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Selling Value, Not Discounts

If your services are generic, the potential client might as well just take the lowest bid. It's up to you to show people why you have unique capabilities for meeting their needs.

—Rick Crandall, Author and Consultant

Your success in selling is not measured by the number of times you win the business. You profit from the number of times you win engagements *without* giving up an overall discount. Winning engagements as the *highest*-priced competitor is the ultimate selling thrill. Winning engagements as the lowball bidder should be scary.

Winning with a higher price confirms that prospects engaged you because you'd convinced them of the expertise you bring to the engagement. Winning with a higher price starts your relationship off with a new client as a value-adding partner. Obviously a higher initial price allows you to profit from the engagement in the first year. But it will also allow you more room for reasonable price increases in future years.

Don't Discount

Discounting fees is a bait-and-switch strategy used by sophisticated sellers with a wide range of services. Discounting low-value commodity work to get the high-value-added extended services is one method of matching pricing to the perceived value of each service. Matching prices of services to value perception is an appropriate way to price your services.

Unfortunately, many hapless CPAs discount their fees just to attract clients. Discounting is their *only* strategy. The hapless sellers do not have a strategy to provide value-adding services at premium prices. All too often, the client pegs your hourly rate at the discount. Then when you provide any value-adding service, such as strategic, financial, or estate planning, the lowball hourly rate

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sticks. My experience has shown that clients who buy you because of your low price will leave you more quickly than clients who buy your value.

Tom, a client of mine in Atlanta, is a partner in a large CPA firm. A partner whose motto was “Get the client at any price, we’ll get them up later” coached him throughout his younger years. I asked Tom to select some clients who had been obtained this way for a review. He concluded that every single client who had been obtained using a discount had either left the firm or was still a pricing headache. His firm had not been successful in obtaining a reasonable yield from any of those clients.



Get the confidence of the public and you will have no difficulty getting their patronage. Remember always that the recollection of quality remains long after the price is forgotten.

—H. George Selfridge¹

Go for Value

Always being the highest-priced competitor may be a bit too optimistic. David Morgan, whom we met in Day 1, says, “We win some proposals when we are the highest priced. I wouldn’t say often. But I would say that we are rarely the cheapest. There are times we lose business just over prices. If we lose over price, then it may not have been a good fit for us anyway. I think to overcome pricing pressures you have to show real differentiation. Prospects will pay more for us if they look at all the different things we can bring to the table.”

CPAs are the most respected business professionals in the United States. Because of this position of respect, you have built-in persuasive powers. Often you have the opportunity to make a persuasive presentation to a prospective client. These presentations can be written or oral. In building his firm to over \$9 million in revenue in seven years, Mike Kruse says that he has probably written fewer than 10 proposals. Many times the presentation is oral, but the document is an engagement letter. In other cases, a formal written document along with a PowerPoint demonstration will be the process to follow.

Five Keys to Winning Proposals

During the years I have worked with accountants to improve proposal success, I have discovered 5 factors in winning proposals and 10 factors to avoid. The 5 keys to winning are:

1. Win the emotions.
2. Uncover key information.
3. Obtain a strong endorsement.
4. Plan your proposal.
5. Use the right words at the right time.

Win the Emotions

“Winning the emotions” refers to the strong development of liking and trust with key decision influencers so that prospects want you to win. This is so important that I devoted much of the Day 4 chapter to this subject. In many proposal situations that I have studied, the client personnel always genuinely liked the service provider selected. Yet all too often, CPAs forget the emotional side of decision making.

David Morgan believes you should demonstrate your responsiveness and professionalism during the proposal process. He says: “I believe you should get to them right away. The worst things you can do are get your proposal in at the last moment and drag out the process. That sets a bad tone. Prospects will believe that you will be slow to respond to their needs when you become their accountant. We landed a \$40 million distributor recently—I believe, because we reacted quickly. Their accountant had been slow in reacting to their requests. On Wednesday I gathered the information, and on Friday I called to tell them our proposal was ready. We met on Monday and they hired us. If we can demonstrate our responsiveness, we will win the emotional game.”

