



The Red Flags of Inadequate Pricing

In the forward to [The Generosity Mindset](#), I related the story on my conversation with a videographer, in which I questioned him on his practices on pricing and positioning. My questions followed what I call the Red Flags of Inadequate Pricing.

If any of these Red Flags resonate with you, then your pricing is off, and you need to take corrective measures.

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The Red Flags of Inadequate Pricing and What They Indicate

Red Flag	What It Indicates
You believe all clients are price sensitive.	Some are, for sure. The overwhelming majority of clients for any particular service, however, are <i>value sensitive</i> . They make a purchase decision based on whether their perception of tangible and intangible value exceeds the price they will pay.
You accept most if not all business that comes your way.	If that's the case, then by definition you're accepting clients who are motivated solely by low price. (See above.) What that means is that your value-seeking clients are willing to pay more, but you're not asking for it.
You charge all clients the same price.	Different clients have different ideas of the value of your services. If you're not taking those differences into account by using options, then you're not tailoring your services to best-fit clients who are willing to pay more for greater value delivered.
You price by the clock.	If you're pricing by the hour, by definition your pricing is too low. The number of hours worked is an input in the service deliver which has nothing to do with the value of the outcomes clients perceive.
You feel you're working too hard for too little money.	If you have this feeling, you have too many clients at pricing that is too low for the value you are no doubt delivering.
In your marketing, social media, and when you're with a client, you talk about yourself instead of the client, their challenges, and their dreams.	When your marketing "language" is focusing on your services, you probably aren't having effective value conversations with clients to determine where and how they define value, and, in turn, reveal willingness to pay.
You think that a lower price will help your business.	Discounting to win business rarely, if ever, works. Doing so devalues your services in the eyes of clients, and you almost certainly lose business from clients who want high-value solutions.
You think you can't raise your prices.	Thinking you cannot raise your prices may be a mindset issue. You may be affected by some of the negative mindsets I mention in the book. In this case, you aren't exploring and understanding the value clients perceive in your work, and leaning into that value in order to justify price increases.