



How to price for your service

Overview

One of the common issues for graduates, and even for established practitioners is deciding how much to charge. In fact for many practitioners charging for their services is an emotive issue, conflicting with their altruistic values.

The following guidelines provide some useful tools and ideas on pricing for your business needs.

The power of pricing

Your price will have a significant impact on where you position yourself and your service in your market. There will be expectations with the price you charge. How significant is this with your prices? How can you match these expectations?

For this reason you **MUST** consider the price in view of the other elements of the 'Marketing Mix'. Please see our video collection and other factsheets for further information.

Value yourself

This is an important exercise to help you appreciate your worth, and why charging for your service is an important part of the consultant/client relationship.

"Sometimes the hardest part of the journey is believing you're worthy of the trip."

Glenn Beck

How much are you worth?

- Consider all the years and cost of your studies.
- What could you be earning, doing something else?
- Think of the benefits you provide in your service.

Under-valuing can cause resentment

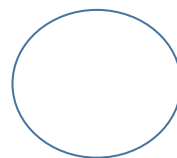
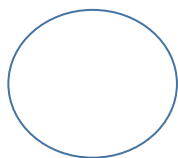
- If you start to resent giving a consultation because you are not earning enough money from it you create a problem.
- You will not be fulfilled and your client will not be fully supported.
- The therapist/client relationship will suffer and so will your practice.
- And there is only you to blame for this!

Set an hourly rate on which you are comfortable with.

- This will help quantify your worth.
- You need a basis to cost for your time – this can make a big difference if you are giving 1 hour or 2 hour consultations.
- An hourly rate will allow you to appreciate the time outside the consultation such as preparation time.
- An hourly rate will also help you price for other consultancy work.

Do still consider the market

- Is your price realistic compared to other therapists?
- Does the area you live in allow your rates?





Know your costs

You cannot establish a price in which you can make a profit if you do not know your costs. Consider the following:

The cost of your clinic room

- If working from home you should apportion the costs associated such as furniture, equipment, telephone, electricity, etc.
- If paying a daily rate, this needs to be apportioned across the number of clients you either do see, or expect to see.

Your time

- How long is your consultation?
- Are you going to charge for preparation/travel time?

Additional costs

- Direct costs – travel, paperwork, etc.
- Proportional costs – CPD, membership fees, accountant, etc.

Unforeseen costs

- Do your prices have the ability to absorb unexpected costs such as cancellations, breakages, etc.?

Know your market

You need to assess if your pricing is realistic and competitive. This will gauge to some degree the level of clients you can expect – although other elements of the ‘Marketing mix’ need to be considered.

What will you expect to pay?

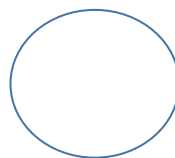
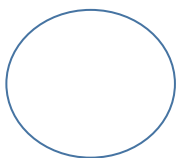
- This will depend upon the local socio-economic factors.

What are your competitors charging?

- Both similar therapists and therapists of different disciplines.

Consider the other elements of the marketing mix

- Does the price compliment the service you are offering?
- Clinic room
- Consultation
- Quality of report
- Testing and other services



Pricing structures and strategies

Once you know your costs and market, you can decide upon which strategy best suits your purpose. If you are starting out you may wish to get as many customers as quickly as possible. If there is a lot of competition, you may wish to premium price.

Cost plus

An easy way to price is to assess all your costs and add on a fee, which acts as your profit. This should prevent you losing money but does not take into account the various market factors.

Market penetration

You may charge a % less than your competitors in order to gain a client base based on price alone. This does not always work in this type of business depending upon the area you are working in as clients use a wide range of criteria when choosing a therapist.

Premium pricing

Charging a premium rate offers flexibility of service, where as you can add on other benefits to your service. This could be in the form of a typed report in a presentation folder, 'in-house' tests, follow up phone call, etc.

Package pricing

One successful strategy used by therapists is to offer packages for a certain price. This could be in the form of a number of consultations over a period of time, or to include additional support such as a phone support line, guided shopping trip, etc.

'Loss leader' pricing

You may charge competitively low to attract more clients with the view to charge for other services or products such as supplements, tests, additional support, etc.

There can be ethical issues with this approach, but can be useful if setting prices for events, such as talks or lectures.

Trouble shooting

What if your price is affecting the amount of clients you are seeing?

- Reassess if it is realistic and competitive. Some areas, more so rural, are more price conscious and there is less flexibility.
- If you have priced to allow a healthy margin, then you can offer discounts and other incentives.
- If you have priced low and still fail to attract clients you should look at cutting costs so you can either reduce the price further or offer incentives as mentioned above.
- If any of the above do not help, then you should consider the other aspects of your marketing mix such as the effectiveness of your promotional strategy.

