

Season 1, Episode 6

THE DANGERS OF DISCOUNTING AND WHAT TO DO INSTEAD

Presented by **beaton**

Scenario 1

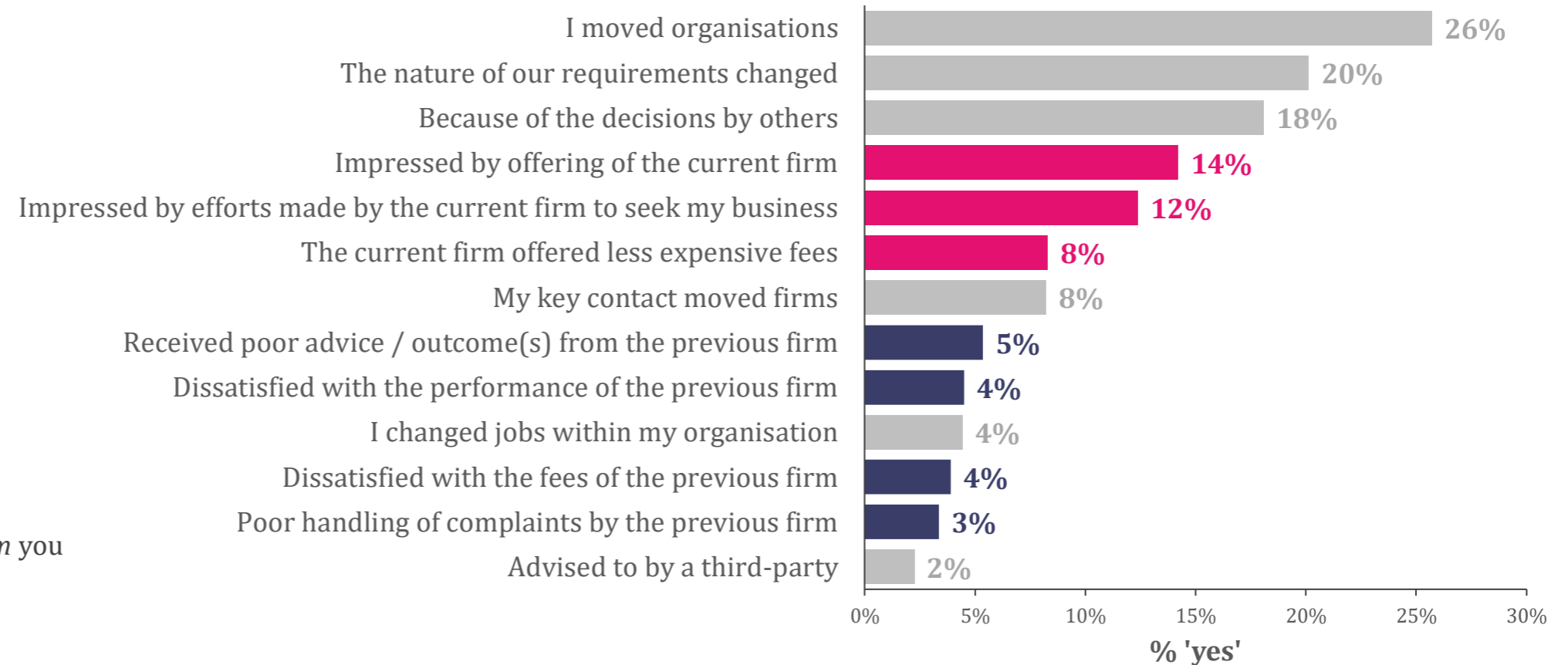
A prospective client has come to you and says, “I would like to switch to you, but my existing provider charges less and gives me a 10% discount. Are you prepared to offer me the same rates and discounts?”

Price is often *not* the key driver for switching to a new firm

21%

of legal and related services clients have changed their main firm over the last 2 years.

- Controllable reasons to switch *to* you
- Controllable reasons to switch *away from* you
- Reasons not attributable to a firm



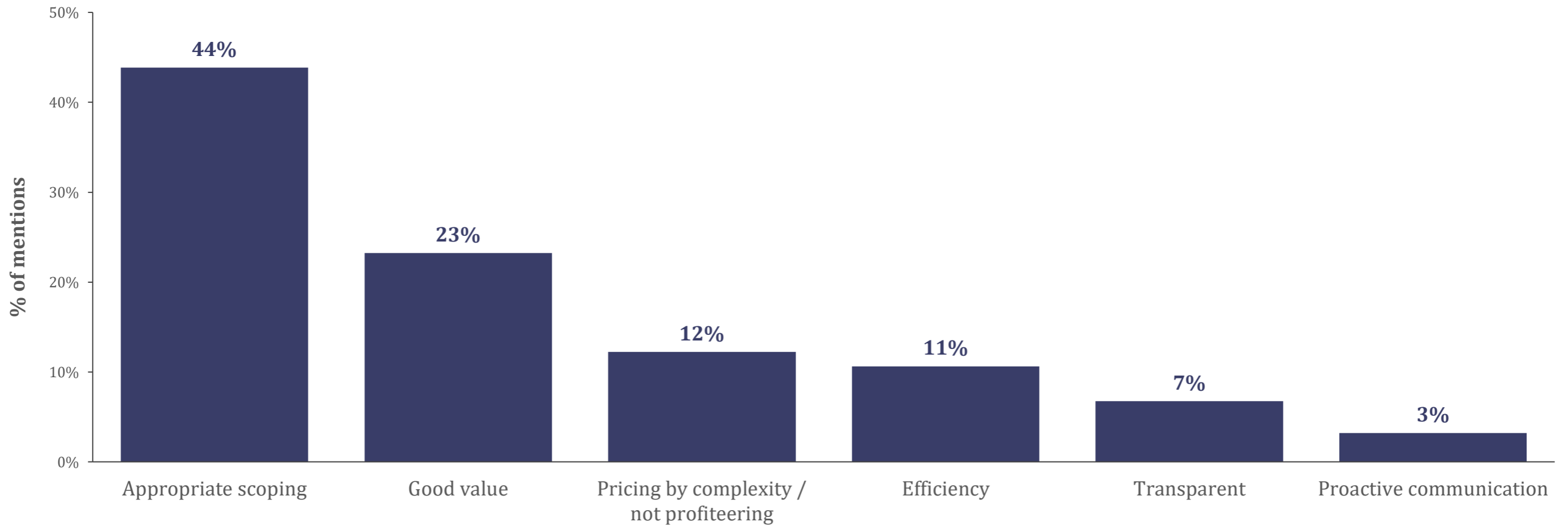
Q: And why did you change from using <previous firm> the most to using <current firm> the most?

