

# STEP 7—Set Your Price the Right Way and Choose the Right Partner for the Job

Now that the prospect has your proposal, use these tips at your discretion to close more sales, appeal to more customers, and make more from every job.

Did you know that price information activates the brain's pain center? Paying by cash disturbs the pain center to a higher degree than paying by credit card or other financing. Here are a few reasons why paying with credit is tempting for a prospect:

- ▶ It's a way to delay the actual separation from their money.
- ▶ Payments are spread over time.
- ▶ Frequency points are a strong reason to pay with a credit card (think airline miles).
- ▶ Giving a prospect more ways to spend money allows them to spend more.

To increase your prospect's willingness to spend, share photos and prices of those more expensive projects you have completed. The "anchor effect" created by those bigger prices can draw the buyer's budget to a higher level. Later, create a price anchor again by quoting the total price of the project first, with no mention of incentives or discounts. Then share the impact of the incentives, if eligible, or discounts. Finally, illustrate the effects of the Smart Energy Loan, On-Bill Recovery Loan, and other financing options you may offer.

## Let your prospects earn a discount

If your prospects have price issues, help them earn a discount by substituting materials, methods, or changing the scope of work to decrease the cost. Just be careful—a prospect's natural reaction to a price reduction is the assumption that the contractor could reduce the price even further—unless you tie the lower price to different specifications.

As an alternative, offering additional goods/services instead of lower prices has several important advantages. Using "goods" to create the perception of a discount improves volume and keeps your employees at work, especially if the goods are proprietary products that carry a higher markup.

## Who is your happiest customer?

Many contractors realize that their happiest customer is the one who pays the most! Just around the corner there are prospects who have no concept of what you do. Many of them are just waiting to become your happiest customer. To find more of these customers, do the following:

- ▶ Team up with builders, remodelers, and kitchen and bath designers. Help them understand that adding your services to theirs can help them sell more (and bigger) jobs.

- ▶ Be sure that you include window replacement and solar among your offerings. People who are interested in either product are more likely to add these once they are informed.
- ▶ Spread the word in your community by offering your services to Habitat for Humanity or other groups that build homes for veterans, etc.
- ▶ Offer to rebate the cost of the testing in full against any remediation job worth more than a certain value.

Use the *How to Pick the Right Partners* tool to help you pick the right partners to grow your business.

## Get more sales from the leads you already have

Try this at your company: The owner of the company "loans" the leads to his sales representative for five days. The rep must return the lead after five days or justify keeping them. The owner then follows up with each returned lead in person, face-to-face, to find out why the sale failed. Often this evolves into somewhat of a "good cop/bad cop" interaction in which the owner adjusts things a bit and makes the sale.



## Tool #7: How to Pick the Right Partners

Referrals from satisfied customers are one way to find new prospects, but so is partnering with the right businesses. Businesses that complement your offerings can expand your opportunities for sales. Here are the five most important things to look for:

- 1. Common values.** You don't want a partner who does exactly what you do, but they should stand for the same things you do. Check their website for clues, and then have a candid conversation.
- 2. Good reputation.** Partners with good reputations not only make you look better, but they can be counted on for higher-quality leads.
- 3. Solid ratings.** Reputation goes beyond "word on the street." You want to look at quantitative customer feedback ratings of your potential partner. Use the same online tools your prospects use, such as Better Business Bureau, Yelp, and Angie's List.
- 4. Complementary sales process.** When a partner's sales process is similar to your own, you can create more seamless experiences for common customers.
- 5. Attractive customers.** It's as simple as this. Look at your potential partner's list of customers and decide if those are the customers you want as your own. Do they have the types of home you want to work on? Do they live in the neighborhoods you want to work in?

**For more sales and marketing insights, look for the Selling Efficiency Series on your NY Home Performance Portal.**

*Mike Gorman is the leading expert in teaching contractors how to best position and price their business to increase sales. He's an award-winning contractor, author, and consultant.*