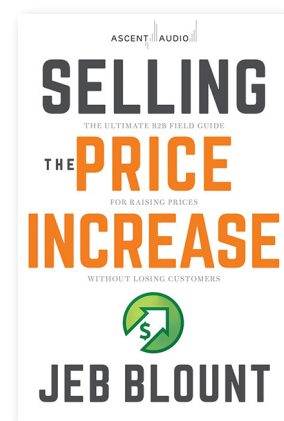


Selling the Price Increase

The Ultimate B2B Field Guide for Raising Prices Without Losing Customers

by **Jeb Blount**



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THE SUMMARY IN BRIEF

Inflation, demand surges, supply shortages, increased costs, shareholder demands, growth initiatives, mergers, and capital-intensive investments can all lead to the need to approach customers with price increases—as can the regular costs of doing business. It is critical to the financial health of B2B organizations that sales professionals hone the skills to successfully approach price increase conversations with customers. Author and sales training extraordinaire Jeb Blount and his team at Sales Gravy have helped hundreds of organizations successfully sell price increases without losing customers.

In *Selling the Price Increase: The Ultimate B2B Field Guide for Raising Prices Without Losing Customers*, Blount shares the repeatable system that reduces anxiety, builds confidence, and is easy to learn, coach, and deploy in the field. This tactical field guide is for frontline sales professionals, account managers, and sales leaders who want strategies, tactics, and techniques for approaching customers confidently and gaining price increase acceptance without damaging long-term relationships.

IN THIS SUMMARY, YOU WILL LEARN:

- How to disrupt the mindset of fear.
- How to protect customer relationships.
- The five-step price increase sales process.
- Making the case for and closing a price increase.

Part I: Disrupt the Mindset of Fear

The truth is that salespeople love to close sales, love to give discounts, love to make our customers happy, love to solve problems. But, as a rule, we have a psychological aversion to and loathe selling price increases.

Given the choice between selling price increases and doing anything else—and I mean anything—salespeople will always choose anything else. There are many reasons why, including:

- Conflict avoidance
- Fear of rejection
- Desire to be liked by their customers
- Awkwardness of communicating price increases
- Sympathy of customers
- Fear of losing customers, sales, and income
- No buy-in to the justification for the price increase
- The price increase is not aligned with compensation
- Lack of understanding of the impact of price increases on their organization

Price Increases Matter But Salespeople Hate Price Increases

Nothing else in the business-to-business sales arsenal protects the health of your company like price increases. They protect the enterprise during inflationary periods, produce capital for investment in growth, help improve quality and service delivery, boost stock prices, and protect jobs.

The payoff for price increases is massive and it is the single greatest profit improvement opportunity and strategy for B2B enterprises. That is, of course, if you retain your customers along the way.

Customer retention is exactly why your company leans so heavily on you to execute price increase campaigns. Sales professionals have the most intimate knowledge of the customer base, are skilled communicators, and professional closers.

Except that, in overwhelming numbers, sales professionals express deep anxiety and lack of confidence with price increase initiatives. They fear that they will lose customers and permanently damage important relationships. They feel that they lack the skills to approach price increase conversations effectively. Compounding this is the fact that most companies provide little to no formal training for

selling price increases, even for frontline leaders who must coach this critical skill set.

The Five Fears

When it comes to approaching price increases, sales professionals tend to worry about five potential outcomes. They fear that their customer will:

- Defect to a competitor, and they will lose the account.
- Stop buying or reduce purchases of a particular product or service.
- Bring up past service deficiencies or product-quality defects as an objection to the price increase.
- No longer like or trust them, and the once-friendly relationship they had with the account stakeholders will disintegrate.
- Get angry, argue, or pummel them with hard objections and rejection.

At the heart of each one of these worries is the deep-seated fear of conflict and rejection. These fears cause you to hesitate, procrastinate, hide from potential conflict, and make excuses. They cloud objectivity, leading to anxiety, insecurity, and worry.

Mastering the Fear of Rejection

The fear of rejection is your Achilles' heel when approaching customers with price increases. This is why mastering your fear is the real secret to mastering price increase conversations. In these situations you must focus on what you can control rather than what you cannot:

- Your actions
- Your reactions
- Your mindset

The truth that few people will tell you is that your fear of rejection, and the worry that stems from it, is not a psychological problem. Rather, it is biological and baked right into your human DNA. You can't just snap your fingers and detach from this emotion. It doesn't work that way.

You'll need to deploy sustainable techniques to rise above this fear. This begins with awareness that the emotion is happening, which allows your rational mind to take the helm, make sense of the feeling, and choose your behavior and response.

Emotional discipline is managing your outward behavior, despite the volcanic emotions that may be erupting be-

It's up to you to decide that you no longer want to feel intimidated, insecure, and inferior when presenting or asking for a price increase.

low the surface. This is how you display relaxed, assertive confidence when presenting price increases. Like a duck on the water, you appear calm and cool on the outside, even though you're paddling frantically just below the surface.

