

PracticeBuilding SuccessSystem

Helping Health & Wellbeing Practitioners

Achieve Remarkable Business Results

The Step-by-Step Marketing System
to Help Grow Your Natural Therapy Business

Step 04
Client Conversion Made Easy

Module 04A
How to Set Your Fees

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Introduction

Dear Therapist,

I am excited to share with you the Practice Building Success System methodology for setting fees. As you are reading this material, consider setting fees that will allow you to capture the most clients, based on where you are as a therapist and what your objectives are. In other words, pricing is very personal!

I cannot tell you how many times I hear that Fred is charging "X" in large part because his colleague Sally is charging "X," or because "that's what most therapists charge."

Is this consistent with the Practice Building Success System philosophy of being professional and structured about the way you carry yourself as a therapist? Of course not! Setting your fees because "other people" do it that way sounds kind of "high school-ish" to me! :-)

Quite frankly, I feel that most therapists are probably charging too little and feel bad about raising their prices – ever! If you have a professional practice set up, have done the training and are qualified at your modality, then you have the right to charge for your services.

In this class you will learn:

- The 6 critical factors to setting your fees.
- Why creating a range of fees enables you to attract more clients.
- How to create a price range that is right for you.
- How to set fees to increase profitability.

Pricing is an exciting and important component to growing your business. Let's face it, price is the number one reason most people don't have regular treatments, but it doesn't stop them spending similar amounts on luxury items such as eating out each week. It's not that they don't have the money, it's because they don't see the value you are offering. You deserve to be paid a fee suitable to your qualifications and time spent earning those qualifications. The sooner you "get over" the hang ups about money, and can explain the value you offer, the more people you can see and help.

Be Remarkable



abz charge x x

The 6 Factors About Setting Your Fees

Your Objective

Does Mercedes Benz have a different objective than Hyundai? How about McDonald's and The Ritz? I bet you immediately get the point!

Sure, both Mercedes and Hyundai sell cars, for example, but their objective is different. Who they are and who they want to be, and WHY is different. Who do you want to be with regard to your natural therapy practice? Why? What is your objective? Do you want to appeal to the masses? Or do you want to be very selective, earn far more per hour, and treat far less people?

A quick story... Three years ago a fellow coach asked Michael, the founder of this program, "If you could coach 5 people per month at \$2,000 each for the rest of your life, would you do it?" (Michael *loves* these types of questions. :-)

Michael immediately said, "NO WAY!" He wants to help a lot of people, not just those who can afford \$2,000 per month.

I am the same. I want to help a lot of people grow their business and that is why I've set up classes like you are attending so it is financially viable for you to get the knowledge you need to have a successful practice.

Now, there is nothing wrong with wanting to earn \$2,000/month from a client and there is nothing wrong with having a couple of clients in this category. I simply shared this as an example not as a reason to undercharge. Pricing is a very personal decision and the first thing you should think about when setting your fees is, "What is your objective?"

Your Belief!

For maximum success, the fees you charge need to be congruent with your level of belief and confidence in yourself and your treatments. I do not believe you can, nor should you, "fake it until you make it" with regard to fees. If there is a discrepancy between what you think/feel/believe and what comes out of your mouth, your prospective client will pick up on it (at least subconsciously) and will walk.

As time progresses and you become more experienced your belief will grow and you can raise your fees. Trust me; you will know when it is time!

Therapists also need to understand that charging people money for their services is NOT wrong. I have heard spiritual people say they can't charge for their services because it's Universal and therefore should be free. Lets get very clear here – yes, we do give away Universal energy for free but we don't give away your time to be there with the client. Time is a very precious commodity these days and people are very used to paying others for their time. You need be no different.

Charging is not a sin. In the old days the medicine men of the village were well provided for. They had their own tent and people used to bring them food

clothes and provisions in return for their services. They didn't need much more than that in those days.

Now you deserve to have nice things and your children deserve to go to nice schools and get a decent education. In fact people should be paying more for your services because your gifts and talents are so specialised.

You have spent years crafting your trade, going to school and learning how to treat people in your specialised modality. I'd like to bet you have spent a small fortune learning what you know. I wouldn't like to know the amount of money I have spent on courses and learning but I would conservatively say it's around \$50,000. I had a young woman in the USA tell me her tuition and living costs to become a Chinese Doctor in San Francisco will be over \$100,000. You will have spent similar amounts of money and it is now time to get some of that investment back and help people find the balance they seek.

Your Who and What

Obviously your Who and What (target market and niche) play a big role in determining your fees. For example, can a person who treats in an affluent part of town charge a different fee to one who has a practice in a working class suburb? Absolutely!

