

The Big Picture Podcast – Episode 3

How To Raise Your Rates and Build Partnerships

Introduction

- In this episode of The Big Picture Podcast, Dominica Lumazar and Rory Carruthers go in-depth on how to know when to raise your rates. They also share how to move clients and customers through stages to build connections that will lead to higher earnings.
- Along with these two significant points, they also discuss many other topics that are of value to anybody passionate about starting their own business.

When to Raise Your Rates and How to Step Clients Up

- The first major topic discussed in the podcast is knowing when to raise your rates and how to sell your products and services properly without selling yourself short while also continuing to position yourself as an expert in your field.
- One of the most common things Dominica is asked about is when to raise your rates and how to know what to put them at. This applies to every business model. When getting ready to set the prices of products or services, begin with market research. The first thing you should do is check out your competition.
- Dominica takes a business more seriously if something is priced slightly higher than usual; however, this is not true for everything. Consider Apple as an example and how they have positioned themselves against Android, despite Android being on par with Apple in many ways. The positioning Apple has put itself in has been key, with pricing being a fundamental part of that positioning.

Cold, Warm, and Hot Selling

- When it comes to pricing and selling, there are three stages that you must go through to maximize your earnings. First, you will be selling to cold clients. It is pretty unlikely that cold clients will buy a \$1000 product from you without any prior knowledge of you just by seeing an ad. This is something you could have gotten away with 10-15 years ago but not now.
- Rory had a client in the past who asked him to run ads in a situation like this against Rory's advice. As expected, the ad didn't produce results, and the client didn't allow Rory to make it work correctly. The client also didn't allow Rory to make it a winning ad either, so the results were a failure on the client's part due to their lack of listening and not being coachable.
- So, if cold customers aren't going to buy a \$1000 product, will they buy a \$100 product? It is pretty unlikely; however, it can happen depending on the market. The plan would be to intrigue the customer into buying into even more things such as throwing something in for free or something low-ticket. Rory prefers the low-ticket option, as there is proof that making someone a buying customer regardless of the price will make them 7-10x times more likely to buy from you again than someone who was handed something for free. This will ensure that they have an investment in you now as a customer.
- The other side of this is trying to get people to buy your high-ticket stuff. You cannot just give someone a low-ticket with a \$7, \$10, \$20 book, for example, and tell them to instantly buy your \$1000 product. It simply will not work. So, you intrigue them with something that would be the next step in their journey? The key is to build relationships and find the next step to further that relationship through free offerings, such as podcasts, emails, and offers. Nobody is going to suddenly hand over money without a relationship.
- Rory is passionate about the power of building a backend funnel to your business. Rory has run into this situation a few times with past clients where they want him to build a book funnel, to which Rory will respond, "Well, all you have is a book, you have no courses to sell, you might have a consulting service, but where is the rest of the business that will make you money?".

- The goal is to put money into a funnel. When you have a complete front end funnel, you will most likely break even; however, you will obtain a customer, which is a lot more valuable than having a collection of people who just signed up because it's free. That's why you need a backend funnel as well because it's where you make money.
- The next step is warm funnels, such as webinars and video sales letters. What is the purpose of these? To build up a rapport and sell a product. These are free pitches where people can learn about your product for free. If you were to do a webinar right, you could potentially bring someone who originally spent only \$20 with you and lead them to spend \$1,000. The people who buy them are considered 'hot-leads,' as they have just spent \$1,000 on you. This means that you can consider moving them into your hot funnel. However, selling services or products above \$2,000 is unlikely without speaking to someone directly. If you don't have the time or ability to close high ticket deals, have someone on your team get on the phone to try and close deals.

Marketing & Client Focus

- Dominica often hears from clients who want to pour thousands of dollars into an ad campaign on Facebook. However, the amount of money you throw at your ad campaign does not matter. The key is to always test the waters first and then throw money at the winning formula.
- Along with this, you need to have up to seven different touchpoints, with the correct ad-copy, imagery, and other often overlooked aspects that are critical to campaign success. This is all without even ensuring that your websites and products are also enticing enough to maintain the customer's interest beyond the ad.
- Throwing money at ad campaigns half a decade ago without testing, may have been lucrative, but algorithms and buying patterns, even interests change. You also have to adapt to those changes.
- Rory had a client who was really focused on making her webinar work, although she didn't have many people to market to. They put a webinar together in a few days. She

only had seven people turn up to the webinar. Despite the lack of people, she sold \$7,000 on that webinar. It's all about getting to know your audience.

- All the prominent experts put stuff out and test it. For example, Russel Brunson recently released a new book; they built a book funnel and strategized how to get people into Clickfunnels. However, he doesn't know everything; they got some assumptions wrong and had to make adjustments, so he knows he has to test. If the test doesn't work, he will try something else until he identifies what is connecting with people.

Self-Confidence, Credibility, and Building Partnerships

- Pricing is crucial. Know your market, how you're positioned in that market, and then test price points to see what connects with people. Know when to up your rates and when to make that jump again. That comes whenever you feel comfortable charging a certain amount. If you don't feel comfortable, you should be spending every free minute working to improve your skills so that you can charge more in the future.
- Dominica's business is results-based. If she cannot help her clients get better results, then she is out of luck entirely.
- You have to consistently undersell and overdeliver to your clients to give that wow factor. The wow factor in business is everything.
- Dominica was once told by one of her professors that for every negative interaction you have with a customer, they'll tell a hundred people, but for every positive interaction you have, they may only tell 5-10 people. This is why you have to continually undersell and overdeliver.
- Once you have found yourself in the position to demand more value, you need to know some of the following information. How much will it cost to deliver your services? What is your profit margin? How much are you paying for your advertising?
- If you take all that into account and you're undercharging, then it's not sustainable. Your business is simply going to go broke. You need to know your numbers.

- However, on the flip side, if you are making a 10,000% profit, yet you're only getting one client a year, you need to look and say that you have room to bring it down to bring in more customers.
- To know which side you're on, you should be testing and pitching amongst several sources. You'll quickly find out which side you're on. If someone is jumping in quickly to your rates every time, you'll realize you're undercharging. If someone seems too eager to jump in at a price point, it should make you reconsider how much you are charging based on their eagerness.
- Dominica used to have a very set "this is my pricing, this is my services, and I am not going to stray from that" mindset. However, due to COVID, she has moved to a pay-what-you-can program. She sent out an email to her email list and got a brilliant response. It was sent out to people who already signed up for her book, so they knew she was credible beforehand. She positioned herself as generous and provided a valuable service that they needed right now due to COVID. She reminded them that she still exists as a consultant, all while putting money she earns from this back into the pool to help small businesses during this time. This has shown that her credibility is again the key and has earned her so much business through the personal relationships she has built in the past.
- Episode take away: Partner up with someone who excels in an area where you fall short. If someone is good at social media posting, they could partner up with someone good at running ads. This would result in both growing to the next level, which is something that Rory and Dominica have done themselves throughout their successful careers.

Resources and Links Mentioned in Episode:

- [Fyre Festival Netflix Documentary](#)
- [Russel Brunson Expert Secrets Book Funnel](#)

- [Empowered: The Business Owner's Guide to Leadership & Success by Dominica Lumazar](#)
- [Rory's Website and Books](#)
- [Big Picture Business VIP](#)