Podcast

Cue the fancy intro music
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I'm Lisa Robbin Young and this is Creative Freedom - your dose of Empowerment for creative entrepreneurs.This is where can-do inspiration and how-to education collide to help you Own your Dreams without selling your soul™.

Creative Freedom helps you define success on your own terms and build a profitable, sustainable business doing what you love. So, whether you also watch the web series, the live Q&A, or are just joining us through the podcast, welcome. I'm excited you're here.

In our last episode - "last time on Creative Freedom" - we talked about the common signs that indicate that you should probably be charging more. 11 of them, to be more precise. And that's great. It's important to be able to know WHEN to charge more, but that's only part of the story, right? I hear that regularly.

"That's great, Lisa. But how, exactly, do I do this? What do I say? How do I actually raise my rates in my business?"

So this is the logical follow-up to our last episode - we're actually going to talk about the HOW of raising your rates! "What can I say, except you're welcome!" Ha.

You know, a lot of coaches and trainers will give you the what and the why, and leave the how for their flashy five-figure program. But that is NOT how we roll at Creative Freedom HQ! Besides, there's SO much I could teach on this topic that I couldn't begin to fit it all into a single episode anyway! You are getting the top-level overview. It's enough to get you going, but I could go deep on each one of these methods, and i might do that a bit in this week's Q&A if you're on my Facebook page this week. Hint hint, nudge nudge. Hee hee.

Now, there are basically two ways to effectively raise your rates so that you're retaining more income. The first is the obvious: raise your prices. The second is to keep your rates the same and either do less, or find a way to reduce your cost to get things done for less. OR you can do some combination of those things. These are really the only ways to charge more for your existing work. Alternately, you can also make new offers or find a new audience, which can help you make more. You just need to be careful that you're not overdoing, which whittles away the value and leverage you're trying to create for yourself.

We're not really looking at new markets and new offers in this episode, though, because that's a deeper set of topics - perfect for some future episodes, me thinks! Today, we're focusing on how to make more from what you've already got going on.

With that in mind, let's take a look at ways that you can raise your rates right now:

1. Take the Nike approach and just do it. Pick a product or an offer and mark it up. It really can be that simple, you know. Gas stations do it all the time. Prices go up, prices go down. No need to explain it or justify it; just raise the dang price. I know you might be feeling some angst around this, but remember, people who are not already doing business with you have no idea what your prices currently are. They don't need an explanation. They just need clear pricing that makes sense to them. It doesn't matter what your price was yesterday, because they're here today. So tell them the new rate and don't worry about the old price. Even if you've got existing clients paying the old rate. If you've got clients locked into contracts, like I do with the Incubator, then if you need to raise rates you may need to give them some notice before prices go up. For example, my lease is locked for a year. At the end of the year, my landlord can adjust rent upward, and if they need to adjust the rent in the middle of the lease, they have to give me ample notice - and I have the option of breaking the lease if they do.
2. If you don't have clients locked in to an extended term, if you're raising rates with existing clients, it is kind to loop them in. Think about how you work with them and how you want to inform them about pricing changes. There are a few options here. With my incubator clients, I mentioned they have a locked fee agreement for a year, and then we review and adjust at the annual renewal. Kind of like health insurance. You pay a premium for a certain period of time and when the period ends, you feel the price increase. A few years ago, I gave all my clients notice that my rates were going up at the beginning of the year across the board on all my products and services. While the rest of the world didn't need to know, I thought it was appropriate to loop my clients in ahead of the curve. I did this for two reasons: one, because I thought it was the right thing to do to give them as much notice as possible. And two, because if they wanted to take advantage of the lower pricing, I didn't want them caught with their pants down so to speak. I wanted them to have plenty of time to make a buying decision and get the lower priced options before rates went up