Can someone who is the physio for elite professional athletes charge more than the person that works on the local footy team? You bet! And if the one massaging the pro who get thousands of dollars a game isn't charging more – you better send them to see me!

You have already chosen your Who and What. Now you must determine fees that are congruent with your target market and the results/value they receive from your treatments.

Your Geographic Location

I live in a tourist town known for the restorative health giving properties of the mineral water that bubbles out of the ground. On the strength of the water, the area has become known for its massage and spa treatments.

One therapist I know, who is gifted at what he does, has his own practice and also works in one of the spas two days a week. If you saw him privately he would charge you \$50 for a one hour remedial massage. If you see him at the spa, they will charge you \$120 for the right to see him. The only difference will be a fancy cup of herbal tea and opulent surroundings. The massage however will be exactly the same. Ironically, the therapist will walk away with more money in his pocket after doing the \$50 massage. What the client pays for is the opulent surroundings.

I share this because your location plays a factor. Time also plays a factor. Locals can get much cheaper massages at the spa on a Wednesday than they can on a Saturday. Why, because there aren't so many tourists with their wallets open on Wednesday's. The tourists typically come for romantic getaways over the weekend.

Therapists who market to people in an area where prices are generally higher and natural therapies are widely known and accepted can charge more than therapists who live in an area where natural therapies are new and the cost of living is less.

Now, this does not mean a therapist in a working class suburb can't charge high fees! But, your geographic location plays a role!

Your Experience

Do all therapists have the same level of experience, skills and knowledge? Of course not! Yet another reason why you can't base your fees on what others are charging. Generally, the more experience you have helping clients achieve the results they desire, the more you will be able to charge, and the easier getting these fees will be.

Also, the more experience you might have that is relevant to your niche prior to setting up your practice will impact your ability to command certain fees. For instance someone who has worked in HR for many years will have the right to charge more to work with the Corporate world than someone who is coming straight out of a training institute.

For instance I have a couple of certificates on the wall which say I've attended business related courses, one of them would convert quite nicely to an MBA without too much extra effort, if I ever was so inclined. It gives me more credibility, even though most of the skills I teach you, were learnt at the school of hard knocks. It's the pieces of paper and client successes that allow me to charge more than someone who is stepping straight out of coaching school.

The Services

The services you provide also impact your fees.

For example,

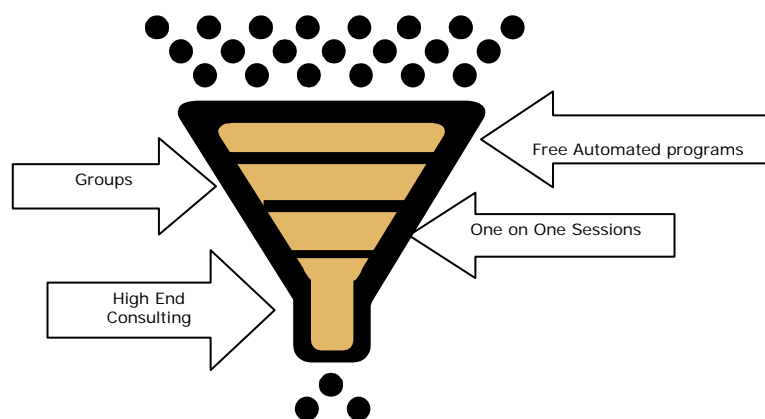
- How many sessions do you provide each month?
- How long is each session?
- Do you include an intake session?
- Are the sessions Face-to-face or on the phone?
- Do you offer a mobile service?
- Do you offer consulting-type sessions?
- Do they get your program (Your How) included?

In my instance because I live so far away from the city, it will cost you \$50 more to see me face to face if I have to travel into the city. If you want to travel for 90 minutes it will cost you the same price as it costs someone to have a phone consultation.

It is much harder and much more expensive for me to see clients in the city, so they pay for that right.

I have also experimented with my HOW over the years. I have found that people are more likely to hire me if they have 3 phone sessions per month at \$299 than if they have 4 sessions per month at \$399. I actually earn more by charging less because more clients can easily afford the sessions.

My clients also have varying ways they can access my product. It is like a funnel with various layers



So in my instance I have a lot of people come in and do the free 90 Day Challenge. This allows everyone to access my services, but I only put effort into that service when I set it up. Now it is totally automated, I don't do anything but sit back and watch people flow in & I respond to any emails they might generate. At this stage no money drips out the bottom of my funnel.

Then one of those people might drop down into the groups section after they read about one of my courses in my ezine. They will have had time to decide if they like me and by this time they understand that I know what I'm on about and that I can help them. They will come and do a group session or teleclass.

Again this doesn't take a lot of my effort or time but the client gets more attention and personalised service than they do on the 90 Day Challenge. Basically they start to get what they pay for and that money starts to drip out the bottom on the funnel.

