

How To Realistically Set Your Fees - Part 5

By Chuck And Sue DeFiore

How To Realistically Set Your Fees - Part 5

Chuck And Sue DeFiore
coaches@homebusinesssolutions.com

Home Business Solutions <http://www.homebusinesssolutions.com>

How To Raise Your Fees

There comes a time when it is inevitable that you must raise your fees in order to maintain both your profit margin and income level. You will find that the greatest resistance to this comes from your oldest clients.

There appears to be a direct correlation between the length of time a client is with you and the amount of outrage they show to your rate increase. This article will discuss the types of clients and how they usually react.

Keep in mind, no matter how you raise fees, how you approach telling clients or amount of lead time you give them, you will lose some clients. This is a given. I have found over the years that a very high percentage of clients lost are those that I'm not crazy about working with anyway. It's worked out, for me anyway, that these former clients who complained the most about your fee increase, were responsible for 85-90% of the aggravation I encountered.

Clients are attracted to you for a variety of reasons. We would all like to think that it is because of our brilliant promotional pieces, our award winning designs, outstanding service, etc. The reality is that many clients are using your services strictly because of price. I refer to these clients as price loyal. They are loyal to whomever has the lowest price. This type of client is not particularly sensitive to quality of work or level of service you provide. They go strictly with the lowest price and if you have the opportunity to examine how they run their business, you see it operates on this principle. For me anyway, this type of client is no loss.

There is a second type of price conscious client that is concerned with the quality and type of service being provided to them. You may lose this type of client with a price increase, but you'll find that they will be very apologetic about it. These clients truly can not afford the higher rates. They are usually a dream to work with, and I hate to lose them. In this situation, I will try a number of ways to keep them.

Your newer clients usually react in a more neutral manner to a rate increase. They haven't been with you long enough to get a true baseline on your fee structures. You stand a very good chance of keeping these clients if the reasons for the rate increase are explained to them and not just dropped on them.

I find that I lose about 5-6% of my clients when I raise my fees. Usually, I suffer no income loss

because my higher rates absorb their loss. Remember, the bottom line is you are selling your time, you must make the most efficient and profitable use of it. If your rates stay around market level, you should have little or no trouble finding new clients.

Copyright 2000, DeFiore Enterprises.

=====

Interested in having your own successful, home based creative real estate investing business? Chuck and Sue have been helping folks start successful home based businesses for over 17 years, and we can help you too! To see how, visit <http://www.homebusinesssolutions.com> for the latest FREE tips and tricks, educational products and coaching in creative real estate investing and home based businesses. No time to visit the site? Subscribe to our FREE "how to" Home Business Solutions Digest, it's like having your own personal coach:
mailto:subscribeHBS@homebusinesssolutions.com

[Get-Articles.com : 1000's of reprintable business and internet marketing-related articles.](#)

[Submit your article for reprint.](#)