Uncover Key Information

When prospects trust you, often they will share information with you on which you can build a winning proposal. This is one reason so many current CPAs win proposals. They know inside information and use it to their benefit. When you don’t uncover this important information, your proposal appears to be inept. This is because you did not structure your proposal to meet the client’s real needs.

Bill Fingland says, “When I am selling to the right concerns of the prospect, my proposal can be very short. I think the shorter, the better. When your proposal is short and is focused on the client’s key issues, he or she knows you have done your homework. Long, voluminous proposals often signal that you haven’t done your homework and boiled it down for the client.”

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The best way to learn what your prospect's needs are is to listen carefully. To begin, simply ask two questions:

1. What is the situation today?
2. How would you like it to be?

The difference between the answers to these two questions is the problem you want to solve—how to move prospects from today's situation to their ideal situation. Once you have defined a problem, probing more deeply may enable you to uncover information that your competitors miss.

On a recent proposal, a client I'll call Joe learned that he was competing with three other CPA firms: an incumbent and two others. During a dinner with the CEO, arranged by a lawyer friend of the two, Joe learned that the CEO had doubts about his CFO. This bit of information had not surfaced during the formal interviews. Joe probed deeply and learned that the CEO felt trapped with his incompetent CFO because he'd fired three in five years. The CEO admitted, "I don't think I know how to pick a CFO who will be both accurate and timely."

The CPA asked a variety of questions around this issue, showing his complete understanding of the issue. Alternatives, training, executive search, and outsourcing were discussed. My client won the engagement. During my interview with his new client, the client said, "Joe got to my real needs. He understood me. I'd had many doubts about the best way to hire a CFO. Our former accountants seemed to think our situation was normal. But I wanted more."

Obtain a Strong Endorsement

As you know, referred leads are the most successful selling opportunities you have. Many successful CPAs have gone to by-referral-only selling systems. A true referred lead should get you in front of a prospect without competition. Naturally, this is a highly successful selling situation.

In many cases, you are proposing among competitors. Your entrée came from being on a list of possible sources. Thus, you must engineer a strong endorsement. There are several ways to do this. One method is to ask a mutual friend to call or write your prospect with a solid endorsement.

Depending on your friend's relationship with the decision makers, you can elevate yourself to number one very quickly.

Avoid Dated Testimonials

Don't date testimonials—it will keep your literature fresh longer. Even when the testimonial is current, the date can distract the recipient from the message.

—C. Richard Weylman, *Opening Closed Doors*²

Another method is to ask your prospect to call your references. If you really want the business, say: "Ms. Smith, we maintain confidentiality and care with our valuable clients. I hope you can appreciate that. You have asked for some references, and I will provide them to you if you will promise me that you will call them. You see, I must contact my client first to assure he will take your call and you will receive priority. This is the minimum courtesy my clients expect from me. Will you call them?" Now you have entered a moral contract with your prospect. If she says no, then you know you are just being priced. If she says yes, you know she is serious.

Plan Your Proposal

Have you ever left a meeting and thought of all the things you should have said? Such an experience demonstrates that even when you know what to say and do, if you are not thinking quickly enough, you may miss the target. Planning your presentation will enable you to be prepared with the right words at the right time.

All authorities agree that the preproposal stage is the most important phase of selling CPA services. In this stage you gather the information you must have to make an effective proposal. This information should enable you to understand your prospect's situation so you can plan the appropriate questions to ask and statements to make during the crucial interview process. If you cannot spend the time up front to gather the necessary data, or if prospects will not devote the time to you to help you learn about their business, then your odds of winning the proposal decrease dramatically.

Often the key to improving your batting average in proposals is to decline to propose in at least 25 percent of your opportunities. The box lists signs warning when you should not submit a proposal to a prospect. When you focus your attention on fewer prospects, your success rate will improve.