That client will then finish the course and go off and set up their practice with their new knowledge. Then a few months later might find they want to expand that practice so they will drop down another layer and will hire me to do some one on one sessions. More money then drips out the bottom of my funnel, but this time the fee is higher.

Finally this person has set up a huge practice and built a health spa on the side and has hundreds of therapists and clients flowing in and they need some specialised help with their reporting systems (what I used to do in the Corporate world). Not many people fall into this category and not many people have the expertise to help them so when their money drips out the bottom it is charged at an exorbitant fee and a really large chunk falls out the bottom of the funnel.

Then this person might decide to buy a license to use my product because she can't keep all his therapists in full time employment so she wants to be able to train those therapists to have profitable part time practices. We all know I'm going to charge her an arm and a leg for that service because he is not only getting my knowledge, I am giving up my intellectual property that I have worked hard to develop. I'm also going to charge a high fee to help her set up the program for her staff – because she can afford it and more importantly, will expect it. Meanwhile people are still dropping into the funnel and signing up for the 90 Day Challenge.

Three Tier Pricing

I believe therapists, especially new therapists, benefit most when they have three fees available to prospective clients. To keep things simple, I call them low, medium, and high. I outline these below, but first let's cover the benefits of having three tiered pricing.

Gives The Client A Choice

Throughout the Practice Building Success System, especially in Mastering the Two for One Session and Securing the Client classes, I recommend that you give the client choices. The more opportunities clients have to choose during the sales process, the more likely they are to trust you and invest in your treatments.

Appeal to a Wider Range of Potential Clients

Most clients will choose the middle option but a percentage of people within your target market are "premium buyers." Money is of little or no object to them and they want the best of everything. You want to have packages that appeal to these types of people. Other people are more sensitive to price. Especially as a new therapist, you do not want to lose anybody to price and having three tiers diminishes this.

Tiers Allow Perspective

Is \$100 per hour a high or low fee for treatments? Does it sound like a lot or a little to your prospective clients?

The fact is, you do not know!

However, if you compare \$100/hour to \$150/hour, suddenly \$100/hour sounds like a bargain!

Having a second price immediately changes the meaning of the first price!

I recommend that whenever you are quoting fees (written or verbal), that you present a range. This way you can appeal to both the premium level and price-sensitive buyers. Again, especially as a new therapist, you do not want to lose out on the opportunity to convert a Two for One Session if people cannot afford your rates. By quoting a range it is easier to appeal to people who are price-sensitive. AND, you are letting premium buyers know that you have the expertise to serve them as well!

PLEASE NOTE: You never discount unless it is a special offer with limited time available to collect the offer. If a person cannot afford your fee, you always drop the person into a lower price structure with less on offer. Discounting makes you look like K-Mart!

How to Set Your Fees

The most effective way to set your fees is to begin with the middle tier. The easiest way to do this is to begin with what you offer now!

Step 1: Write out your hourly fee and the services you offer for that fee.

Example of a massage business that works with sports people:

\$90 for a standard 60 minute remedial massage

Complimentary bath salts to take home on the first session

Step 2: Set your High Fee at 30% - 66% higher than your Middle Fee (the one you are currently charging). In the example above, the High Fee might be \$150 per hour. Outline the services you would provide at your High Fee.

Example:

\$150 for a 60 minute remedial massage & 20 minute head and foot relaxation massage

Complimentary herbal tea at completion of the massage

Complimentary aromatherapy product to take home on the first session

Step 3: Set your Low Fee. I recommend this fee be at no less than 50% of your Middle Fee and 25% is often more appropriate.

Example:

\$60 / 30 minutes

Note: You will notice that the better value is at the highest rate. The Low Tier doesn't offer as much value and is really aimed to force people to take the middle or higher rate. The reason for this is that in a 90 minute massage you don't use as many towels or robes as you do in 3 x 30 minute sessions. You also don't have to turn over your room which causes downtime and you can give a much more focused and personal treatment to someone over a longer period.

Factors That Determine Pricing

- Number of sessions
- Length of sessions
- Mobile or In house
- Consultative in nature
- Length of contract
- Pay up front

Most importantly YOUR MINDSET and your self confidence are the two greatest factor in determining what you are worth.

It is important to remember that some services require more time with a client and this must be factored in as well. Some clients will need an intake session where you go over past history, illness, injury. All these things need to be taken into consideration when you are setting your fee structure. You also need to be able to describe very clearly the benefits of a 90 minute massage over a 30 minute massage or the client won't see the value in the additional service.

