Robert: Welcome everyone to the TeleClass on Value Pricing with Alan Weiss. Let me tell you a little bit about Alan. Alan is one of the foremost management consultants and business speakers not just in the US, but the world.

He's the author of 25 books, hundreds of articles, and a leader at workshops and numerous teleclasses. He's consulted with organizations large and small and has helped a lot of consultants like myself be more effective consultants and earn more through his concept of value pricing.

Alan really embodies the principles of what I call InfoGuru Marketing. He is an infoguru. He puts that information out and he is an expert.

I invited Alan to do this teleclass with me because I know the majority of independent professionals tend to undervalue themselves. I hear it over and over again. Not only do we struggle just to attract clients in the first place but once we get them, we don't charge enough and don't make what we're worth.

Alan, let me start with this question. Why do independent professionals tend to charge less than what they're worth? What are they doing wrong, and what do they need to start doing differently? I suppose you could build your whole talk on those few questions.

Alan: There's a philosophic reason and a pragmatic one. The philosophic reason is that most independent professionals don't have the proper self esteem.

I've mentored almost 600 people since 1996. When I first started mentoring people in 1996, I used to think that people were undercapitalized and that was their major problem. I was completely wrong. I'm constantly surprised at how stupid I was two weeks ago!

What happens is people don't have the self esteem to stand toe-to-toe with a buyer and quote a price that reflects what their contribution is to the project. That leads me to the pragmatic problem, which is you need to deal with people who can write checks.

Everybody on this line needs to have three things. First of all, they need to have a value proposition. How is the client better off after they walk away? Secondly, they need to have an idea of who can write a check for that.

Thirdly, they need to have the ability to reach those people. Those people are virtually never in the human resources department or the training department. They are line managers.

If you're dealing with GE, you're not dealing with a CEO. You're not dealing with Immelt or Jack Welch before him. There are hundreds of buyers in GE, but you have to be dealing with somebody who can write a check for your value.

Robert: Alan, can we back up to the first one before we get into the companies... the whole issue of self esteem?

You have independent professional A who is experienced, has gone to school. When he does get clients, he delivers great value. But as you say, he doesn't have the self esteem and doesn't feel he's worth it.

This is not the easiest question in the world, but what have you found to help people increase their self esteem or at least the realization that they are worth more than they're charging?

Alan: The business that you and I and everybody on this call are in is about intellectual firepower. The mistake that consultants make is they get better and better at the wrong methodology. Nobody cares.

I don't care about your six steps to sales perfection. I don't care about your five steps in strategic modeling. And if you're using SWOT analysis and things like that, don't come near me.

The fact of the matter is it's about intellectual firepower. That means you have to use the language correctly. That means you have to be widely read. That means you have to have the intellectual wherewithal to understand the kinds of situations you'll be interacting on.

Just to give you even more of a specific; there's no objection we haven't heard. If you've been in this business for more than eight months, there is no objection we haven't heard.

"There's no time, there's no money, you're too far away, and the firm is too small." We know it all. If you are not prepared to deal with those objections properly, then you're negligent and you don't deserve the business.

The good thing about this profession is we control most of the sales process. Yet, people in the profession act as though they control 5% of the sales process and they're at somebody else's mercy. That's not the way it is. The dynamic is exactly the opposite.

Robert: So we take an order-taker attitude. "Here I am. What do you need? Hopefully I can sell it to you." That just isn't enough.

Alan: We have to able to reject acceptance and accept rejection.

This business is about rejection. Not every buyer buys, and I've been thrown out of better rooms than this one. You show up, you do the best you can, and you leave. If these crazy speakers don't get a solid 10 on their feedback forms, they fall apart. For goodness' sake! You show up, you do the best you can, and you leave.

You have to accept rejection. You also have to reject acceptance. That means that you cannot spend time with low-level people who can't say "No" and can't say "Yes."

Just this morning, somebody in my mentor program writes me and says, "I'm having trouble with this person. I can't get the proposal submitted." Of course not, because they're not dealing with a buyer.

You have to be absolutely mercenary about this. People at lower levels who cannot buy really can't help you. You can just use them as a stepping stone to get to the buyer.

You must interact with buyers as a peer. If you feel unworthy in doing that, then you should get a job delivering to some other consulting firm because you won't be able to market.

Robert: Alan, on this call we have lots of personal and professional coaches, other independent professionals, and consultants.

In the promotion for this teleclass, I gave the story of Patrick, who is an executive coach. He works with mostly small business owners and one-person businesses. He, and most coaches, doesn't have a huge problem necessarily connecting with and selling someone.

The point is that they sell way under what's possible. Most coaches will charge something between $300 and $500 a month. That's not unusual. It's pretty much the going rate.

Patrick does the same thing. Maybe he adds some value, and he definitely has the self esteem. Patrick charges $1,500 a month for four meetings and he just got his first $3,000 client. He's making very good money doing similar things to someone who's making 20%, 30%, or 40% of what he's making.

You're in there, you're talking to the right person, and you have the intellectual capital, but still we tend to not ask for enough. How do you really know what to ask for?

Alan: First of all, to coach an executive like the president of division, I charge about $35,000.

Robert: Over what period?

Alan: A period of 30 days. It's not based on the month. In your example, Patrick is not making very good money relative to somebody else.

Robert: He's not working with big companies. He's just working with individuals.

Alan: I just want to put things into perspective. I'm here to provoke people.

Here's the answer to your question. Most coaches cite what they do. They cite their task rather than their results.

In other words, if you're helping someone to become better organized, that's not really the result you're providing. The result you're providing them is more discretionary time. There's a huge difference between those two things.

If you're coaching someone to make better presentations, that's not the value of what you're doing. The value of what you're doing is to be able to influence people to sell more, influence people to support the corporate strategy, or influence the media to report favorably on your company.

The real answer to your question is this: You have to start with the coaching clients' objectives and start backwards. You don't start with what you do to the client. You start with how the client will be better off. That's always worth a fortune.

Robert: Your job in talking to someone initially is to find out about those objectives. Tell a bit more about how you dig in and discover those objectives.

Alan: Do you want me to focus on coaching, or consulting in general?

Robert: It could be both. It's a wide range of people on the call. There are a lot of consultants and a lot of coaches.

Alan: I'll just do consulting, because coaching's really a subset of consulting, not the other way around.

If you're talking to a buyer, what you say is something like this, "What are the end results that would tell you this project is successful? What are the improvements, changes, or recoveries that will show that this been worthwhile for you? What would your environment and your customers look like? What would your employees look like? How would you personally feel?"

Behind every corporate objective is a personal objective. Somebody says to you, "I want to increase our retention rate of new hires." What they're really saying is they're tired of doing so much interviewing. Those are the questions you ask to get objectives out.

Robert: How much time of that interview are you asking the objective questions?

Alan: Once you have a trusting relationship with the buyer, you can get those questions answered in 15 minutes.

A trusting relationship might be developed in 20 minutes or three meetings, depending on the interaction. That's why when people do things like needs analysis, I tell them they're crazy. If you have a buyer in front of you with a trusting relationship, that's all you need.

Robert: Because they know what hurts and they know what they want if you dig in?

Alan: Yes, because you become your own worst enemy. You go down the whole interview with people who don't matter. All you need is a buyer who can write a check.

The second set of questions revolves around metrics. You say, "If these are the objectives. How will you know we're making progress towards them? What indicators will tell you that we're getting there? What will tell you we're successful?" The client stipulates measures of success so this thing doesn't become just a guessing game.

By the way, the objectives, the first set of questions, prevent scope creep because now you know exactly what the thing looks like as a finished product.