Good selling takes preparation time. How many times have you headed out of your office with a proposal in hand with the paper still hot from the

Four Signs that You Should Not Submit a Proposal

- 1** You cannot spare the time to do a professional job.
- 2** Your prospect will not allow you sufficient time or access to key decision influencers.
- 3** There is no problem for you to solve.
- 4** There is no up-front commitment to make a change in the way business is done.

printer? You will improve your presentation dramatically when you rehearse before an audience of your associates. Have you ever given the same speech several times to a succession of audiences? Remember how each time your speech improved? That was because your past performances before live audiences improved your understanding of your material so well that you could focus on the audience rather than the material you were presenting.

During the planning phase, you should begin to prepare your questions. You will be able to ask powerful questions if you plan them out in advance of your meeting. All great attorneys take thorough depositions in advance of the trial and then carefully plan the questions they will ask at trial.

Use the Right Words at the Right Time

People buy for their own reasons, not yours. There are dramatic differences among feature selling, advantage selling, and true benefit selling. You increase your persuasive skills tremendously when you talk about what your prospects want and then show them how to get it.

Whenever you sell anything, there are three possible “languages” you can use. *Feature language* describes the physical characteristics of a product or service. Feature language is the least persuasive language of all. In fact, much research has shown that feature language has a low to negative impact on the selling process. Feature selling—when you talk about the size of your firm, its age, all the services you may offer, your international offices, your headquarters, and your downtown location—may run up the price concerns of your prospects. This type of selling is a killer when you are trying to cross-sell services.

Advantage language is more powerful than feature language because you speak to the possible benefits for a client or prospect. Each feature of your firm or its services has one or more advantages. What are the advantages of each of the features of your accounting firm?

Bob Gaida on the Importance of Using the Right Words

One of my early endeavors, when I was 27 years old, was to bring on a new client. When I brought a large client on board, it was quite exciting. No one in the New York office thought there was a 27-year-old who could bring in a large client. Someone should have said, 'He probably cannot get this done, but we should support the motivation of this individual.' That's what I would do today if I had a 27-year-old. But that was a different time.

A partner took over the proposal process from me, after I had established rapport with the prospect. He made a flip chart presentation about things in which the client had no interest. As this presentation droned on, I noticed the owner had to catch his head once, when he was nodding off. I was in a real quandary.

So I took a risk and said, 'Let me jump in here a little bit. I do have the advantage, and I should have helped you better. I've been working with these people for the last several months.'

And I turned to the owner and said, 'Pat, I know we've thrown a lot at you and you've got to digest it. But if we were your accountants, we would have filed your last two tax returns in the following manner . . . and we would have brought back to you \$75,000. You would be \$75,000 richer. Now, the good news is, we can still do it.' He said, 'You can go back and get me \$75,000 now . . . legal? All that?' 'Yes.' He says, 'Good.' Turned to his son and says, 'Sign them up.' And he walked out of the room.

Being able to speak the right words to the prospect at the right time takes planning and rehearsal. And sometimes it can be risky.

At a minimum, the training program for each staff person in your firm should include memorization of the features of your firm and all the advantages of each feature. Without a thorough knowledge of the features and advantages, an accountant cannot possibly cross-sell a client.

A word of caution: If you present your firm's features and all of their advantages in a long string of boastful statements, advantages begin to sound like features to the prospect. This is called the spray-and-pray technique—you spray the prospect with all the features and the advantages of each service and pray that some of them will be relevant to the prospect's needs.

Some professionals are successful with this approach because they are able to predict with some degree of accuracy prospects' possible interests.

Advantage language is particularly powerful in the early stages of a presentation to pique prospects' interest levels.

The most powerful selling language of all is *benefit language*. All advantages are possible benefits. The only way you can truly speak in benefit language is to talk about the particular advantages of your service, which are in direct response to a need or want statement from the prospect. Sometimes prospects will tell you what they need or want. But more often than not, you must probe to learn their true problems, wants, and needs, so you can craft benefit statements that persuade.

