

# Pushing Price Rises

A TACTICAL TOOLKIT





# The Time to Act is Now..

Businesses everywhere are confronting demands for price increases from their customers and suppliers.

In some cases, it is a question of survival. It is important therefore, to act quickly and get to the head of the queue.

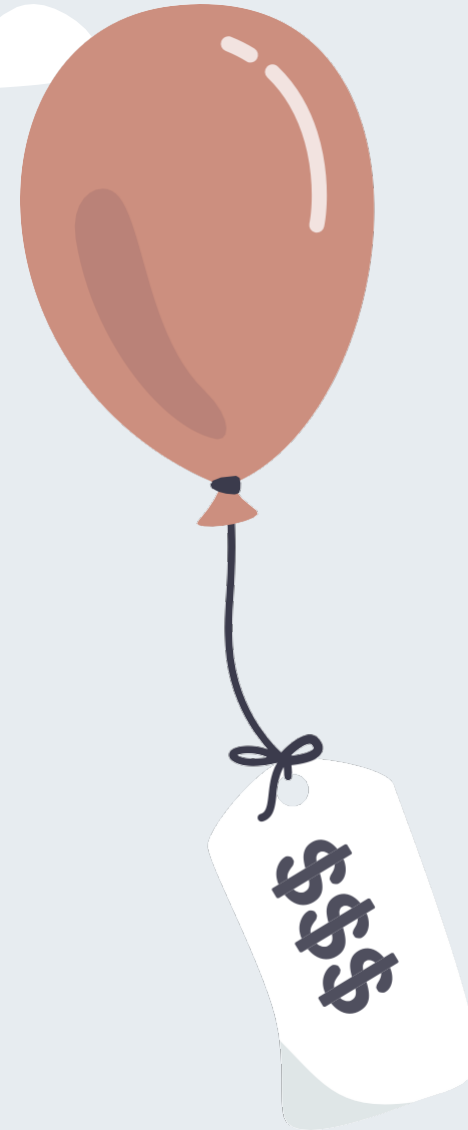
As such, here are some useful tips..

## 01 Create a sense of urgency

This is not 'business as usual' so waiting until things settle down could be disastrous. Contact your customer, explain the urgency of the need to increase prices and structure their expectations before the meeting starts.

## 02 Be prepared to explain it

If your narrative is true, nothing is more powerful than putting the actual numbers on the table by going open book. Of course, while open book may not always be appropriate, you do need to be prepared to answer 'what is the basis?' – be careful using CPI as justification as it may not be a good indicator of your costs, diluting your argument.



## 03 Don't make ultimatums without exploring the power balance

The natural monopolies such as power and airports have unilaterally raised their charges because they have the market power to do so. If your client has alternatives in the market then 'take it or leave it' ultimatums, may lead to them leaving without exploring further alternatives.

A key question is how important you are to them, and similarly how important is their business to you (must achieve position?).

Sometimes it may not be the total size of the relationship, but the importance of a key element of product mix. (Could it be that at least one thing they buy from you is not available elsewhere?)



## 04 Provide options

Giving the other party a choice between options means that they can exercise autonomy, rather than you imposing an arbitrary increase. An option might be charging for services previously provided free, in addition to a price increase, rather than just a price increase. The important thing is they get to choose.

## 05 Don't forget to seek a response and be ready for 'no!'

Too many proposals are left to die on the table because they haven't been driven forward by seeking a response (delay suits the recipient of a price rise) – “is this acceptable?”. If they say no, ask them “why?” to surface their objections and flexibilities.

Be ready to help them come up to your price by trading concessions... for example, just supposing we were to give you priority to supply or not apply the new price to backordered product, would you agree to the new price?

Also recognise when you need to come down. Be aware of your limit positions and trade any movement down on price rise for wish-lists. Just supposing we could be flexible on the price rise now, would you be agreeable to a quarterly price review?

## 06 Use social proof

Pointing back to your other customers who have already willingly accepted your price rise / or how your client has already accepted price rises from their other suppliers may help to make them feel more comfortable (or compelled) to agree.





## 07 Welcome to my world

Bringing your client 'inside the tent' can be a very effective way of breaking down mis-trust and building relationships.

For example, explain the inner workings of your business and how management make decisions.

This works particularly in professional services, where hourly recovery rates for some clients have been too low for too long.

