

The price of success

A How to do more business with business mini-guide

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Pricing is always problematic for learning providers. How to price, what to charge, what to offer for free and how to know when the mix is right are issues that perplex managers in the sector.

Most learning providers think about two things when they are trying to decide on a price for their products and services:

- what the competition is charging
- what percentage they believe they can add on to their own costs when they present their offer to the market.

Successful businesses do things rather differently.

Successful businesses know that price is inextricably linked with perceived value. They know that they are saying something about their product or service when they put a price on it. Pretty average price, pretty average product. Cheap price, not much value. High price, means high value and quality, doesn't it? That's the way consumers work. Think about shopping in the High Street where higher price is associated with greater value. After all, you get what you pay for, don't you?

Many learning providers send out messages which tell employers they are working at the cheap end of the market. They cut prices to the bone. They think only about the cheapest options. They talk down the value of their services by assuming that every one buys on price alone.

Yet, when they charge the lowest price of all – that is they offer programmes for free – they still struggle to fill workshops and get businesses to sign up for their programmes, whether this is Basic Skills, Train to Gain or anything else.

Perhaps another approach would work better.

- Remember nothing is free.
- Charge more not less.
- Focus on value not on cost.

Nothing is free

Employers might not be asked to pay for a service, but that doesn't mean it is free. It means someone else has paid for the service on their behalf. Think about the value statements you can make about this situation.

Charge more not less

You make a statement about how much value you place on your expertise in the price you charge. Demonstrate you believe what you do is worth something by charging a price that will allow you to provide a good service and make a profit.

Even if you are “selling” a “free” service check out how your regulatory framework operates to see if you can offer extra services outside the basic offer for which you will charge.

Focus on value not on cost

At the same time think about the value you deliver. You can only charge more if you deliver value. If you have been reading this series you will know that employers will pay for services which improve their profitability, or which directly help them to solve their business problems.

If you can, demonstrate that your organisation’s products and services do just that. Then you will be demonstrating that you are delivering value, as the employer defines it. Businesses will pay for what they value.

Try it out. Define value carefully. Check out that employers see value the same way as you do. If they don’t, think again about the value you offer. Then set a price on the value you are delivering, not on the programme you offer. If you get it wrong you can always lower your price – or put it up!

It’s worth a shot because when you succeed you will be moving your employer customers away from the no cost, no value mindset that had plagued the learning and skills sector for a long time. You will also be helping your business.

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