There is a difference between experiencing emotions and being caught up in them. Awareness is the act of rising above your emotions and becoming a detached, dispassionate observer. It begins with learning to understand and anticipate the anxiety that comes with price increase conversations.

The most effective way to learn how to conquer obstacles is to encounter them repeatedly until, instead of looking insurmountable, they seem easy. To become more effective with price increase conversations, you must first do the hard work of getting past your fears.

You must make the decision that you are tired of wasting energy on worry, stress, and anxiety over your fears. It's up to you to decide that you no longer want to feel intimidated, insecure, and inferior when presenting or asking for a price increase. You must decide to change.

Emotional discipline in the face of potential rejection is like a muscle. The more you exercise it, the stronger you become. You develop obstacle immunity.

Four Keys to Developing Price Increase Obstacle Immunity

Adversity is your most powerful and impactful coach. Things that challenge you change you—most often for the better.

Here are the four keys to developing obstacle immunity when selling price increases:

1. Be ready and be open to gaining resilience through the crucible of adversity and pain.
2. Intentionally choose to put yourself in uncomfortable, rejection-dense situations.
3. Actively seek rejection by asking confidently for what you want.

4. Push through the early pain until you ignite your own virtuous loop of confidence.

Part II: Protect Customer Relationships

Here's a blinding flash of the obvious: The effort you put into selling price increases doesn't matter if you lose your customers or their future orders in the process. Chasing your good customers and high value accounts into the arms of your competitors is bad business. But, so is allowing profits to suffer because you are afraid to get the prices you deserve, for the value you are delivering, because you worry you will lose your customers.

Price Increase Initiatives Are Dual Focused

No matter if you are involved in a board price increase campaign or selling a price increase to a targeted account, your mission is to get the highest prices you can, AND retain your customer and orders. To accomplish this mission, both of these things must be true at the same time. It is a dual focus. In order to do get a customer to accept a price increase while protecting the long-term relationship, you must gain awareness of the various pitfalls you'll face when approaching customers with price increases that can cause them to:

- Argue you out of it.
- Negotiate it down.
- Refuse to pay it.
- Stop ordering.
- Leave you for a competitor.

There is nothing easy about approaching customers with price increases. You don't want to sell it and they don't want to buy it. Therefore, you must get past your own fears and influence your customers to accept price increases that they don't want in spite of these imperfections.

Customers Are People

Business-to-business (B2B) relationships are different and

more complex than consumer-based relationships. B2B relationships may involve large sums of money, contractual agreements, strategic relationships, and layers of influencers and end users. Relationships tend to be long-term rather than transactional.

On the outside, these relationships appear to be, as they say, “nothing personal, just business.” However, in B2B relationships, customers are still people. They are irrational humans who are driven by emotion just like you. Not companies, not departments, not job titles. People.

Therefore, selling price increases is human. You aren’t selling price increases to a company; you are selling them to other people. At the granular level, it is just one person (you) influencing another person (your customer) to accept the price increase without resenting you for it.

Triggering Resentment and Contempt

Resentment and contempt are the most negative and destructive human emotions. These emotions slowly rot away the connections that bind you and your customer together until the relationship is destroyed.

Resentment is a combination of bitterness, indignation, irritation, displeasure, dissatisfaction, animosity, and more. It is most frequently triggered by an emotional injury like rejection, humiliation, losing face, feeling used or taken advantage of, or a perceived injustice—like perhaps a price increase you feel was undeserved or shoved down your throat.

Resentment is a monster that degrades and destroys relationships because, unchecked, it turns into contempt—which is disdain, scorn, and a total lack of respect. Once the feeling of contempt is triggered, communication and cooperation become a challenge, creating a downward spiral that makes recovery insurmountable.

In this untenable situation, marred by distrust and lack of transparency, it becomes impossible to save the relationship. This is why it is critically important that you carefully plan your approach to price increase conversations to avoid creating resentment.

The Procrastination Train Wreck

One of the easiest ways to trigger resentment and piss off your customers is to wait until the last minute to spring the price increase on them. This is especially bad behavior when your price increase impacts their operations, customers, forecasted financials, or critical parts of their business. Your customer is likely to react with anger and pushback

when you surprise them and turn their world upside down. All it takes is a little empathy to step into their shoes and see just how awful this can be. Do not procrastinate. Present price increases to customers as early as possible to give them plenty of time to accept them.

Neglect: The Grim Reaper of Account Retention

The reality is that most customers are lost because of neglect. They feel taken for granted and unimportant. Neglect happens slowly. It happens because you get into the habit of fighting fires rather than preventing them. You ignore the customers that aren’t squeaky wheels. They ignore you, too, because they’re busy with other things and nothing is on fire. Then, out of nowhere, you show up on their doorstep with a price increase. That’s when your customer realizes that you’ve been taking them for granted. They begin scrutinizing and peeling back the onion on your relationship.

