

ModPods

PRICE IT RIGHT:

5 Jaw-Dropping Strategies to Maximize Revenue

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WELCOME TO MASTERING YOUR MONEY MIND

I remember when I first started in the construction business and visited a neighbor to “help” him out with a few handyman-type chores. He asked me how much for the service and since it didn’t take too much of my time, I replied, “nothing.”

And, that’s when he shared his axioms on remaining in business for 20+ years:

- Money is the foundation of your business.
- Without revenue, you’ll quickly be out of business.
- Not charging for your service signifies that you’re not worthy of being paid.

Gulp! I had the wrong attitude about business and money...as do most entrepreneurs. I created this e-book to share with you, the entrepreneur or small business owner, how to run your business like a business; how to charge what you’re worth; and how to talk about money and how to easily get paid.

Lessons Learned from Experience (and Missteps!)

This manual is a culmination of my 25+ years in business. I turned The Construction Planners from a \$250k business to a whopping \$25 million within 5 years. I current co-own and manage [The Sea View Inn](#) in Manhattan Beach, plus took [ModMansions](#) from its infancy and transformed it into a successful luxury rental business of 14 estates. Now, of course, I’m building from the ground up [ModPods](#), the co-working space for entrepreneurs and remote workers. BUT, this conversation isn’t about me, it’s about you. I want you to be successful.

To your Modern Success!

Jim Murphy

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1

GET COMFORTABLE
TALKING ABOUT MONEY

People would rather talk about sex than money.

Who wants to talk about money? Nobody! We've been told it's impolite; we've been told it's rude to bring up prices, compare salaries, talk investments, but here's the rub: all of these "people" are wrong! Money is not a dirty five-letter word. In essence, it's the foundation of all business.

Let me ask you: when was the last time you purchased something without first knowing the price? Never! High-end boutiques and art galleries seem to relish in not posting their prices believing it's too gauche. And, yet the research suggests that posting prices at art galleries, for example, boost sales by a whopping 30%.

Pricing must be part of any business conversation. Take a deep breath and start. Why? Because there is no selling until there's talk about pricing. And if you don't talk money in business, there's a good chance you won't stay in business.

If you can't talk about money in business, you won't remain in business!

Asking about price, terms, and deals are “buying noises.” Listen up!

If your prospect isn't asking about terms, deals, or discounts (more on that later), they are browsers and not serious buyers. You should bring up price in every conversation to boost your chances of converting your prospect into a customer. Here's one way: a typical project like yours costs about \$3500; is that what you were expecting?

No, I'm not arguing that more money leads to more respect, but I am arguing that charging for your services reflects your worth, your confidence, and the respect the economy has for your work. As I mentioned in the introduction here, if you charge nothing, it's worth nothing.

Money = Respect

2 PRICE IT RIGHT AT THE BEGINNING

When you're first starting out as an entrepreneur, the idea of establishing your pricing or creating a pricing strategy is unfathomable. But, how you start pricing your products or services locks you in to a certain brand position. You can't, for example, easily transition from coaching at \$99/hour and then jump to \$500/per hour. You've already set the perception that you're a \$99/hour coach.

**Your Brand = Price +
Positioning +
Perception**

**Price for easy
understanding**

Here's where you need the "mom test." If you can easily explain it to your mom and she understands it, you're in business. Conversely, if you must look at your own chart to understand the pricing, you have a problem.

Apple recognized the value of easy pricing when it introduced all songs for \$.99. It didn't matter if it was Stairway to Heaven (8:02 minutes) or Toddler Hiway (.25 seconds). The price was the same. We too have embraced easy and straightforward at ModPods; take a [look](#).

Maximizing Profit and The Psychology of Pricing

Have you ever seen the price \$8.97? Or \$410.00? One of these options is perfect pricing strategy whereas the other leaves money on the table. Can you guess which one?

The \$8.97 is a perfect price because it falls under the psychological price point of \$10 and research shows that odd numbers sell better than even numbers. The \$410.00 is a big mistake because this number crosses the \$400.00 mark, but just barely. Pricing experts believe that if you charge \$410.00, you might as well charge \$499.00. Customers don't see a difference between the two numbers. In short, you've left \$89 on the table from every transaction.

When I used to submit proposals/bids on construction projects, I was ribbed for submitting proposals for \$9,997.00. Yet, I wasn't just working the psychology of staying below \$10k. Instead, I was working with my client to ensure that she had signing authority to approve the proposal. It's common in corporate America for directors to have signing authority only up to a certain amount. If my proposal were the full \$10,000, she wouldn't have been able to approve the amount and required a minimum of 2 other signors; put another way: I'd have to "sell" two more people on me.

*Understand
Signing Authority*

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3 CHARGE WHAT YOU'RE WORTH

There's a little bit of a cliché with “charge what you're worth,” but virtually no one tags a deep dive in *why* entrepreneurs don't charge what they're worth. In a word: confidence.