The final set of questions is the real nuance and the thing I pioneered with *Million Dollar Consulting* in the early '90s. You ask what the value is to the client. Once the client stipulates the value, now she has become academic.

Value isn't always in dollars. Value can be in terms of aesthetics, less stress, better repute, or it can be in higher sales and better market share.

You say to the client, "If we meet those objectives as measured by these indicators, what does that mean for you? What's the impact on your company? What's the impact on you? How will you be in a better position here?"

You now have a very dramatic kind of project where you're simply assessing a fee that reflects your contribution to that client's improvement.

Robert: What do you do when you get vague answers to that question? “I don’t know. We do want to increase sales.” How do you dig into that?

Alan: You don’t let them off the hook. That’s part of the self esteem and peer dealing that I talk about. You say, “Wait a minute. You’re not seriously going to go about this project not really certain of what you want to accomplish.”

When you say you want to improve teamwork and I ask you what that would look like, you can’t say, “I know it if I see it.” That’s the Supreme Court definition of pornography, but it doesn’t work for me. What you say is, “How will you see it?”

If the client is still vague, say, “Let me ask you this. There’s some reason you’re bringing me in right now. There’s some reason you don’t feel the teamwork’s very good.” The client then says, “As a matter of fact, the reason I brought you in is because I’m tired of playing referee.” “

If you didn’t have to play referee among the teams, would that would be an indicator of success?” That’s how you do it.

Robert: Let me go back to this question about metrics. One thing so many consultants say is, “We go in, we do this and we do that, but we really can’t measure what we do.” Is that just a complete copout?

Alan: Of course it is. It’s crap. The training community, if you read *Training* magazine or any of those things, they’ve been talking about this loopy thing that Kirkpatrick developed 20 years ago, the four levels of measurement. They’re ridiculous. The only kind of measurement that makes sense is results.

If you can’t sit down with a buyer and determine how to measure results, you don’t belong in the profession. You wouldn’t be able to walk into Bain, Boston Consulting, McKinsey, or any of these firms and not know how to get results for a client. It's not rocket science.

Robert: Give me some examples of metrics in a company that you might be going after. Give me real specific things.

Alan: It depends on the objectives. Metrics could be sales increases. They could be increases in retention. They could be decreases in attrition. It could be increase in market share. It could be increase in repute, or an increase in the buyer's comfort level.

Robert: You can have a metric that is somewhat intangible and not dollar based?

Alan: The key is how you know it if you trip over it. This is Bob Meger's famous question: "How would you know it if you tripped over it?" For coaches, this is particularly easy because you're dealing with one-on-one, not a large unit.

What you're asking is, "How would you know you're more comfortable in front of the group?" The answer is something like this: "When I'm asked a question, I won't panic. I'll be able to think for a minute and give them a responsible answer with an example." That's fine, and easy to measure.

Robert: Right now, they can't do that. They sit there. They can't think on their feet, and they're sweating buckets.

Alan: Right. How would you know that you use more humor in an organization? "I'll be able to tell real stories from my background and the company's background that will obviously and demonstrably lighten the audience and enable them to laugh a little bit." You can measure that. You can see it.

Robert: Let's talk a little bit about relationships. You talk about focusing on long-term relationships, not just a transaction. You're getting a client now, but you're looking at more than just closing this deal.

How do you look at all of that?

Alan: I call it thinking of the fourth sale first. I've written extensively about this. Just so everybody knows, there are over 100 free articles and checklists on my website, SummitConsulting.com. You can download these to your heart's content. I talk fast, but you can read about this at great length.

Since it's so much easier to get repeat business from a client than to bring on a new client, you should look at any client as a long-term relationship.

Just as an example to answer questions, Robert, make sure that the prospect or buyer understands the full array of services you can provide.

Don't let yourself be pigeon-holed as a singular entity or as somebody who can just do this and not that. Make sure that you don't start to talk about methodology, label yourself, or talk about technology or approaches too soon. That puts the conversation into too narrow a niche.

Robert: I worked with a coach for about a year. He had an interesting process. He said, "Robert, I can work with you month by month at X dollars, but for a few less dollars, we can do a year-long contract." That made sense, so I did it for a year. He packaged things for the long term.

Can you talk about how you do that? Do you do that with your clients, selling a bigger, more comprehensive thing at a value price?

Alan: Let me separate a few things. I run a mentor program that's for professionals in the business. It's $3,500 for six months. That's what I do to repay the profession. That number comes from the original lease on my Ferrari. It was $3,500 a month, and that's what I do.

Robert: So that's how he sets prices!

Alan: My wife said, "You must have gone to great market research lengths to do this." I think 12 people pays for the car. That's the mentor program. Let's talk about the true coaching I've done with executives, because that's really what you're talking about.

I tend to view these things more like retainers rather than coaching assignments. In other words, I'm using the exact same coaching methodology on someone on the frontline who manages 10 people and has a $200,000 budget and an executive vice president who's responsible for $20 million and has 400 people.

I will charge a heck of a lot more for that second person even though my methodology's the same, because the impact I'm creating on that organization is far higher. Never forget that the buyers have egos.

When I quote a $35,000 figure to coach a vice president or an executive vice president and somebody says, "My God, we've never paid that before," my reaction is, "What's your point? Do you really want to pay $5,000 to the guy who's coaching the frontline supervisors and think that same person can coach your executive vice president? It's preposterous."

Robert: Your price puts you in a whole different niche or category, anyway.

Alan: Buyers believe they get what they pay for. Buyers have egos.

Robert, this may be the salient point here, but no buyer ever said, "Look at me! I have the cheapest coach I could find!" You know what they say? "I have a coach so expensive it hurts. This coach had to break two appointments to be with me and I'm proud of it." That's how people talk.

Robert: There are probably very few people on this call who think that way. They think, "Oh my God, are they going to be able to afford me?" People's focus is completely opposite to that.

Alan: You're exactly right. My approach seems counter-intuitive, but it's really the only logical approach. The other approaches will take you to the poorhouse. The problem is that there's always money.

In other words, I don't care if you're working with a small, medium or large business. There's always money. The real question isn't whether there's money. The question is only this. "What's the priority?"

What you have to do is convince them that the priority is to move the money (that already exists) to you. There's no such thing as no money, but there is such a thing as you being too low a priority. You're too low a priority when you haven't manifested enough value for the buyer.

Robert: You're discussing the objectives, needs, metrics, etcetera. It gets down to closing and they come up with, "That's a lot of money." You're thinking, "What's the point?" They feel they can't afford you right now. Are you saying that it's never the money, it's just their perception of value?

Alan: Of course.

Robert: You as the seller and the consultant are probably buying into it, right? You're saying, "They can't afford it. Maybe I should come down." We look completely in the wrong direction again.

Alan: Whenever you provide a proposal to someone, you provide options. Psychologically, that takes it from, "Should I use Robert?" to "How should I use Robert?" That ups your chances of acceptance by about 50%. Always provide options.

Robert: You call it a choice of yeses.

Alan: Yes, it's a choice of yeses. If even your least expensive options they say is too expensive, then what you really haven't demonstrated is return on investment. That's your fault.

Robert: They see a big price at the end and they can't really justify that with the measurement you've talked about. It just doesn't make sense.

Alan: That's right. You have to do a better job at it.

Robert: The price tag that you're sticking on your proposal is not an arbitrary figure. You've really don't some thinking about what this is worth, objectively. "In the course of a year, they will very likely net $1 million more if I do my work." Are you thinking in that way?

Alan: Yes. Or, take something that's as translatable to dollars. Because of their improved ability to influence an audience, whether at a small meeting or a large company affair, they'll be able to galvanize support for their initiatives much better. That's worth a fortune, too.