   Another approach is to use a graduated pricing increase. One of my clients was able to gradually increase her client fees over the course of a year because her clients were paying by the session. This gave clients time to adjust to the new rates, and still allowed her to feel some kind of rate increase each month, instead of waiting until the end of the year. Another approach she offered was to give clients a chance to pre-purchase sessions in bulk at the old rate before the new rate went into effect. The result was a cash injection for her business right now, and a lower rate over the course of the year for her client. It also helped guarantee that she'd have clients in her calendar for the next few months.
3. Instead of saying "yes" to pro-bono work, look for SOME kind of compensation (doesn't have to be big bucks, but even a token or a stipend is SOMETHING). For example, my mom's tiny little church used to ask me to sing every Christmas at their holiday sing along. When I was in town, this was no big deal and it was easy to say yes. I was going to be at the church anyway most likely. So I worked for free. But then I moved to

Nashville, and they still asked me to come and sing for free. Um, no. I can't. I won't be in town, travel ain't cheap, and you're paying the other musicians, so why not me? "Oh. Good point." So they offered to cover some of my travel expenses. Even though it didn't completely cover all my costs, I still said yes because I DID want to participate, I did want to help, and I DID want to change their perception of my skills and talents. Remember, you train people how to treat you. By working for free, I was training them to expect I would work for free. By changing my tune and asking for SOMETHING, I was training them to expect something different.

The idea here isn't to change your rates so much as change your perception in the market - your positioning as a person who doesn't work for free all the time. One client was asked to speak at a conference that didn't offer a speaker fee. She asked for travel reimbursement - Hey! The answer is always no if you don't ask, right? Well, she asked and she got it! She then went to the event and nailed it - of course! By defraying the cost of her travel, she was able to not only attend and speak at the event, she positioned herself in the minds of the event organizers as someone who doesn't work for free - and is worth every penny. To my knowledge, everyone else at that event got paid nothing. She asked and she received.

4. Speaking of positioning, make sure your pricing matches the story of your brand. I can't tell you the number of times I've seen people say their offer is for one group of people, but it's priced for an entirely different audience. I told a client the other day that a Tiffany diamond inside a discount retail warehouse will always look overpriced compared to everything else in the room. Likewise, if you're touting yourself as a sort of Nieman Marcus, you can't charge Walmart Prices. It simply won't sell. People won't believe you.

   Mark Joyner, author of many books, including *The Irresistible Offer: How to sell your product or service in 3 seconds or less*, writes that there are 4 big questions every offer needs to answer. Two of them are "What's in it for me?" and "why should I believe you?" If a buyer sees a price that's mis-matched to their expectation, they're not going to believe you. And then, they don't buy.

   In my book, *Creative Freedom, How To Own Your Dreams Without Selling Your Soul*, I tell the story of John Freida's hair care line. Celebrity designer Anne McKevitt told this story at a conference I was at a few years ago. She was his shampoo girl at the time. Freida's salon was the place where the rich and famous - the fabulous people - went for fabulous hair. These were not $6 cheapee haircuts! We're talking big bucks here! When he first launched his hair care line, it did the standard product markup - he basically doubled his wholesale cost. So, let's say it was a $3 wholesale rate, and he had this shampoo and conditioner in his store for $6. I'm guessing on those prices. But Anne said that the prices were so low that his celebrity customers were suspicious that the product was inferior. They essentially didn't believe that a $6 bottle of washing up liquid with smelly stuff in it would really be good for their hair. That it might actually do harm to their big-bucks haircut. So it didn't sell. It just sat on the shelves languishing.

Undeterred, Freida jacked the prices on the haircare line to match the high-dollar hair cuts he was giving to the rich and famous in his salon, and the product started flying off his shelves. He re-positioned his offerings to match the expectations of his market. And people beleived it was worth the new price he was asking because it made sense to them.

People are weird. We purchase based on emotion and justify it with logic. In this case, fear said "I'm not sure I can believe that a guy who charges $300 for a great haircut can also charge $6 for a bottle of shampoo that actually works."

So do your people believe you? Is your pricing story in alignment with who you're trying to serve? If not, you've got to fix that.

5. Which brings me to the next point on the opposite end of the spectrum. Remember when we talked about Moneyball last week? Well, if too many people are calling you a bargain, scale back on your offering, or charge more. One coach I know charged $10k for the first year of her year-long program. It was filled with a bunch of bonus incentives to get people to say yes. Thousands of dollars in bonuses and incentives - worth almost as much at the program itself. People jumped at the chance to enroll, saying it was such an incredible bargain for the price.

   But she ended up not being able to deliver in a timely manner, and a lot of the offers didn't end up getting used anyway. People were just overwhelmed, and it was costing her time and money on delivery, so her margins were a lot thinner than she'd expected. The coach took that lesson to heart. The second year, she doubled her annual fee, and cut the content in half. For people who'd been with her the first year, it was a bit of an adjustment, but they still saw a solid return on their investment, so they stayed in the program another year. For all her new clients, who had no clue what the old rate was, it was no big deal. Remember, new customers don't typically know what the old pricing was, and most people expect that prices go up. You can't walk into most stores today and expect to pay 1920's prices for much of anything.

   Another example is what I call the "tuna can" approach. Tuna cans here in the states used to contain 6 ounces, but now they contain 5. The price hasn't changed much, but the contents have. The net effect is a price increase, but the consumer doesn't feel like prices have changed, since it's still roughly the same price per can.

   Sometimes we have to make these adiustments when productin costs go up and the market isn't ready to pay more. Cereal boxes got skinnier, but the price per box stayed about the same. It's the same principle, and if you've got a product or service that can be scaled down to maintain your pricing at the current level, that might be a consideration to make.

6. Create options at different price points. Apple does this well. You can buy an iPad, an iPad mini, or an iPad Pro. They all, essentially do the same thing. They're all tablet devices. But the features on each are a little different and cater to a different market.

   Another way to think of this is like the small, medium, and large sizing at your local fast food joint. Some people want more bells and whistle, while other people are completely happy with a basic version of your offering. Not everyone wants or needs bells and whistles.
   For service providers, you could create a DIY, a DWY, or a DFY version of the exact same thing. Do it yourself for way less than having me do it for you, or let me come along side you and we can work together on it for a price somewhere in the middle. The client can decide which option works best for them. If you're a Fusion, very often you can handle DIY with no fuss. Chaotics tend to want some support along the way, or they want someone to just handle it for them - which is also the path many Linears tend to take.

   It's also a question of available funds. When I was just starting out, the library was my best friend. Heck, it still is, truth be told. I'd be broke as Toby's ghost, as my mom would say, if I bought every book I ever wanted to read. So very often, I check it out at the library first, or if my local library doesn't have it, I'll try interlibrary loan because SOME library somewhere's got it. So I check it out, read it, and if I adore it and know I'm going to use it a lot, I'll buy it for myself. That has saved me a fortune in books I was barely able to get through the first time - or couldn't bring myself to complete because they were marketed very well, but poorly written.

   But I digress. When you're short on funds, DIY is often the default approach because it's what's affordable. Then, sometimes you're fairly confident you can do it yourself, but you've got a few bucks to get some support for when you get stuck. That's your done with you approach. Then, there's done FOR you - just hire it out and pay for the convenience of not having to do it yourself.

   Right now, I have those options in my own business. If you're at the DIY stage, Accountability club is a great way to check in and keep yourself accountable to whatever you're working on. I do some training and offer some minor support, but it's really the community being there for each other. Aside from my books and music, that's my lowest price, entry level offer. Then, there's Portable Coaching. You know you need an occasional shot in the arm of personalized advice and input. You need to talk to someone who is focused on helping YOU, but you can't afford or don't like the idea of getting face to face on a regular basis. Portable coaching is all via email, so I can do it whenever, it's unstructured which is great for clients who travel a lot, and they still get the support they need on their own timetable. And when you need something deeper, longer term, and more personalized, I have straight coaching, or even the Incubator, where we actually get INTO your business and do work with and for you. And those come at a higher investment level because of it. So I'm not just telling you "hey, try this!" I'm showing you that this is exactly how I run my own business.