**Lack of Confidence
Holds You Back from
Higher Fees**

**Look at your
Experience in Print**

Many business owners forget or dismiss their qualifications. A former client of mine, for example, was appalled when I suggest she double her investigative service fees. Why? Three reasons: 1) she graduated from Yale 2) she holds a master's degree from Harvard, and she worked with the CIA!

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Here's a suggestion – write down all of your experience. In particular, highlight the following:

- **DEGREES** – Even if you no longer practice law, for example, your J.D. adds value.
- **CERTIFICATIONS** – Those certifications mean you've taken extra training, classes, and have wisdom. Add 'em.
- **PUBLICATIONS** – Have you written any books or articles? If not, think about it.
- **ATTRIBUTION** – Have you been quoted in any publications?
- **MAJOR CLIENTS** – Brand-worthy ones are best (ex: Kodak over Fujimoto; Oracle over Veeva)
- **FOLLOWERS** – If you have over 10k followers, tout it!
- **AWARDS** – Citizen of the year? Entrepreneur of the Year? Yeah to you!
- **MAJOR ACCOMPLISHMENTS** – Write in results-oriented terms similar to a resume; detail number of clients; percentage of sales increased, etc.
- **CELEBRITY ASSOCIATIONS** – Welcome to our world where stardom trumps all. Think about your interactions. Do you have a quote by a well-known person? Is a celebrity wearing one of your outfits? One of my vendors, for example, was a finalist for Simon Cowell's short-lived American Inventor TV show.
- **SPEAKING ENGAGEMENTS** – Do you have a long-list? Have you spoken in front of thousands?

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Create a Pricing Strategy

Strategy? What strategy? It's important to create pricing strategy from the get-go.

Here are a few ideas:

- **Willfully Overprice for Curiosity** – This is the pricing strategy of Dyson. After all, you don't need to spend \$400 to get a perfectly good vacuum cleaner or flat iron. But, because these prices are so exorbitant, it invites you to try their products to see what all of the fuss is about. You're thinking: "these goods must be fantastic!" And, this pricing cultivates a culture of raving fans.
- **Create a "Tripwire" Entry-Level Product** – a tripwire means that you are creating an easy-to-purchase \$19 or \$99 offering to demonstrate the efficacy of your product or service. Of course, then over deliver to drive your customer up to the next level product.
- **Determine How to Create a First-Class Offering** – There are customers who are tired of mediocrity. They want a first-class experience and are willing to pay for it.
- **Charge the Most for One-on-One Interactions** – It might be easier to sell a product over a service, but if the product requires tons of handholding, it must be priced appropriately to turn a profit. Many companies. For example, only offer tech support via a chat because it's too expensive to field phone calls. Offering 24/7 support, a special helpline, or in-person training might be a pricing model for you.

The higher the one-on-one interactions, the higher the price.

4 THE FALLACY OF LOW-COST PROVIDER

The Race to the Bottom

It's easy when starting out to think underpricing your competitors is a good idea. Wrong! Although it might initially land you clients, it's a fast path to bankruptcy.

Understanding your competitors' pricing is essential, however trying to undercut them will cost you money and even your business. This race to the bottom philosophy starts a "how low can you go" competition. Wal-Mart can afford to tout low prices and make it up in volume – huge volume. Us mere mortals and entrepreneurs are destined for failure.

As we hinted in [Chapter 2](#), your initial price point often sets your pricing parameters for the future. You can't start your business selling a Revlon blow dryer for \$29 and then jump to a \$395.00 price point like Dyson. (Yes, it's really \$399.00!).

If you're successful in raising your prices after an introductory special, you'll soon notice that you've outgrown your customers. New prices demand new customers. You'll notice that they are from different industries, demographics, or companies.

Each New Price Point Changes Your Customer Base

5 SECRETS TO PROFITABLE BUSINESS POLICIES

Investigate and negotiate processing fees. Zelle or Venmo are free whereby PayPal or Square take 3% of your money!

To run a successful business, you must treat it like a business. It's not a hobby, a jobette, or a volunteer position. It's an enterprise where you trade a product or service for dollars. Here are a few guiding principles:

- **Manage Expectations About the Payment Process** – Let your client know what to expect when it comes to your billing. Whether it's milestone billing, auto-deduct monthly or quarterly billing, discuss the situation in advance.

Put Your Arrangement in Writing – You can use a Letter of Agreement or a contract, but make sure to spell out all the payment terms. If the deposit is non-refundable, make it clear. What happens with non-payment? Are you going to court or to mediation? Spell it out!

Create an “Out” Clause – Your contract and your client deserve a termination clause. Addressing these issues early avoids conflict and confusion later.

- Can either party cancel?
- Can the contract only be terminated for cause?
- Do you want 72 hours' notice in writing? (BTW, at [ModPods](#), we do have a simple 72-hour policy for cancellation; send us an email and you're out!)
- What's the refund policy?

Without a signed contract AND a deposit, there is no contract.

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Whew! I trust you took notes, used your highlighter, but most importantly, reviewed your pricing policies today! We want you in business today...and tomorrow!

To your success!

Jim Murphy

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PS: Take a virtual tour of ModPods anytime over [here](#).

PPS: Connect with us on social media:

