
FUTURE
FORW

# Overcoming price objections before they overpower you

My work in business development includes a special by-product: pricing discussions. I like to provide ideas and language that my clients find helpful in working through price discussions with their clients. On the sales decision-making continuum from simple to complex, these ideas are most helpful for complex decision making.

If you're selling toothpaste, you'll find this less helpful than if you're selling sales collateral document management systems. Before your next client discussion, keep these two ideas in mind to navigate pricing conversations and price objections.

### 1. Where in the decision process is the discussion happening?

Pricing comes up in two distinct places in a decision process:

- When determining resources – ballparking.
- And when it's time to purchase – closing.

It's important to keep this in mind, because when you're in the determining resources phase, you want to know if you and your client are in the same ballpark regarding value and ROI. The "price" during the resource stage is not meant to be accurate because you're unlikely to close business in this phase.

On the other hand, at closing, you and your client discuss pricing in very specific and accurate terms. The close is what comes to mind when most people hear "price objections," so it helps to know that price is discussed in more than one place.

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My point? Don't think it's a negotiation when price comes up in the early stages of a discussion. Instead, use good ballparking language which is general and covers all the relevant resources needed to build a solution, not just the money resource. For example:

**Prospect:** "We want to deliver personalized content matching our buyer's unique situation and stage in the buying cycle."

**You:** "Good. That's exactly what we do. One thing we've learned in our work is that regardless of how attractive the outcome is, there are always resource limits. These include time, personnel and money. Before we get too deep into our solution, run through those resources with me."

- Ask about timeframes, pause for concerns and check that you're in the same ballpark.
- Ask about personnel requirements, pause for concerns and check that you're in the same ballpark.
- Then ask about budget, pause for concerns and check that you're in the same ballpark.

**Get challenges out on the table right away and be willing to walk away or re-approach the prospect another time.**

When I say, "pause for concerns," it's the time to address client answers that suggest you may not be in the same ballpark. For example, when asking about timeframes and the prospect says, "We want to go live January 1" and you know it's unrealistic, pause and address it. It's not unusual for your prospect to need help learning what's realistic, so help them by using language like, "Others like you, looking for similar results, have [used this timeframe/committed these personnel/allocated this budget]; does that sound right to you?"

To keep the discussion moving, use ranges and estimates, keeping numbers within 50 percent of accurate at the most. If the suggested budget is $40,000-$60,000 and the actual comes in anywhere from $30,000-$75,000, you're in the ballpark.

It sounds like, "Based on what you're describing, other businesses like yours, looking for similar outcomes, have invested between $40,000 and $60,000. Is this what you are expecting?"

Ballparking works because it's not a negotiation. You're simply determining if the conversation should continue. Which brings up the question, when should you walk away? I suggest you verbally take your solution away if you're not in the ballpark. If you know it will be a $200,000 investment and the client has $50,000 to get results, you're too far apart. It's better to know today than be disappointed tomorrow. Which brings me to the second idea.

## 2. Does the budget match the desired outcome?

In my experience, massive project ROI is unusual. Price tends to match outcomes. Big wins happen, but you can't plan for them. If your buyer expects a $1MM return this year and they want to invest $50K to get it, I'm suggesting there is a mismatch.

In the direct marketing business, we used to say, "invest $1000, expect $1000," because ROI builds over time. I tell clients that it's reasonable to talk in terms of 10X returns over a three- to five-year horizon, just identify leading indicators showing you're on track.

If you run into a mismatch between their budget and their desired outcome, try this language: "I'm confused. We've been talking about a massive benefit to your company, but you're only willing to invest a small amount to get there. What am I missing?"

They can answer that question one of two ways. They can either describe why the outcome is critical to their business, or they can describe why their budget is fixed. I worked with a company that exhibited years of steady growth. Their goal was to triple their growth rate; however, they were unwilling to invest any more in the project than what current cash flows allowed. It was an obvious disconnect: They wanted a lottery ticket.

I used the language above, and listened for what was more important, the triple growth, or the cash flow. It was cash flow, and once it was agreed on we focused on increasing their current growth rate.

As with idea No. 1, I suggest you invest time at the front end of the discussion to determine if the conversation should continue. If the ROI sounds unrealistic, it's best to know now so you can avoid painful delivery issues later. Your prospect will thank you, too.

But what if they're still not talking?

There will be times, even when you're armed with multiple ways to engage in pricing discussions prior to the proposal, that prospects will hold their cards close to the vest and not talk about the dollar resources required to get the outcomes they want. If you encounter this scenario, I tell clients that it may be in everyone's best interest to walk away. I know that's easy for me to say, and hard for you to do.

But I've found that if the buyer doesn't feel comfortable talking in general terms about the resources required for a solution that is in their best interest, there is an underlying trust issue. If they don't trust you to act in their best interest, my guess is that you'll never meet their expectations, and everyone walks away unhappy.

Get challenges out on the table right away and be willing to walk away or re-approach the prospect another time. It will pay off over time in higher proposal to close rates, higher margins, and happier clients. ■

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