Robert: One of your points that I always found very valuable is when people say, "We cannot do it for X dollars. We can do it for Y dollars, which is 20% to 30% less." The average coach or consultant will say, "You're a first-time client and hopefully we'll get more work from you, so why not?" Is that pretty rampant?

Alan: It is rampant because it's the self esteem thing again. Once you lower your fee, the only thing the client can conclude is, "How low will she/he go?" I can name that tune in two notes. If you lower a fee without lowering value, then you've proven that your fee is padded or that you're easy.

The fact of the matter is, you have to be prepared to turn on your heel and walk away. If you're really prepared to walk away from business, you'll wind up getting business at your fee. If you keep collapsing on fee, you really have no business integrity because you don't believe you're worth it.

Robert: You said that if they lower price, they have to decrease value.

Alan: For example, if they say, "We love it but it's too expensive," you say, "I'll tell you what. I'll coach you and your two subordinates, but I won't coach their four subordinates. We'll take that out."

You could also say, "I'll do the domestic operation for you in terms of this study, but not the international." Clients love to reduce fees, but they hate to reduce value. You have to take value out.

Robert: Sometimes they'll say, "Okay, that's fine," but they see they're losing value and say, "Wait a minute."

Alan: They should. Commensurate with that, you have to have fees high enough so that you do have the ability to take value out and lower a fee. If you're talking about $3,500, this whole discussion's academic.

Robert: If it's a lot more, it's a different situation.

Alan: If you're charging $20,000, $30,000, $100,000, and $200,000 for your work, you have room. If you're charging $2,500 and $3,500, you have no room. This is a $10 trillion economy. Post Katrina, post 9/11, and post everything else, the United States alone is a $10 trillion economy.

For those of you on this call from other parts of the world, I just came back from Australia where I did my Million Dollar Consulting College. I've been to 54 countries. Most economies are in pretty good shape, relatively speaking. It's not the fact that there's no money around. We have to be able to ask for it.

Robert: What's in the mind of that buyer when they're looking for a consultant and thinking of prices? Isn't their focus on, "I hope they can help me produce this result," more than, "I hope they're affordable"?

Alan: If you're dealing with a real buyer, their concern is to get results. If you're dealing with a gatekeeper, they're rewarded for conserving budget. That's why I'm constantly a purist about this. You have to deal with a buyer.

If a buyer is impressed with your ability to get him or her results, that buyer will find money for you. A gatekeeper has no ability to find money because their sole charge in life is to save money.

Robert: They can say "No" but not "Yes."

I'm a person that calls Alan Weiss saying, "Woe to me, but Alan's going to handle it." I say, "Alan, we've heard about you. We've read your books, and we want you to come in and talk," but it turns out that I'm a gatekeeper.

What are the kinds of things that you ask me off the bat to find out where I am in this process? What are the actual things you do to bring in that decision maker?

Alan: It's very simple.

Robert: It might be simple for you, but I can't tell you how difficult it is for some people because they don't know how.

Alan: I'm just warning everybody that it's simple.

If I don't know that you're the buyer, I simply ask the question, "What is your decision-making process there? I'll explain my process here." In other words, "Is this coming out of your budget? Do you make the decision, or are there more people involved?" That will tell me if you're the buyer or not.

Assuming you're not the buyer, which is the example you just gave me, then I'm going to ask the question, "Listen, Robert, how do we reach John, the buyer?"

"I'm sure you can understand that from an ethical standpoint, I have to hear from the person who's making this investment what his or her expectations are. Once I know that, I'm happy to work with you. I know you can understand that I need to hear that for myself."

If you say to me, "No other consultant has asked that," then the answer is simple. "That's exactly why you need me. I can't believe you would even think of hiring a consultant who doesn't request a meeting with the person who has the fiduciary responsibility."

Robert: You've had that conversation, I assume. Then they say…?

Alan: They'll say one of a few things. They'll say, "Alan, I'm happy to set that up. Just give me a little preliminary information, what it looks like and so forth."

However, some of them tell you, "Alan, I'm sorry. I'm tasked with finding consultants because my boss is busy. I'm going to make the recommendation and my boss is going to rubber stamp it."

Robert: You know this never happened in the history of mankind, right?

Alan: Even if it does, I'm not interested because when I meet the boss, I'll get a larger project. I'm going to say, "Robert, I understand that's how you work, but it's not the way I work. Frankly, that causes me grave ethical concern."

"We can do this three ways. You can go to your boss and present what I have, but I'm not going to allow that to happen because it's unfair to have you do my marketing for me. Two, we can go together as a team, and that way you can take credit for bringing me in and I can hear what I have to hear."

"Or three, if you're afraid there might some kind of repercussions, just introduce me and I'll go by myself. If there's any flack, you won't be in the line of fire. That's how it's going to work here."

Robert: If they don't like that, it's no deal, right?

Alan: It's no deal with them, but you can still go to the buyer directly. I would suggest you say to the buyer, "Listen, Robert contacted me and he's a great guy…"

Robert: This is assuming you can find out who the buyer is and get through to this guy.

Alan: You'll be able to find out because if you ask him the question, "How's this going to be done?" he's probably going to tell you, "My boss, John, does this." If not, you can find out through the hierarchy of who he works for. That's not difficult.

You never badmouth anyone, but you say to the boss, "I've been working with Robert. Unfortunately, he wants a proposal but I cannot provide one until I hear some things from you personally."

"In fact, I can't imagine you'd entertain a proposal from consultants who didn't want to hear some things from you personally, because there are some rather grave ethical concerns otherwise."

"I'm going to call you Friday at 10:00 and let's talk about a few things and maybe arrange a meeting. If that's not good, give me a better time." Friday at 10:00 you call and say to the boss's secretary, "I'm calling as promised." You have to have that wherewithal. You have to have the ability to do that.

Robert: I'm sure everybody is busy writing note!. Alan, the thing I like about you is you're giving actual scripts that people can use.

Alan: They're in all my books. You need to give people pragmatics.

Robert: Yes, absolutely. What do you say, when do you say it, how do you say it, why do you say it, and how it works. I'm totally behind that.

We're going to have this teleclass transcribed word for word. In a week or so, everyone in this teleclass will get that transcript. You'll have that in your hands. Go ahead and make notes but you're also going to have the transcript.

Obviously, we could get into this very, very deep, but I want to look at another area. How do you set the stage for being able to charge really high prices in the first place? That is the whole thing around your personal marketing, your information that you put out there, your value proposition, your website, etcetera. What's your take on that?

You could say, "Just write 25 books and you'll get very well-known." That's very true, but not everybody is at a place where they have a book or they're ready to do it on that level. For somebody that's beginning, how do they start to communicate that expertise?

Alan: When I started in 1985, I was fired from a company. I had a large mortgage, kids in private school, and very little money in the bank. I hadn't written 25 books then. I had written zero books then.

I've been there. You're not talking to somebody here who inherited their daddy's business. You're talking to somebody who did it on his own. I know whereof I speak, and I've helped all kinds of other people to do this.

There are several responses to your question. The first is you're better off doing less things of high quality than more things of low quality. Whatever you decide to do like your letterhead, your brochure, or your presentation kit, it has to be of very, very high quality because image is important here.

Similarly, I recommend that everyone have one $2,000 suit. I don't care if you never wear it except for that key presentation to a key buyer. You can change out of it in the restroom, I don't care! Armani, Canali, Brioni—you need a designer $2,000 suit that's fitted to you and you look great in because buyers love to be around successful people.

Don't believe the garbage you hear that you should dumb down your looks, dumb down your language, and dumb down your attire because that's from people who haven't made it. You need to look professional and look very good.

When you're in front of a buyer, don't pull out a Bic pen. Pull out a Mont Blanc or a Cartier pen. If you have to, get a knock-off, but pull out something that looks expensive. You want to seem successful.

In line with that, make sure your vocabulary is excellent. Make sure that you can speak well and use the language well. Language controls discussion, discussion controls relationship, and relationship controls the business. That's the kind of professional image you need to have.

On a more pragmatic basis in terms of the things you do, if you're going to have a website, have a professional site with a few pages that look great. Add to it as you go. Don't try to have 100 pages that are poorly done.

Always get outside help when you need it. I would never design my own website, not in a gazillion years. All the content is mine, but I have professionals who design it and maintain it and put it up there.

Robert: I would underline that 100 times. People who have poor-looking websites are probably hurting themselves more than helping, right?

Alan: Right. It's the same thing for artwork for anything you create like your manuals, books, pamphlets, and brochures. Whatever your collateral material is, get a graphic artist. I'll give you a hint. If you can't afford a good graphic artist, go to any major university with an art department. The students, who are excellent, will be delighted to work for $25 an hour.

You can always get that level of professional help. You just have to look a little harder for it.

Make sure that what you send out in email or hard copy is correct language and typo-free. You have to put on an image of success. In a more strategic sense rather than the tactical, you have to be able to stand out in a crowd. You have to create a brand.

When I first started in '85, when I was fired, I said to myself, "I'm not a socializer. I'm an introvert. I don't like to network. What am I going to do?" I became a contrarian. I spoke because I love to speak, wrote because I love to write, and just disagreed with everything.

I disagreed with these crazy quality people and their cults. I said, "Quality doesn't work." People started to listen to me. A lot of them thought I was nuts, but they started to listen.

You have to able to stand out in the crowd. You have to be provocative. You can't go around quoting Peter Block and all these guys who say the same thing all the time. You have to be willing to stand out and say, "This is what I believe in." It doesn't have to be contrarian. It just has to be what you believe in and you can justify it and make it so.

That's what it takes so that people say, "There's a brand there." You can then start to create brands. Ultimately, your name becomes the brand.

Robert: A few years ago, you launched your *Balancing Act* newsletter. By the way, if you go to Alan's website, SummitConsulting.com, you should sign up for that newsletter. Everybody, of course, on this call gets my newsletter (More Clients).

Alan sends out a newsletter like clockwork the first of every month. You can set your watch to it. He's been doing it for years. It's free. He has a great collection of articles about business, and also about balancing your life.

As you know, Alan's a pretty bright guy, but he's also one of the funniest writers in the world. I'm reading his newsletter and just cracking up, especially the section at the end. What is that?

Alan: "Don't read this unless you know me very well, or you'll be needlessly ticked off."

Robert: I think it's interesting that you've not presented a button-downed business kind of approach in this newsletter. In a way, you let it all hang out. It's professional but it's really you, so it's authentic. It's coming from yourself. You really get a sense of who this guy Alan Weiss is.

How has that newsletter helped you get business?

Alan: It's been a tremendous help. I started it about seven years ago with 40 names who I felt would not call the police if I sent them a newsletter. It's subscription only because I never add names arbitrarily. Right now, we're passing around 7,500. I know that's very little compared to your newsletter, Robert, but for me it's pretty good.

Balancing Act, which I've been able to trademark, has enabled me to talk to people about life balance. People who want to look not just at business but at their lives holistically, they've come to me. They've come to me for coaching and asked me to come in and consult in their organizations. They've purchased my books.

You create this great community where people can participate in one way or another. That's part of the options that I talked about earlier, that choice of yeses. It's also greatly enhanced my brand.

The key is this: It's one thing for someone to say, "Get me a great leadership consultant," and your name happens to be in that hat. It's far better for them to say, "Get me Alan Weiss." That's the ultimate brand.

Robert: This is indirectly tied to prices. If you're a known quantity, if people have heard about you over a period of time and read a couple of your books, you can demand a higher price. It's not going to come under question as much as someone they've never heard of. Correct?

Alan: Make no mistake about it. When you reach out to other people, you have to convince them how good you are. When people come to you, they're already convinced how good you are. Price is no longer an issue.

Robert: Absolutely. Alan, you talk so fast that we've covered so much in 45 minutes! We have a 90-minute teleclass, so I'm going to have to scramble to come up with more questions. (laughter from Alan) I know you have a lot more material, and I have some other stuff I can draw from.

Alan: We can always do the first 45 minutes over again.

Robert: I think some people would like that. "What did he say? What did he say?" Don't worry, you'll get the transcript. You can also listen to this again because we are recording it.

Tell me about some of the technical things about billing and getting paid, getting paid sooner, accelerating fees, and that kind of thing. I learned some of this stuff from Alan.

I used to be in the website design business. Everybody that did website design said, "A third up front, a third later, and a third when it's completed." I said, "Maybe I could accelerate it."

I asked for two-thirds up front always, and I always got it without an argument. I asked for the last third later because I felt that if I asked for it all up front, I may never finish the website.

Tell us a little bit about how the payments usually work when you work with people.

Alan: If it's consulting, I tell them it's 50% on acceptance, when they accept my proposal, and then 50% in 45 days, no matter how long the project is. I also give them a 10% discount if they pay the full fee up front. It's a courtesy discount.

My cash flow is tremendous. If I'm speaking and doing a $10,000 speech someplace, you just pay the money to hold the date. I don't take a deposit or 50%. You pay the fee and it holds the date.

I would advise anybody who's doing small amounts like $3,500 for coaching or a retainer for $3,500 a month, get the money up front, period. You don't stretch those things out. The more aggressive you are with your pricing, if you do have to compromise, you're compromising from a very strong position. This business is about cash flow.

For example, you've been working for a month and you're billing for expenses, you don't put on there, "Due 30 days net," you put "Due on presentation." That way, if they do take 30 days, on the 31st day you're on them like the wrath of God. If you put "30 days net," they'll take 60 days.

This is your cash flow. You want to collect everything as quickly as you can. Never accept money on completion of a project. It's crazy.

Robert: One thing I also took note of is if someone has paid you for a project, they're not going to cancel it, right?

Alan: They can't cancel it because you're not going to give their money back.

Let's face it, Robert. In the best of companies, buyers change, economic conditions change, or the competition does something. With the best of intentions, they say, "Sorry, we have to end your project."

If you've already been paid, you say, "That's fine." If you haven't been paid, you have a problem.

Robert: They'll probably say, "Since we've paid you, we might as well continue."

Alan: They have no choice. It's like you've invested in somebody to take care of the lawn all year and you've paid them. By saying to them, "Stop. Don't care of the lawn for the rest of the year," you're not saving anything.

Robert: Like most things that Alan teaches, it's very common sense yet we often miss it entirely. I think it comes back to the self esteem thing. We give all the power to the buyer and never realize that we have much more power in the first place.

Here's another question in a different area. You have a client you've been working with for a long time and you also have new client. Are fees different for new clients versus old clients? Do you give people a sliding rate to any degree? What kinds of subtle adjustments are there, depending on who the clients are?

To throw this into the mix, there are the difficult clients. Do you charge them more and how do you do that?

Alan: Let's take the first part of your question. I charge based on value. It doesn't matter how long you've been with me, I'm going to charged you based on value of what I'm doing at the moment.

If the value is less than it was last year, I'll charge you less. If the value's more, I'll charge you more. It's all based on value.

If a client says, "Alan, we want you to do eight speeches for us. Can you give us a break and not charge us $10,000 apiece?" Of course I can, if you're going to guarantee the volume. But then I'm going to say, "You pay me in advance. Instead of $100,000, it's only going to be $85,000, but you have to pay me today even though the speeches won't be completed for a year." That's the quid pro quo.

The second thing you said is entirely different. Lousy prospects make terrible clients. There's nothing wrong with charging a premium for certain kinds of work.

Robert: Define a lousy prospect to begin with. How do you know they're going to be a lousy prospect?

Alan: A lousy prospect is someone who doesn't keep appointments, who cancels things at the last minute, who changes his or her mind, who vacillates, who might use language or references that you don't think are appropriate, and who doesn't treat people well.

These people become terrible clients. They don't improve.

Robert: People that string you along forever and never give you a definite answer?

Alan: Yes. There are buyers like that. There are also clients who are difficult for other reasons.

There are clients, for example, who are far afield. If I work in the Pacific Rim, I double any kind of fee I come up with otherwise. If I work in Europe or Latin America, I increase by 50%. Because it's so much more travel, you have to acclimate and prepare different culturally and so forth.

There are clients who are difficult because they require a lot of travel period, even if you're in the same country.

There are clients who are difficult because you have to create a lot of new models, you have to deal with a union, or you have to deal with their own suppliers or customers. For that, you should charge a premium.

If a client is difficult because the buyer is not pleasant, my advice is don't take the business. The only thing worse than no business is bad business. Bad business causes you to defocus completely and you actually lose traction elsewhere.

I also tell people that every two years, they should drop the bottom 15% of their business because you cannot reach out unless you let go.

If you're carrying this baggage like clients you've been dealing with for eight years and they're paying you $750, there has to be a humane kind of killing here. You have to refer them elsewhere.

Robert: After all, you've been working with them for a long time. You like them and you've helped. You just can't afford to carry them at that price.

Alan: Yes. You treat them like some kind of loyal pet, but they're not a pet because pets don't pay you. Pets hang around and give you their goodwill. These people are supposed to be paying you.

You have to say, "I can't afford anymore to give you the attention that you deserve. I'm not asking you for more money because I would never do that. I want to refer you to someone else." If you don't lighten that load, you can't reach out anymore. You find yourself weighed down by low-profit clients.

Robert: You can't expand out into the next level because all your time is taken up.

Alan: Yes. This is a business. It's not about being loved. If you want to be loved, get a dog. This is a business.

Robert: It doesn't mean your clients can't love you. I'm sure a lot of your clients just love the heck out of you.

Alan: No. It's a business relationship.

Robert: I admit to getting caught up emotionally with my clients. I just love working with them. When they're gone, I miss them. It's true. I still charge them the fees and they have to pay.

I have another question for you. I want to get more into proposals. I wrote a manual on marketing. In my manual, I have borrowed rather liberally from your outline of proposals and I've given you credit.

I'm probably responsible for more sales of *Million Dollar Consulting* than any single person. Don't ask me to account for that, Alan, but I've definitely referred a lot of people to your site and to your book!

One of the most useful parts in that book is the whole proposal outline. Someone read that proposal outline in my manual and a couple of weeks later, they came back and said, "I just got a $300,000 project because of that proposal outline. I hadn't even read the rest of your manual."

If you don't listen to any other part of the talk, listen to this. Can we sort of break down the sections of the proposal, when to give a proposal and when not to, that kind of thing?

Alan: I've written an entire book on proposals called *How to Write A Proposal That's Accepted Every Time*.

Robert: I have it.

Alan: I have a complete book on that. It basically looks like this. You don't submit a proposal until you have conceptual agreement with the buyer, meaning you have an agreement on objective measures and values. This is the kind of stuff we talked about earlier.

A proposal is never an exploration it's a summation of conceptual agreement. It's not a negotiating document.

A proposal has nine parts to it. It's about two and a half pages. No matter what the size of the project, it doesn't matter. The proposal is still about two and a half pages.

Robert: You'd think with the giant projects, you'd write a book. But au contraire, it's short and to the point.

Alan: The first part is what I call situation appraisal. It's a paragraph or two on why you're talking. You have attrition, retention, and market share problems. You want to improve your operation and expand into the Northeast, or you want to improve your technology and do x, y or z. That's the situation appraisal.

The second part is the objectives. I usually do these with bullet points. "Here are the objectives to be obtained." There are never more than six or so objectives, because otherwise it gets nuts.

Step number three is the metrics, which I talked about earlier. "Here is the measurement," along with bullet points again.

Step number four is value. “Here’s what it’s worth to your organization,” bullet points again. Steps two, three and four are simply conceptual agreement.

Step number five would be methodology and options. Here’s where you put the two, three and four options that you’re going to say to a client, “We can do it one of four ways. You pick what’s best for you.” No fees, just the methodology and the options.

Step number six is timing. What’s the probable duration of the project in each of those options? Not calendar dates. Just 30 days, six months, or whatever it is.

Next is joint accountability, which means the client is responsible for certain things, you’re responsible for certain things, and then you’re both responsible for certain things. That shows that this is a true partnership. It’s not just something that one person does to the other.

Next, we have my favorite part, which is terms and conditions. This is the first time that the buyer sees the terms and conditions. Therefore, this is the first time the fees appear.

You say, “The fee for option one is this, the fee for option two is this, and the fee for option three is this. Here are the payment terms, 50% on acceptance. Here is how I bill of expenses. I bill these kinds of expenses for hotel and travel, etc. I don’t bill this… I don’t bill for duplications, FedEx, phone charges or stupid things like that.”

Next would be acceptance. The acceptance says, “Choose the options you want. Your signature indicates the acceptance of the terms above.” That’s it.

Robert: I notice you don’t put a lot of legalities into it.

Alan: Zero legalities. If you put legalities in it, it goes to the client's legal department. You want to stay away, far away, from the legal department because lawyers, especially employed by organizations, are archly conservative. They feel that if anything new happens, it's dangerous.

The ideal corporate attorney will tell you that he or she would prefer that you don't open the doors in the morning, don't turn the lights on, don't turn the heat on and in fact, don't even have employees come in because then you can't get hurt. That's how these people are.

Robert: They're controlling the business in many cases, and they're hurting it at the same time.

Alan: If they were really good attorneys, they'd be out on their own making $400,000. They're not. They're making $80,000 working in the corporate world. You want to stay away from these people. You do that by avoiding boilerplates.

I've actually had a client send me two $125,000 checks. It was a $250,000 project. They sent me $125,000 on acceptance and $125,000 in 45 days. The project lasted four months.

I never did get a signed proposal. The reason is, the Executive Vice President could authorize a $125,000 check but could not sign a contract without sending it to the legal department. He knew what would happen as well as I did, so he just never signed it. That was fine with me!

Robert: but you could take him at his word. He sent you the check, and you were off and running.

Alan: In fact, I learned from that. I now have a sentence in there that says, in effect, "Your check is as good as your signature." What I say is, "Alternatively, the acceptance of your deposit indicates your acceptance of all the terms stipulated herein."

Robert: That's about as legal as it gets.

Alan: Yes, but that's not a legal phrase. I've never had trouble with this stuff, ever.

Robert: Tell us a little bit about the delivery of the proposal and a little bit more detail on when you say, "I understand what you want, your metrics, your value, etcetera. What I'm going to do is to put a proposal together for you. I'll get it to you…"

Do you try to deliver the proposal in person? You just can't do that, right?

Alan: Never. If you do it, what happens is the client says, "Let me have a chance to look through it. I'm just seeing this for the first time." It's stupid. It's a waste of time. What you want to do is always FedEx a hard copy to the buyer.

Some buyers will say, "Send me an electronic copy. I prefer it." If that's the case, then do what they ask. Send them an electronic copy, probably as an attachment as a Word document, which will retain formatting. Also, send them a hard copy backup by FedEx.

Throughout consulting, coaching, facilitating, training and all this stuff, you should always have a next step in every stage of the game.

What you want to say is, "I'm FedExing this proposal on Tuesday. You will get it on Wednesday. I'm going to call you on Friday." That way, you put the client on notice that you're going to be calling. You get the client to say, "Yes. I will be in on Friday. Ten o'clock is fine."

Don't forget, you have a good relationship. There is no reason for the buyer to try to avoid you. You FedEx the thing and you call them Friday at 10:00. That's how you close on a proposal.

The longer you take with a proposal, the longer it takes a client to get back to you, the more bad things happen. Nobody ever said, "Alan, I'm glad this took an extra month. I was able to raise an extra $200,000." That never happens.

Robert: So the faster the better.

One thing that I hear a lot from people is, "Well, I put together the proposal. I sent it off. Now they won't return my calls." What do they do wrong?

Alan: There's one of three or four things that they did wrong. That is very common. Number one is it might not have been a really economic buyer. Either you missed it or they lied to you.

Number two is it's an economic buyer but you didn't get a conceptual agreement. They just said, "Send me the proposal," to get you out of the office. You never really tested for conceptual agreement.

Number three is that it is an economic buyer, you did have conceptual agreement, but you really haven't demonstrated in the proposal that there is a significant return on investment. You didn't write it very well. You didn't write it very compellingly. It's usually one of those three things.

Robert: Good. Fix those, and it's going to be a better response.

Alan: Fix those and you'll hit 80%. If you hit 80% of your proposals and you're sending out a decent amount of proposals, even just three a month, you're going to be a wealthy person.

Robert: If you're a coach and you're not doing this kind of level of things, you could be a personal coach, an executive coach, and they could be from a few hundred to a few thousand dollars a month, would you recommend a proposal for that or just a verbal agreement?

Alan: I'd recommend a proposal because I'd recommend you change your entire business model.

Robert: Let's get into that.

Alan: There was an article in yesterday's *New York Times* about life coaches. They're dealing with major Hollywood celebrities and major corporate CEOs. In fact, today the cachet is to have a personal coach. I would suggest that you capitalize on that.

The fact is your business model has to be that you work backwards and find out what this person needs for improvement.

Let's take a small business. Take a business that has a few million dollars and it's run by the owner. It's a family business. It's the worst kind of circumstance in the world.

You make contact through one means or another with the owner. She's a person who is proud of what she's done and has developed a $5 million business. You find out what her objectives are, find out where she wants to go.

Does she want to build it to a $40 million business and sell it? Or personally, she wants to be known as one of the key "go to" persons in her particular field. She wants to branch out into new areas and add different divisions of the business. Or she wants to become more efficient and have fewer people do more. Who knows?

You find out what that is, get the value stipulated for what that will be for her, and do up a proposal that reflects that. Instead of $1,500 a month or whatever you're talking about, now you have a $25,000 project.

Robert: That's interesting. You're positioning is now $1,500? Heck, that's nothing!

Alan: Listen, my mechanic gets $125 an hour or something. One hundred thousand isn't what it used to be. I'm serious here. You want to support a family and lead a decent lifestyle. By "decent lifestyle" I mean that you're not constantly in airplanes, you're taking vacations before you schedule business, you're taking care of your loved ones and contributing to philanthropy.

If you want to live a decent lifestyle and you're an independent professional, you're a consultant or coach, you're in accounting or law or whatever, you've got to make at least $200,000 or more a year. If you're not doing that, you're kidding around.

Robert: You're absolutely right. When I went way past that level, life changed quite a bit.

Alan: You're able to do more for others.

Robert: You're just not worried about money most of the time. If you really need to buy something, you can. You can take care of your retirement. Gosh, there are so many reasons to really take this stuff to heart.

Alan: Robert, if you and I were concerned that we weren't making enough money, neither of us would be spending 90 minutes on this call in the middle of the day.

Robert: Exactly. I have one or two more questions. I think we're going to have time where we can open it up to take some questions from the audience.

You have a little chapter in your book on maximizing fees by focusing on innovation and not fixing, which really looks at the value-pricing thing even deeper. What do you mean by that?

Alan: There is a fundamental difference between fixing something, which means restoring something to prior performance, whether it's a person's performance, a piece of equipment or a process, and taking something that's performing well and raising the bar.

Fixing things is usually done internally. It's a commodity. They have quality teams. They have task forces. It's not looked upon as anything dramatic because you're fixing something so that it performs the way it used to.

However, when you raise the bar, you're now out-stepping the competition and creating new standards. Now you're creating new sources of income, improvements or whatever it is.

The great companies like Hewlett Packard, Johnson & Johnson, FedEx, Microsoft, Sony and Toyota look to constantly raising their own bar because they don't have the competition pressing them. They have to raise the bar themselves.

It's the lousy organizations. It's every airline in the world that's constantly trying to fix things because there is something about airline management and airlines that attracts every stupid manager in the world.

I have never seen the degree of stupidity or low IQ in management that I've seen in the airlines. They're constantly fixing things because they're constantly tripping over themselves. Innovation and raising the bar is where the value is, not just repairing things.

Robert: People often call you because they have a problem and they want it fixed. They go into the conversation with, "Can you fix this?" Isn't that the case?

Alan: Here's the crux of that. Most people know what they want. They don't know what they need.

Robert: Let's get into that.

Alan: The key for a consultant, anyone listening to this conversation, is to take what a client wants as opening the door. When you get in the door, help them to understand what they need.

The difference between what they think they want and what they really need is what I call your "value distance." The greater that distance, the more you can charge. If it's just a little hop, you can't charge very much.

If somebody says, "We want a sales program," the first thing you say is, "Why?" You don't say, "Oh! I have a great sales program! Three days, $7,500!" You say, "Why?"

They say, "We need to improve sales." "Why?" "Because we've got 25% attrition." "Really? You're losing 25% of your customers?" "Yes." "Why?" "We don't know." "Well, would it help to find out?"

Don't just accept what a customer wants, because now you're a commodity and you're comparing your price against other people who are bidding for it. Raise the client beyond that.

Robert: To look at a more prosaic example, people used to call me from the Yellow Pages and say, "I want a brochure." I'd say, "What I do is I help professionals who are struggling to attract clients and want more clients. Is that what you're looking for?" They'd say, "No. We just want a brochure and the best price." Obviously, it really couldn't go anywhere.

It's a similar kind of conversation. You're trying to promote something way beyond what they think they want.

Alan: Let me give you two quick examples. Years and years ago when Kodak was so well run, people thought they wanted photos. Kodak said, "No. You don't want photos. What you need are memories." If you want photos, you're going to compare Kodak's price to Fuji film. Kodak would lose that every time based on the labor costs.

However, when Kodak said, “We’re talking about memories. Who do you want to trust here? You’re talking about your wedding, anniversary or your grandchild’s birth.” Then there is no question. You pay whatever you pay. Nobody wants the cheapest heart surgeon.

The other comes from the 1950s, where three words doubled sales in the shampoo industry. Somebody in the bowels of the marketing department of Proctor & Gamble somewhere decided that they should put on the label “rinse and repeat.” You don’t have to rinse and repeat. Nobody’s hair is so dirty that they have to shampoo it twice, but people follow instructions.

Robert: You double the shampoo.

Alan: They doubled the shampoo with no capital investment, no added product, not an iota of change except three words. Think about that profit. What happened was people said, “I want to have a shampoo. Apparently, I need to rinse and repeat.” Most people still do that.

Robert: We’ve covered a heck of a lot of stuff. What have I left out here?

Say this is the last conversation that I’ll ever have with you. I have to know everything and take notes. Are there any other strategies, principals or ideas that are so important that it would be a shame to leave them out?

Alan: Well, listen, I’ve written 25 books.

Robert: They all haven’t been about value pricing.

Alan: I’ve spoken to hundreds of thousands of people.

If this were our last conversation, let me take you at your word, I would say this to you, “Don’t ever forget that your word is fuel for your life, never the other way around.” Consequently, just as

I said before that you have to work backwards with the client, you have to work backwards with yourself.

You have to say, "What are my life goals? What do I want to achieve for myself, my loved ones, and for society? What's the economic engine I need to support that?" That's what determines what your business looks like.

Robert: Not, "How much money could I make?"

Alan: If I started by saying, "I want to make this much money a year," I'd never be making what I am today. The problem with a business plan is that you hit it.

You always work backwards from what you want to achieve. That way, you have some perspective. You don't get involved with trying to do something for $1,500 a month.

Robert: You're really stretching people's boundaries of thinking about this, which is what you always do. I definitely appreciate it.

We're going to see if some people on the call have questions for clarification.

Alan: Is anybody still on the line?

Robert: I'm sure they are! The line is open, who has a question for Alan?

Caller: Alan, I have a question. You didn't cover point number three, the ability to reach these top people. At the very start, you said there were three areas. Could you cover the third a little bit more? How do we get into that C-level suite?

Alan: That's a great question. The way you reach these people, preferably, is to be a person or object of interest.

Nobody will accept a cold call. You have to put yourself in their shoes. When somebody calls me at 8:30 at night and says, "You've been selected to buy $40,000 in oil futures in Kazakhstan," I hang up. People don't buy that way. They won't buy from someone they don't know. Don't cold call.

What you should do is create an object of interest. Depending on your comfort level or comfort zone, that means you ought to be publishing in things that they read, speaking at events they attend, networking with people they know or at events where they are.

You ought to be doing pro bono work on associations, task forces and non-profits where they themselves might be doing that. You need to be creating a product that they might utilize.

If you know the buyers, what they read, where they go and what they think about, try to apply yourself to them in every sensory way so that you become an item of interest. The platinum rule here is a buyer-to-buyer reference. The gold rule is a commercially published book.

Robert: It sounds like you're preaching InfoGuru Marketing, as I've outlined in my manual. It's about being out there, being known and being slightly famous. Alan has definitely accomplished that.

Say you find out about a company, you hear about them and you see they have a problem. I'm sure you don't do that now. You don't need to call them…

In the earlier stages of business, you have no work. You don't have a lot of visibility yet, but you've got to get some work. Are there any conditions under which you would suggest reaching out to a potential client? How would you do that?

Alan: What you have to do is find a way to make a cold call lukewarm.

Let's suppose that the Acme Company is 30 minutes away. They seem to have needs that fit your competencies. You think you'd be ideal for them. In that case, find out who your likely buyer is.

Call the switchboard. Do a Google. Read some background and then see if you can find someone to introduce you, if you can be at an event where they will be, or if you can do something to create some recognition so that you're not making a cold call.

In the worst case, send them something that's right on target for their needs. Say, "I was thinking of you. I read about what you're going through. Here's some value." Give them a checklist, a book or something. "I'm going to call you Friday at 10:00 to see how you like it."

That's worst case. Try to make it lukewarm before you do that.

Robert: Great, very good. Let's have another question.

Caller: If they have established what they want, you have some understanding of what they need and you put a value on that, I assume you do that together. You talk about that?

Alan: That's correct.

Caller: How do you then decide your pricing? Do you say, "Well this is the value for you. It's $50,000 for me to take you from point A to point B"? Do you then price it? Do you take a percentage of that? What's the bridge here?

Alan: That's a good question. Let me just correct something. It's not $50,000 for you to take them from point A to point B. It's $50,000 of improvement they're going to have through one way or another, to use your example.

What I like to look at is at least a ten-to-one return. I like to see that a client can easily to see at least a ten-to-one return. Don't forget, I'm providing three or four options here.

That means it's incumbent upon you not just to settle for a few sentences, but to really plumb the depths with client to get a handle on everything that's going to amount to improvement. Not just sales, but also employee moral, retention of talent or whatever it is so that you have a full view of that.

You then have a higher value. You can assign a higher fee and still see ten-to-one or better.

Robert: If it's $1 million of improvement, you're worth at least $100,000.

Alan: At least. It can go up from there. I have a manufacturing consulting firm that is a client. When they work with their clients, they try to get a three- or four-to-one return.

A ten-to-one return, virtually nobody sees these days. If you can demonstrate that in a proposal and somebody says to you, "We have no money." I'm going to say, "Listen, it's worth borrowing money to get a ten-to-one return. How can you not do that?"

Caller: How do you associate with improvement in employee moral in some of the more intangibles?

Alan: When you say, "How do I associate with it?" do you mean, "How do I measure it?"

Robert: How do you assign value to it?

Alan: You ask the client, and never take this on yourself, "What would reflect improvement in morale here?"

The client will usually say things like, "Well, employee grievances would go down. Our turnover would go down. We'd have increased membership in the blood drive and other voluntary things we try to do. We'd have more voluntary overtime and we wouldn't have to mandate it," and so on.

You'd then say, "What would a decrease in employee grievances, for example, mean for you? What do you spend on it now every year? What would it mean by retaining top talent? What's your turnover in middle management?" It costs about $60,000 every time you turn someone over in middle management.

That's the discussion you have interactively with the client. You'll arrive at some things, summarize it and say, "Do we agree on this?" That's conceptual agreement.

Caller: How do you put a value on increase in reputation?

Alan: I would say to you something like this. "If your repute were improved, there must be some reason you want to do that. Are you looking to get clients or customers from increased sources? In other words, what would it mean to you if your image, your repute were increased so much that suddenly word of mouth sent people to you?"

"What it means is, for every increased sale you got, there would be no cost of acquisition. It would mean that people would be doing your advertising for you. It would mean that you would be getting free coverage in the newspapers."

"Tell me something. If there was even a 1% improvement in sales at no cost of acquisition, what would that mean to your operation?" That's the kind of dialogue you have.

Robert: You're trying to get to that bottom line, to the real value, and you're not stopping until you find that.

Alan: You're getting the buyer to stipulate it.

Caller: How do you do that as a personal coach or a life coach? I can see how you get to the bottom line in a corporate sense, but what about life coaches?

Robert: They're not a business customer or client. They're a personal client. They want to achieve their goals. They want to lose weight. They want various things, but it's really not so much financial.

Alan: This is the exact same process where you say to someone, "If you lost the weight that you want to lose, reached your objective, what would that enable you to do that you can't do today? Where would that enable you to go? What would that enable you to experience that you can't do today?" You talk through that.

"My self esteem would be improved and I'd be able to get a higher paying job. I'd be able to relate better to my children because I could set a better example for them. My colleagues at work would accept me in a better fashion and a better light. I'd be more prone to get promotions." Whatever it is.

"My stress would be decreased." "If your stress is decreased, what would that mean to your health?" You can't put a price on health.

Robert: You bring up an interesting thing, Alan. When you get to these bottom-line objectives, values and metrics, etcetera, don't you find that the potential client becomes much more motivated to work with you when you start to create that future for them?

Alan: Yes, because the future becomes suddenly delineated. It's no longer this ambiguous thing out there.

You get back to something you said at the very beginning. Most consultants quote a clear price and have very unclear benefits. You have this fixed price and don't know what the benefits are.

Value pricing is just the opposite, where you have very clear benefits and the client or customer sees that almost any investment is going to show a great return for those clear benefits.

It's incumbent upon us to pursue that. Too often, we're lax, we're slothful, we're reluctant or for any reason we don't ask, "How will this improve your condition?"