Quoting Your Fees

When quoting your fees, I strongly recommend that you quote your High Fee first, then your Middle Fee. Do not quote your Low Fee up front. This Fee is only made available to truly price-sensitive buyers who really want your services (and you want them), but they absolutely cannot afford your fees.

The reason to quote the High Fee first, is then your Middle Fee seems "low" by comparison! If you just quoted one fee (your middle) it may seem high, as they have nothing to compare it to. When compared to your High Fee, it automatically seems more reasonable!

The other important point is to quote "What they get" before you quote the fee. The prospective client needs to know what they are getting first!

Here is an example. Imagine that you have conducted an effective Two for One Session and you ask the client...

Therapist: "Would you like to book in for further treatments, so we can get to work and help you overcome that injury (insert your What) and get you back on the court in top shape?"

Client: "What will that cost me?"

Therapist: "I have two ways you can work with me. The first is for high performance sports people like you (If true, or some other compliment) who really want to (insert your What) get back to their game quickly. It is the most intense form of remedial massage and allows you to reach your goals in the shortest time possible.

You get a 90 minute session where we work on the injured area and also use relaxation techniques to help you relax.

The investment for this is \$150 per session

Does this sound like what you are interested in?

Client: They will typically ask what the other fee is.

Coach: I also have a \$90 per hour rate. It is less hands on and we won't be doing anything to relax you, which of course accelerates the healing process, but it is still very effective.

Is this more appropriate?

They will decide yes or no and then you say "Perfect, would you like to book this months sessions in advance because my schedule is very busy and I want to ensure I have time to see you to help that injury heal quickly.

Pricing For Profit

I encourage you to think "outside the box" and come up with creative ways to increase your profitability through pricing.

The key is to challenge the conventional approach of your industry. Understand the psychology behind purchasing decisions. Listen to your customers and identify exactly what your customers want, as well as yourself. Create win-win pricing structures.

Pricing is an important issue, as it alone can drastically improve or reduce your bottom line, especially in the service business, since there are virtually no correlating costs. Here are some ideas to spur your thinking"

Raise Your Fees

Let's say, for example, that a therapist makes \$45,000 per year by working a couple of days per week and treats around 12 people at \$80 per hour. If she decides to raise her fees by a mere 5% to \$85 per hour, income would rise by around \$4,000.

Charge for Intake Sessions

In addition, she charges a separate \$125 fee for a two hour intake session. This is an additional \$1,875 from those same 15 clients

Combine the two and this therapist would earn an additional \$6,375 with virtually no extra work. Small changes can have big impact on profit!

Yield Management

This pricing tool was invented by the airlines and used heavily in the hotel industry for years. In its purest form, Yield Management is the manipulation of price based on time/demand. This is especially potent for "perishable" items such as airline seats and hotel rooms.

For example, let's say a plane is going to fly at a certain time whether 100 seats are filled or 50 seats are filled. Is it best for the airline to let these seats go unfilled (regularly priced at \$200), or sell them at a 50% discount and make an additional \$5,000? True, they did not make the \$10,000 that they could have made, but \$5,000 is better than zero!

Once that aircraft's door closes you can never sell those seats again. Therapy sessions are the same, once that hour is up, you can never sell it again.

Although Yield Management can be a rather complicated topic, I use these basic examples to help spur your creativity and challenge you to think in Yield Management terms when developing your pricing.

Example

Do you find that many of your clients want to have sessions in the morning or evening just before or after work? Well, how about selling the "perishable workday hours" at a reduced rate to attract people who might otherwise not hire you? You can then leave the space open during high demand hours for people willing to pay a premium rate. A personal trainer might have a fee schedule that looks similar to this:

Sample Fees

7am-10am	\$120/hour
1pm-4pm	\$80/hour
4pm-5pm	\$100/hour
5pm – 8pm	\$120/hour

I have also seen situations in clinics I have worked in where certain people are charged different amounts. Some people have more disposable income than others and they expect to pay more for their service and actually get more out of the treatment if they pay more. These people subsidise those who don't have so much money.

Value Add Pricing

Don't let's forget to value add at the end of each session. Most profitable therapy practices will have a selection of products people can buy at the end of their treatment. These might include self care books, healthy cook books, herbs, vitamins, potions etc

Summary

Hopefully you can see how incredibly individualistic pricing is! And, how fun it can be to be creative with your pricing! If created in a proactive, reflective, thoughtful manner, pricing can have a tremendous impact on your business.

Pricing can help you attract more prospective clients to you, cater to both the premium and price-sensitive prospects, and allow you to maximise your profits for the same amount of output.

All of these are tremendous reasons to carefully consider your pricing, as well as monitor your prices throughout your career.

And, STOP undercharging and comparing yourself to others and do what is right for you!

Gratitude Sheets

This week I am grateful for:

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