At the end of the day, honestly she could barely keep the lights on in the business. Guys I'm oh my gosh so thankful that she hired me.

We basically jumped right in, and we raised her prices 400%. Boom just like that. Like she was profiting nothing guys. She was charging them what it cost her to do everything. It was buck wild, but we raised it by 400%. Like overnight. I coached her to send them an email giving them like a two week notice that this was going to happen. Then she raised her prices on that day.

Then did she get push back? Yes, a little bit. To her surprise, a lot of our customers though were not surprised at all. They rooted her on the whole time. They supported her decision. They were like, yeah, it seemed really weird that you were charging so little. Some of her clients through a fucking tantrum, okay. Said that they were leaving for good. All of the things. Called her all the names, right.

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I coached her on like the ones that were really mean, like canceling them as clients. But the other ones that were just kind of throwing a fit, a lot of them came back like three weeks later because they couldn't find a pet groomer that they loved.

I told her, I said listen sometimes we've got to see our customer through the eyes of like we are the parents, and we have to make these decisions. Sometimes they don't understand them, right? Like, sometimes our customers are like children in the sense that they just don't see the big picture of what it means to take care of this household or this business, right? Like, we changed something they're used to. They get upset. That doesn't mean anything. We can let them be upset. It's fine, right?

If they say that they're leaving, and then they come back after they cool off. They had their tantrum, now they're back. They're fine. Great. If they say they're leaving, and then they never come back, that's fine too. Okay. We're going to continue to show them love and respect, but we always have to stay in the mindset of abundance. There are always more customers for us, okay.

If you do lose customers, be really, really factual and honest with yourself. Okay. Because she came to me afterwards, and she was like, "I lost all of my clients. They're all gone, right?" It's so easy to get in that mindset and like turn on the panic mode whenever it feels panicky. Then when we looked back at her books, she had only "lost" like 4% of her customers total after she raised her prices by 400%. 4% was nothing. She has a really high demand of clients.

Of those 4%, we're still seeing people trickle back to her and hire her again after they've cooled off a little bit. Now they're understanding. Like, they went out and they started searching for other pet groomers only to realize that she was charging way too little. They're like, "Oh, now I see. She's just slightly above average of what other people are charging."

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So always be factual with yourself. If you think everyone is going to leave you, ask yourself what number really did leave. Like raise your prices, look at it again. Look at it black and white. But guys, just stay in abundance, Okay. There's an insane amount of people that want our products. Like we can't be mad at the people who signed on at a certain price and then got upset when it changed. That's normal. It's fine.

But we don't cater to those clients. We cater to what our business needs. Our business baby comes first. We got to feed the baby first. If our business isn't getting fed properly, it's not making enough money, then we need to raise our prices. We need to change strategy to get our baby healthy, to get that bank account fat. Right?

So overall, I wanted to talk to you guys about this subject today because almost 90% of the customers that I work with have prices that should be raised. It's one of the first things we do. Not everybody, but a lot of people. But before they met me, they weren't raising them because they had fear that their clients would leave or fear that their clients would think that they were taking advantage or fear of pushback.

All in all, it comes down to fear, which is not how we run a business. Okay. We run a business based on what our business needs. Who we are catering to, what the end goal is. We run a business based on those things, not the opinion of disgruntled customers. Ever.

Hey guys, this podcast is the blood sweat and tears of a lot of different people. The planning and the preparation of each episode is extensive. My team and I are really proud to bring you this free and abundant content each week, and we hope that you're loving it. If you are, the very best thank you that we can receive from you is a review and a share.

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