Using the Puppy-Dog Close

Perhaps the best way to win a proposal competition is to eliminate your competition. Have you ever taken a puppy home “just for the night” to see how the kids would like it? You now own it, don't you? After your family spent a few hours with the puppy, you were hooked. The same is true with various products and services.

Four Ways to Make the Puppy-Dog Close Work for You

- 1** ***Sell the trial, not the service.*** It is much easier to sell someone a free profit-improvement review than it is to sell an audit.
- 2** ***Gain the prospect's confidence.*** Make it clear that this service does not create any obligation. During the trial period, your goal should be to get the prospect to like you and trust you.
- 3** ***“Bear hug” the prospect.*** During the trial period, turn on your winning ways to really get to know the prospect and the prospect's business. Your goal is to get the prospect to enjoy working with you.
- 4** ***Use your findings to close the sale.*** If you have uncovered any improved ways of doing business with prospects, they will be very open to hiring you. Help prospects find reasons for engaging you by appealing to their buying motives and using the trial results as proof of the benefits of doing business with you.

The puppy-dog close works on the principle that once a person has experienced the benefits of a product or service for a short time, he or she hates to give it up. What about your services? Can you think of a puppy-dog close that would work? Three possibilities might be: (1) a “free” profit-improvement

assessment, (2) a tax-reduction review, or (3) a trial use of a module of your accounting software. With a little creativity, any accounting firm can create more sales using the puppy-dog close.

10 Proposal Pitfalls to Avoid

In my experience over the years, I have found 10 significant reasons why proposals are unsuccessful. Use this checklist to see how your firm stacks up.

- ❑ **Use of boilerplate.** Whether written or oral, if the prospect suspects you have cut and pasted from someone else's proposal, you look cheap.
- ❑ **No differentiation.** If you can't make a case for why your differences from your competition are important to your prospect, why should a prospect select you? If there are no value differences, clients will select based on price alone.
- ❑ **No focus on risk reduction.** Whenever companies change their accounting provider, the decision makers perceive risk. Often the risk of change is perceived as greater than the risk of staying put. You can minimize risk by identifying it and mitigating it.
- ❑ **Missing the deadline.** Being late with a proposal implies you will be late with the work. Missing the deadline is a killer.
- ❑ **No eye appeal.** Proposals that do not appeal to both right- and left-brained people risk being dismissed. Content and eye appeal both are crucial to success.
- ❑ **The professional does not drive the process.** Turning over the proposal process to an inexperienced professional or a marketing coordinator who does not understand the client's issues will result in a weak effort. If you cannot devote the time to drive the process, don't bother.
- ❑ **Mailing the proposal.** Mailing the proposal shows your lack of concern. By doing so you miss valuable face time with the prospect. A client or prospect who insists that you mail the proposal is probably not serious.
- ❑ **Lack of thorough interviews.** The investigation and interview process is crucial to a well-directed proposal. Without information, you'll have to use the ineffective spray-and-pray technique.
- ❑ **No preview.** Previewing your proposal with the prospect in draft form is the same process you would use to prepare a set of draft financial statements for a client. Failing to preview shows your lack of professionalism.

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- ❑ **No focus on prospect's business.** Focusing on your firm and not your prospect's business is the kiss of death. Focus on how you are going to solve clients' problems and meet their needs and wants. Prospects will dismiss quickly long pages of boilerplate on how great your firm is.

Summary

You shouldn't buy work by discounting. Sell value and your unique expertise. When you are successful, you will avoid most competitive and written proposal situations. The preproposal work is what will get you the job. Find out key issues and build rapport. Then focus on benefits to the client. A losing proposal is rushed boilerplate with no eye appeal or differentiating characteristics. It doesn't show an understanding of key issues in the prospect's business. A good initial high-value sale lays the groundwork for the type of mutually satisfying client relationship you want to have.