Source: **beaton**benchmarks

Scenario 2

You have provided a client with an estimate, fixed or capped fee for a major project, and the client says it was more than they expected and asks you to reduce it

How do clients define 'cost consciousness'?



Source: *beatonbenchmarks*

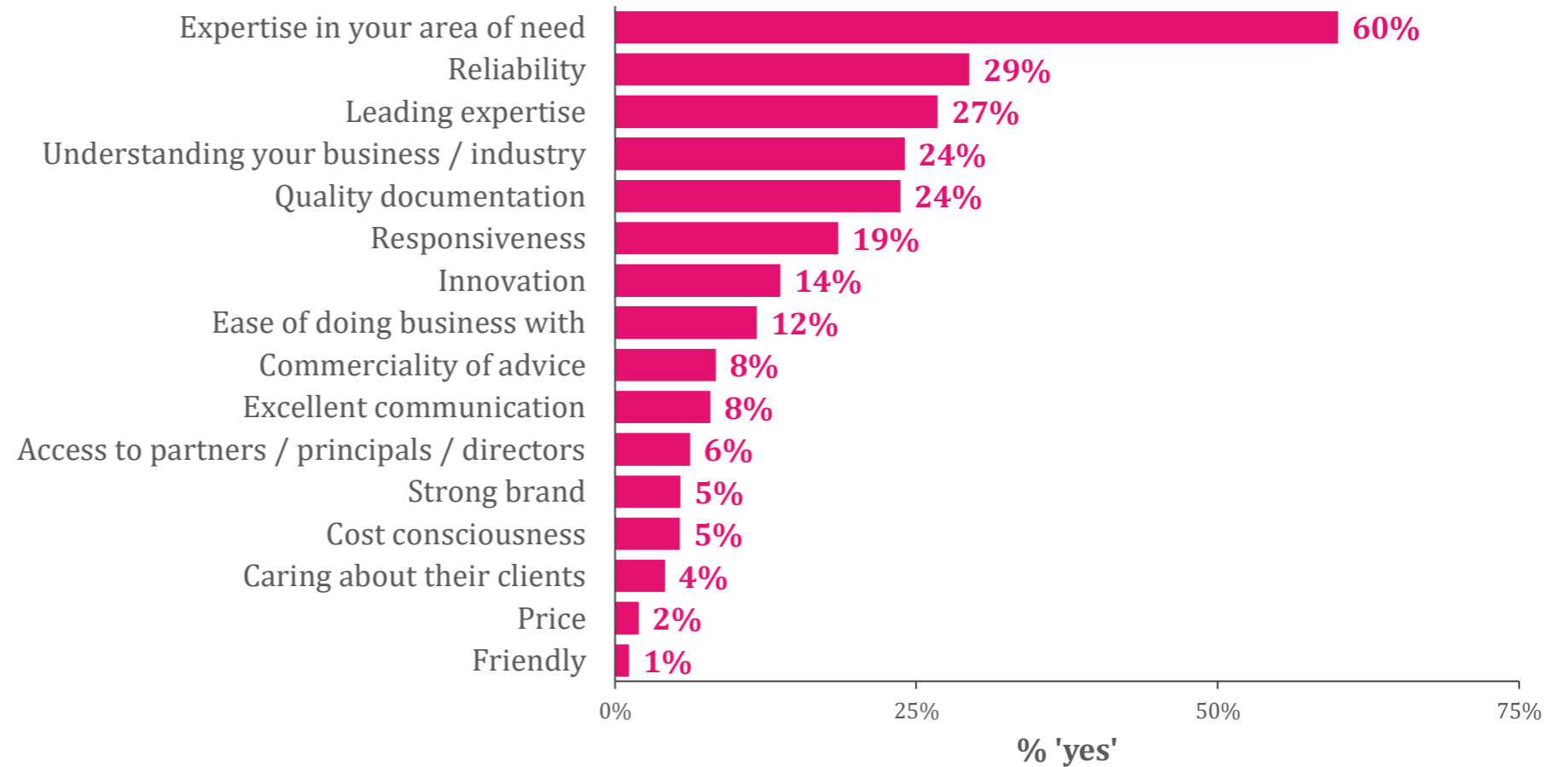
Scenario 3

You are competing for a large project or a spot on a major panel to provide services for the next three years. You know that some of your competitors are going to bid low – what should your approach be?

Clients are seeking expertise, not bargain-hunting

66%

of built and natural environment consulting services clients have selected a firm that was more expensive than the other options.



Q: When you last selected a more expensive firm to provide these services, which of the following had the biggest impact on you choosing that firm over a less expensive alternative?

Source: **beaton**benchmarks

Three take-outs

1

Don't assume you are competing on price

2

When challenged, focus on reducing total cost *and* being cost conscious, rather than simply discounting

3

Be proactive and creative, having regard to what the client values and what is fair to you

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