They find your mistakes. They push back on your price increase and pound you with objections. You are suddenly on the defensive. In two shakes, you jumped from a price increase conversation into a desperate attempt to save your account. If, by some chance, you save the account, you’ll likely do so by offering a significant price decrease and more generous terms and conditions. Good luck.

Invest in Relationships Before You Ask for a Price Increase

When you are assigned a new customer, do not wait to make contact. With existing customers, set up a proactive system that keeps you in front of them regularly. If you are tasked with approaching customers that you have ignored or have never met with a price increase, ensure that the first time that they meet you or see you in months is not *that* conversation. Instead, initiate a pre-price increase conversation campaign to shift the relationship dynamic in your favor.

Get proactive and start talking to them 60-90 days from your planned price increase conversation.

Develop a three- to five-touch point plan to invest in the relationship and add value prior to presenting them with the price increase. Get these conversations booked as appointments and scheduled on your calendar.

- Uncover problems you can solve.
- Conduct a business or account review.
- Meet the other stakeholders.
- Fix service issues.

When discussing price increases with customers, the message—what you say AND how you say it—matters.

- Provide a value-added service.
- Let them know that you appreciate their business.

Then, once the relationship is established, make your case for the price increase.

Part III: Approaching Price Increase Conversations

This brings us to where the rubber meets the road: the price increase conversation. This is the moment of truth when you and your customer meet one-to-one to discuss the price increase. With everything on the line, it all comes down to how you manage this pivotal conversation. There are three approaches to price increase conversations: presenting, asking, and defending.

The Five-Step Price Increase Sales Process

Like most activities in sales, selling price increases is a process. It is a linear, logical process that, when fully leveraged, guarantees a higher win probability. There are five steps in the Price Increase Sales Process:

1. Set the stage.
2. Prepare.
3. Make your case.
4. Leverage the assumptive close.
5. Handle objections and negotiate.

Price increase conversation outcomes become predictable based on how well you follow the process. Sadly, many salespeople ignore this basic truth and wing it. In these pivotal conversations with so much on the line, winging it and approaching price increase conversations randomly is wickedly stupid.

Set the Stage: Customers don't like surprises. They need time to adjust to and accept change. Therefore, to gain acceptance quicker and with less resistance, it makes sense to set the stage for the price increase.

Pre-call Preparation: Prior to meeting with your customer, take the time to review the account history thoroughly. Carefully build your business case and craft your message based on each customer's unique situation. List all potential objections and practice responses for each. Prepare to negotiate on your targets, limits, and value trades.

Make Your Case: Once you are in the price increase meeting with your customer, you will need to make the case for why you deserve the price increase. When approaching low-risk accounts, you'll make your case with a direct, succinct "because" statement. When targeting high-risk, large accounts you will present a formal business case.

Close: Once you make your case you'll leverage a confident, straight-forward assumptive close to compel your customer to accept the price increase.

Handle Objections and Negotiate: Objections are roadblocks to acceptance. It is your customer saying, "No. I do not accept your price increase." Or, "Convince me why I should accept this." Unlike an objection, which is a *no*, negotiation is a "*Yes*, I'll accept your price increase but not under these terms." At this point, all you need to do is work out terms on which you can both agree.

Part IV: Making Your Case

You've targeted your account, set the stage, made the appointment, and prepared for your price increase conversation. Now you must deliver the message. This is the moment of truth. It's just you and your customer. The price increase, future orders, and your account are on the line. When discussing price increases with customers, the message—*what you say* AND *how you say it*—matters.

Confidence is the Key Ingredient

When salespeople demonstrate relaxed, assertive confidence in price increase conversations and other situations in which customers are asked to step out of their comfort zones, those customers accept the new reality without resistance about 70 percent of the time.

Conversely, non-assertive, insecure, I-don't-want-to-seem-too-pushy approaches are more likely to generate pushback, conflict, rejection, and objections. Which is, of course, exactly what the seller was hoping to avoid.

Emotional Contagion: Customers Respond in Kind

Emotional contagion is a subconscious response that causes humans to mirror or mimic the behaviors and emotions of those around them. It makes it very easy for humans to both feel what other humans are feeling and transfer emotions to other people. Knowing how to leverage emotional contagion is a powerful meta-skill for influencing human behavior.

Your emotions influence your customers' emotions and they will respond in kind. When you approach price increase conversations with insecurity, beating around the bush with passive words, tone of voice, and body language, customers sense your fear. When you pair relaxed, assertive confidence with a compelling message that makes your case, you bend the probability decidedly in your favor that your customer will accept the price increase without resistance.