Caller: I have a question, kind of turning this in reverse. How can you use this approach when you're determining what you will pay for services you receive from others. For example somebody who helps you get that first book commercially published or refers you to a client you haven't been able to reach yourself?

Alan: These are actually two different questions. Subcontractors or people I contract out to, I tell them never to read my books! What happens is they say, "I'm $50 an hour." I say, "God, that's a lot of money! But okay. Give me a cap on the hours." That's how most people price themselves and that's fine.

The second question you asked me was, "How do you pay people to refer you to a client?" My feeling is this. If people give me the name of a buyer and I ultimately make the sale, I give them 5% to 10% because they gave me the name.

If somebody introduces you to a buyer through their goodwill, then it's more like 10% to 15%.

If somebody actually makes the sale for you, that is they told the buyer you're the best thing since cold beer and you just have to go in and not louse it up, then I'll pay 15% to 20%. Those are my referral rates if somebody demands it.

In my business, most time people give me names. It's a win-win-win and they're just doing it out of courtesy. I reciprocate. If people do want financial consideration, I think that should be the formula.

Robert: Do you have a written agreement for that, Alan?

Alan: No. I just tell people, just like I did right there.

Robert: It's just verbal?

Alan: Yes.

Caller: I have another question, if I might.

Robert: Go ahead. We have time for a few more.

Caller: I've heard from other people that it's better to give a proposal in person rather than to mail or FedEx it. What is your opinion on that?

Alan: I was asked that before by Robert. Don't do that. It's stupid. If you give it to them in person, they won't have time to have read it. They're going to say, "I need more time to look this over." They're going to feel under pressure with you sitting there.

If you really have the conceptual agreement before you write the proposal, you FedEx it to them. You tell them, "I'm going to call you Friday and we can decide which option you prefer." That's how you do it.

It's of no advantage to present a proposal personally unless you don't have a relationship with this person and you feel you have to explain things in the proposal.

Robert: It all comes back to the fact that the proposal is not an exploration. It's a summation. You've pretty much agreed that you will work together.

You like what Alan has to say. You love the value and the metrics, etcetera. You're ready to go. The only thing that's not there is just the finalizing and the price tag. Right?

Alan: That's right.

Robert: Don't propose too soon.

Caller: Alan, in the case where you've submitted a proposal, you have a couple of options. They're all value priced. You mentioned earlier some of your prices might spell out a time frame.

How do you counter a potential objection that you might get back where someone says, "You said you'd do this in six months at this price. My calculations go to X amount of dollars per day or per hour." How do you avoid them taking you down the road of them making it based on your hour or day rate?

Alan: I simply say the following. "First of all, I don't have an hour or day rate. You just divided and that's fine, but it's got nothing to do with what I've charged you."

"For example, if that has to go an extra month, it will go an extra month and there will be no extra charge. If we reach our objectives a month faster, the charge will be the same, too. Actually, the faster we meet this, the better off you are, right? Therefore, it's got nothing to do with time. You can divide all day long, but that's not how I arrived at this."

If somebody says, "How did you arrive at it?" I say the following thing. "My fees reflect my contribution to the value you achieve in this proposal, so that you have a great return on investment and I'm equitably compensated. That's how partners work together."

Caller: That sounds great. Thank you.

Alan: You're welcome.

Robert: That's hard to argue with.

Alan: As I said before, Robert, language controls discussion. Discussion controls relationship. Relationship controls business. If you can master the language and know what you want to say, you will win most of the time.

Caller: Taking you back to your point of making things lukewarm before you approach a C-level buyer, what are some of the other ways, especially if you're starting out?

For example, I've been proposing for a long time, but foolishly haven't created much notoriety, if you will, with people I haven't worked with. What are some of the ways you could make this lukewarm? How about mail that refers people to a paper you wrote, a website or something like that?

Alan: All of that works. Did you say that you've worked with a lot of people before? You're concerned with how to approach new people?

Caller: Yes.

Alan: Go to everyone you've worked with before and get testimonials from them. Get referrals from them. Ask them for names.

Caller: I actually have great testimonials but few referrals. Because I haven't asked for them, I guess.

Alan: You have to ask for them. One thing consultants are terrible at is asking for referrals. This is the perfect referral business.

It's a win-win-win. If I refer you elsewhere, I win because I helped the partner. The partner wins because you helped them. You win because you have more business.

Consultants should ask all of their contacts, not just clients but all of their contacts, quarterly for referrals. There is nothing wrong with that.

Caller: How powerful do you think testimonials are for CEOs when read by other CEOs?

Alan: They're extraordinarily powerful as long as they're attributed. As long as there is a name and a company, they're extraordinarily powerful. That goes back to what I said before: There is nothing better than a buyer-to-buyer reference.

Caller: You would consider that a reference as well. Not just I call you and you say, "Robert's great."

Alan: The best thing is for you to call. In place of that, if you can't get the call, having that testimonial is very powerful. That testimonial should be on your website, your press kit, and a part of all your mailings.

Caller: Excellent. Thank you.

Alan: You're welcome.

Robert: Alan, when I attended a seminar with you several years ago, you pulled out a bound book of testimonials. It was an inch and a half thick, I think.

Alan: It's right here on my credenza. I'm looking at it.

Robert: You said, "I have the masters of these. I print up a bunch of them. I put a cover on it. Then when I meet with the client, I give that to them." Do you still do that? How do you do that?

Alan: When I have an inquiry from a prospect who's a legitimate buyer and they want to see something, I send them a very expensive press kit. I send them a press kit with an embossed cover, a 12- page four color, die-cut product brochure, about 8 or 12 interviews, reprints of things I've done, articles, white papers and so on.

I accompany that with a bound book of testimonials that goes back 20 years that shows I've been doing great work over two decades. I'll put in one of my books, CDs or something else for free to show them that I'm commercially published.

That's what will go out. And I don't follow up because if that's not good enough to make them want to meet me, then nothing I do in following up will make a difference.

Robert: They will usually get that, call you, and say, "I got all your stuff. Can we talk?"

Alan: "When can we meet?"

Robert: Send them the best stuff you have. If you have a number of articles or a great brochure, send them.

Alan: Like I said, make sure the quality is excellent and make sure you're dealing with a buyer. If those two conditions are obtained, you're in business.

Caller: I have a question about books. If I'm to write a book, is there any particular kind of book that's preferred? Is it sort of a "Here's how you do stuff" or clever observations?

Alan: If you want to write a book for credibility in the marketplace for people who might hire you, number one, it has to be commercially published. It cannot be self-published.

Number two, it should be a book that somehow reflects your value proposition. If you're an expert on leadership, it should be on leadership. If you're an expert on team building, it should be on team building.

The content of the book should be provocative. It should give people pragmatic tools to use. You could include in there many interviews, self-tests. There are all kinds of devices you could include.

Again, put yourself in the shoes of the buyer and in this case, the reader. "After I'm done with the book, how am I better off?" Make sure that I get a lot of value out of it so I'm prone to call you.

Caller: Is there one of your books that you would recommend as a template for this?

Robert: *Million Dollar Consulting*.

Alan: It depends on what your objectives are. *Million Dollar Consulting* has been on the shelves since 1992. It's in its third edition. It's still in the top 1% on Amazon. By any definition, that is a classic best seller.

Getting Started in Consulting is another one of my books that's done extraordinarily well for the same reasons. That's in its second edition.

You write for the particular market that you want to appeal to.

Robert: Alan, we've got to wrap up. Thank you for an extraordinarily enlightening 90 minutes. We covered a lot. It was extremely valuable. Thank you very much!

Alan Robert, always my pleasure, thanks for inviting me.

Make sure to visit Alan's web site at www.Summitconsulting.com. Alan has workshops, books, CDs and other materials you can purchase on the site.