

HOW TO SELL A PRICE INCREASE AGAIN AND AGAIN AND AGAIN

By Barry T. Wright

An artist asked the gallery owner how his paintings were selling.

“I have some good news and some bad news”, said the gallery owner. “A gentleman was in here yesterday, and asked if our paints will appreciate in value after your death. When I told him “YES” he bought all 15 of them!”

“That’s great!” said the artist. “But what could the bad news possible be?”

“He was your doctor”.

Let’s face it....nobody likes bad news. Not the bearer, nor the recipient. The delivery of bad news—such as a price increase—calls for tact, diplomacy, and concern for the well being of both yourself and the other person.

First and foremost, you need to set the stage continually—inflation and subsequent increase in prices and wages are nothing new. Start telling your customers as early as you can that price increases are coming, and will continue to come in the future. Why? Tariffs, tightness in supply, chains, particularly cost of freight, shortage of drivers, constraint of product plus the never ending threat of interest rates. Think, cost of funds, mean you and our suppliers have to be looking at upward price changes.

How to do it!

1. Forgive yourself for being the bearer of bad news. You are not causing their distress—the news is.
2. Choose a time and place when there is minimum distraction or interruption, and talk face-to-face—no emails or phone calls!
3. Get right to the point. Announce up front that you have some unpleasant, unfortunate, disappointing, or disturbing news. The right words? Simple: “I have some unpleasant news.” Have room to make concessions in your proposal, so they can feel they’re getting something in return.
4. Try not to let the news come as a total surprise, and be prepared for their emotional reaction. LET THEM vent, if they seem to need to. DO NOT try to get them to “calm down, be reasonable.”
5. After the customer has had a chance to vent his or her negative feelings, you can genuinely sympathize with those feelings. Then, after a pause, explain that the price increase is a fact of life, which you, your competitors, and their clients will need to live with.

6. Explain the factors that made the increase necessary—higher transport costs, increased labor costs, tariffs, cost of money, greater worldwide demand, etc. Use collateral materials (newspaper articles and other background information) to help the customer thoroughly understand the need for this increase so that their team can sell it on.
7. If the customer still refuses to accept the increase be prepared to Negotiate. In advance, identify negotiables which can be put on the table. For example, the customer may be more willing to accept the higher price if you can stagger the increase, letting them buy some at the old price. And try offering additional services, such as assistance with the customer's own marketing efforts, or improvements in logistics and delivery schedule.
8. If they propose shopping the competition—probably our greatest fear—let them tell you why. Learn what you might not be doing that you should be doing, but also point to the benefits of your past performance, like that time you bent over backward with a Sunday delivery. Probably they no more want to risk change than you do. But if they insist on doing so, remind them of your desire to be always here with an open door when they discover that the grass is no greener with the other suppliers. It's a risk but it goes with improved margins.
9. And next time you have to sell a price increase, you can use time to soften the blow by announcing it as far ahead as possible

'One man's wage increase is another man's price increase'
Harold Wilson (British Prime Minister 1964-76)