Three Drivers of Price Increase Acceptance

Since we know that customers don't like price increases, it is worthwhile to consider what motivates customers to accept them. Studies indicate that the top three drivers of customer price increase acceptance are customer satisfaction, perceived fairness, and magnitude of the increase relative to current spend or value perceived.

Customer Satisfaction: When customers are happy and feel that they are getting good value for their money, they are far more likely to accept the price increase without resistance, resentment, or considering switching to your competitors. Studies have consistently demonstrated that customers will pay more when the perceived value is high and they are satisfied. That is exactly why managing your accounts and delivering a legendary customer experience pays off. When you do a good job for your customers, you earn price increases.

Perceived Fairness: Customers get that when your costs have increased significantly through no fault of your own, it is fair to pass some or all of that increase on. However, when making the case for fairness, you must not break trust or cause your customer to question your reasoning. As soon as this happens, you forfeit the moral high ground and risk losing your customer.

You need to have a firm grasp on the data and facts to be

able to clearly articulate those facts to back up your case when you get questions or objections about the fairness of the increase.

Magnitude of the Price Increase: The size of the price increase will be considered large or small relative to how your customer views their current spend and/or the added value they perceive they will or are deriving from your product, service, and software relative to the increase. To improve the probability that your customer accepts the price increase without resistance, consider their perspective and tailor a message that resonates with them. Your message will be much more persuasive when it minimizes the perceived magnitude of the increase by increasing the perceived value your customer will derive from it.

Part V: Closing

This might come as a blinding flash of obvious but your customer is not going to close the price increase for you. Therefore, it is on you to face the fear of rejection, approach your customer, and close the price increase sale. Closing is about compelling your customer to accept or accede to the price increase without resistance or resentment. If there is a magic wand that makes this happen, it is the *assumptive close*.

The assumptive close is, hands down, the most effective way to close the price increase. There is nothing complicated about the assumptive close. No tricks or smoke and mirrors. It's just confidently expecting (through verbal and nonverbal communication) that your customer will accept the increase.

The Assumptive Close Framework for Price Increases

There are three steps to closing the price increase sale with an assumptive close.

1. Because statement
2. Price increase effective date
3. Shut up

Let's look at how this comes together with an example.

Tony, we're going to be increasing our prices by \$3.00 per seat per month during the next contract term because we're opening up unlimited access to the business lead database for all of our customers. This will give your salespeople the ability to search more than one million records to get the phone numbers and email addresses of the prospects

they call on. Database access opens up next Monday and the price increase will take effect on next month's billing cycle.

Shut Up

After you present the implementation date or ask permission to implement, you must stop talking and leave your customer room to respond. Executed well, the assumptive close significantly reduces the probability that you will get resistance and objections. Still, because you are dealing with price increases, there is absolute certainty that you will get questions, objections, and attempts to negotiate.

Your brain knows this, which is why you anticipate and brace for rejection. It's why the mere seconds of silence between assuming and your customer's response seem interminable. For this reason, shutting up is the most challenging part of the assumptive close.

In this crucial moment of silence, after you've put it all out there, you feel the most vulnerable to being rejected. The problem is when you feel vulnerable, you attempt to protect yourself. You begin:

- Answering unasked questions
- Putting objections in your customer's mouth
- Apologizing
- Insinuating that the price increase is negotiable

You come off as unsure of yourself and untrustworthy. You blab on and on until you talk the customer, who was on the brink of agreeing to accept the price increase, into pushing back, asking for concessions, or taking a look at your competitor.

After you put the price increase on the table, be silent. Despite the alarm bells going off in your adrenaline-soaked mind, despite your pounding heart, sweaty palms, and fear, bite your tongue and give your customer space to respond. You will be surprised at how often customers accept the price increase without resistance when you allow confident silence to do the work.

Many companies fail to maximize price increases, sales professionals and their leaders feel frustrated, and unhappy customers are lost along the way. Sales professionals are ill prepared to talk with customers about price increases because they don't get trained and there are almost no resources to help them develop the skills to do so.

You can scour the internet for information on how to sell price increases and be hard pressed to find any system, process, or framework for these crucial conversations. Until now. In *Selling the Price Increase*, Blount gives you exactly what you need to successfully sell and defend price increases without losing customers.



Jeb Blount is a Sales Acceleration Specialist who helps sales organizations reach peak performance fast by optimizing talent, leveraging training to cultivate high-performance sales culture, developing leadership and coaching skills, and applying more effective organizational design. Through his companies—Sales Gravy, Channel EQ, Level 4 Training, and Innovate HCG—Jeb advises many of the world's leading organizations and their executives on the impact of emotional intelligence and interpersonal skills on sales, leadership, customer experience, channel development, and strategic account management. Jeb spends more than 250 days on the road each year delivering keynote speeches and training programs to high-performing sales teams and leaders across the globe.

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