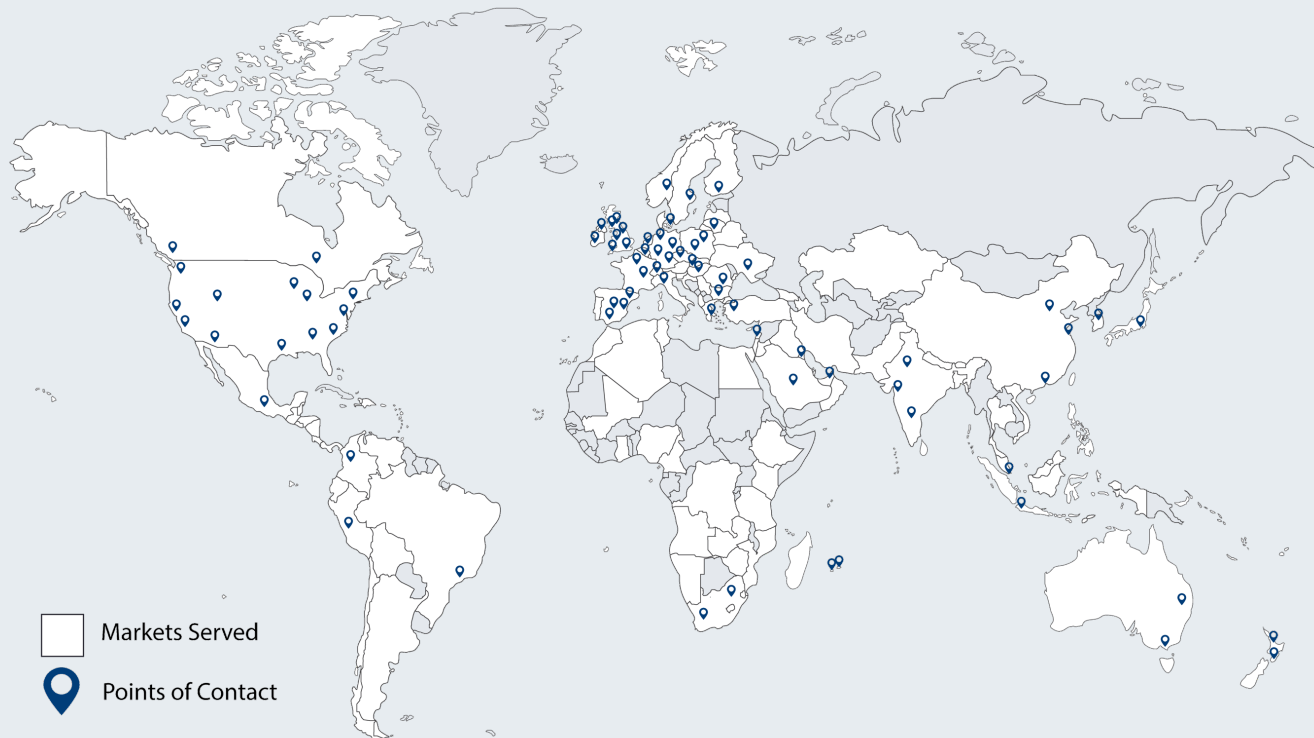
New minimum benchmarks have been set and your clients need to reflect the new benchmark for them to remain a client.

The problem is now theirs, not yours.

# About Scotwork

## MAKING A REAL IMPACT WORLDWIDE

Scotwork has coached hundreds of thousands of senior managers in 29 languages. We have grown into the world's number one independent negotiation consultancy, operating in 46 countries. We work with organisations large and small across all sectors. After more than 45 years we are still giving people powerful skills that transform their lives, and handing businesses more successful futures.



- |                         |                          |
|-------------------------|--------------------------|
| Australia               | Lithuania                |
| Belgium                 | Lebanon                  |
| Brazil                  | Luxembourg               |
| Bulgaria                | Malaysia                 |
| Canada                  | Mauritius                |
| China                   | Mexico                   |
| Colombia                | Netherlands              |
| Czech Republic          | New Zealand              |
| Denmark                 | Norway                   |
| Finland                 | Poland                   |
| France                  | Reunion Island           |
| Germany                 | Romania                  |
| Greece                  | Singapore                |
| Hong Kong SAR           | Slovakia                 |
| Hungary                 | South Africa             |
| India                   | South Korea              |
| Indian Ocean            | Spain                    |
| Indonesia               | Sweden                   |
| Ireland                 | Switzerland              |
| Italy                   | Turkey                   |
| Japan                   | Ukraine                  |
| Kingdom of Saudi Arabia | United Arab Emirates     |
| Kuwait                  | United Kingdom           |
|                         | United States of America |

Please contact us to find out more  
Email [info@scotwork.com](mailto:info@scotwork.com)  
**scotwork.com**