When you give people a handful of options, they can compare and decide which option is best for them at the moment. This gives you the ability to reach higher and lower paying clients in new ways. If someone wants to work one-on-one with you, that can be a higher-priced add-on to the lower-priced offer. Or you can throw in a smaller item when they purchase the larger package. Here you're creating more value through collections, add-ons, or bundles, rather than continuing to raise your rates. Just remember to keep your options limited to only a few, otherwise a confused mind says "no". You don't want to overwhelm them with too many choices, because that just makes it frustrating and too time consuming to make a decision. Decision fatigue is real. Keep your options easy.

7. This is less about the action of adjusting your pricing, and more about how to re-wire your brain for the new pricing. Most of us can't just state new rates with ease.We have to hear ourselves say it a few times before we're comfortable owning it as our truth. So go ahead and do it! Practice your sales conversations - in a mirror, with an accountability partner, or just record and watch yourself. You're basically re-training your brain, much like when the new year rolls around and you have to practice writing the date a few times with the new year instead of the old one. It's just practice. Muscle memory.

   One of my clients is an amazingly gifted designer and visual artist. She's got decades of experience, and was grossly undercharging for her work when we met. I encouraged her to raise her rates, and she was game, but she wasn't keen on the rate I suggested. $350 felt like a HUGE sum of money to her. So we practiced. I'd ask her during each of our coaching sessions whenever it came up. "How much are your rates again? Remind me how much your rates are? How much do you charge to work with clients?" I did this in some fashion in every session, until she could easily say "I charge $350 an hour."

   Now, she's regularly getting paid that rate, when before she felt like charging $200 was way too much. We didn't just jack her prices either. We looked closely at her process, what she was really offering, and the amount of care she was putting into her work. Then she actually took on some clients at that new rate and realized how much effort was really involved. She quickly began to see that the value really WAS there, she just wasn't confident in it… which is another story. Confidence comes with practice. That's a great shortcut for building confidence.

   I say shortcut, but really it's not. You've got to do the work, put in the practice. But think about the things you're most confident about. Chances are good you've had a lot of practice with them. That's not a coincidence. But most people think confidence comes first. That's not usually true. Practice begets confidence. So practice saying your rates to yourself in a mirror. It may feel awkward, but it works.

Raising your rates often comes with more fear than anything else. When you can quell the fear, and just name your price, very often you'll find that your right audience will be happy to pay it. And if people aren't happy, then they probably aren't your right audience. Remember, even a Tiffany diamond will seem overpriced in WalMart.

If you need help, I invite you to consider joining us for Overcoming Underearning for Creative Entrepreneurs. This 5 week program helps you unpack your money stories and re-wire your brain to charge and accept the real value that you and your Great Work bring to the world. You can learn more about it at lisarobbinyoung.com/underearning.

So now it's to you. What do you struggle with when it comes time to raise your rates? How have you gotten over your own fears around making pricing changes? Share your thoughts and ideas in the comments on the blog and be part of our Rising tide. Speaking of which, if you're not a member of the community, it's free, yo! When you join, you also get access to the show transcripts and other bonuses only available to our Rising Tide members

And so concludes this episode of the Creative Freedom podcast. For you visual types, our next video drops in a couple of days. If you like it *live*, join us for our Q&A about this topic on my Facebook Page at the end of the week.

If you liked this episode, subscribe, leave a review, and share us around with your friends. Sharing is caring! Next week, we'll be talking about shame and the stranglehold shame can put on us that keeps us from earning even a fair wage for the work we do. I hope you'll join us for that next time.

And, until then, for more inspiration and education to help you Own Your Dreams Without selling your soul, come see what's shakin' over at LisaRobbinYoung.com. You know you want to!