



Episode 91
Pricing Problems and
Solutions



**Jason: [00:00]**

Hello and welcome to designer discussions with Jason, Mirjam, and Maria. Today we are joined by our good friend, Keri Peterson, and we are talking about pricing problems and solutions.

Intro: [00:17]

Welcome to the designer discussions podcast with Jason, Maria, and Mirjam. Tune in each week where we talk about marketing, PR, and business advice for design professionals. So we are super excited to announce that the Marketing studio is open. We are providing simple and easy to use resources to help keep your marketing, PR, and client communication the best that it can be. Go to DesignarDiscussions.com marketing studio to get started.

Maria: (00:53)

We are super excited to hear what are some of the questions that you're hearing since you are boots on the ground listening to designers talk about their pricing problems so that the audience can understand how this isn't a single person's problem and that pricing for the interior design business model is real hard.

Keri: (01:20)

Oh, my gosh. As I am coaching designers every single week, pricing always comes up. And it's a complex problem because we all live in different regions and we work in different markets. I don't necessarily think that there's a one size fits all, but I think there's some general rules that we could all follow about pricing. I think that the cycle that the designers that I work with are going through is I don't understand my value or I don't know what to charge. So I charge something and then I end up receiving that. Then I feel resentful to my client because I'm not making enough money and the cycle begins of this scarcity, resentment, scarcity, resentment, and that is now how I'm running my business. My creativity is impacted, my client relationships are impacted, my confidence in being a business owner is impacted. One little thing about pricing can change the whole trajectory of a business. What we really need to do is throw a spoke in the wheel of that bicycle, and we need to stop that pattern and introduce another one.

**Maria: (02:33)**

Me personally, I have experienced a variety of pricing structures and worked in the industry. I came out of interior design school into the industry and I never had any business consultations. After just really working hard in my young years when I didn't have kids, I started to look back and I was like, This seems to be systemic and it seems to originate really from the very first point. This isn't something that just shows up overnight or after you've been doing it for two years. This seems to be the same outcome, no matter who takes the same path. Because when you said resentment, I was like, Wow, I can't even tell you how many people that I know I can start to see that resentment bubbling up in them because they are a service based business and they are working for affluent people who have a lifestyle where they can afford to pay someone.

Keri: (03:20)

Absolutely. What we have to understand is that you might be feeling resentment towards your client. It's not your client's problem because you're the one that created the offer. You created this offer, you created the deliverables for the offer. All they did was accept the offer. Your clients could be doing a number of other things, but you both agreed to this exchange. But then you quickly realized that the money you were asking for isn't exactly the money that you need to maintain your business, to cover all of your costs, to pay your employees, to pay yourself, to save something for investment or retirement. Usually, we're not really angry at our clients, we're angry at ourselves, and we feel stupid that we weren't able to capture our value and then put a price that reflects that.

Maria: (04:32)

I feel like most designers think, Well, I'm providing a service. Every incoming call is money to me. Every time someone reaches out to me, it's helpful for me. I don't want to become more efficient. I don't want to increase my productivity because if I do things quicker and faster, I make less money. I feel like this is a cycle that you can see within the industry where people are so satisfied with these on demand phone calls, after hours phone calls, not telling their client no is the only way to make money. Are there other solutions to that?

**Keri: (05:20)**

Yeah, absolutely. I mean, we all come from this, I think outdated modality where it's like, time is money and money is time and we always need to charge for our time. And the thing about time is that there's always a ceiling for that. You can't create more time in a day. You can only spend more time in the day. But like, value is very different. We can always be creating more value for our clients. And so it's so important that you understand your value, that you're very clear on communicating your value to your clients, and then you can charge accordingly for that. So charging by the hour, although I think it's great for getting data points in the beginning of your business on how much time things take, it ends up becoming a hamster wheel that you could never get off. And you're truly afraid of becoming a better designer, of becoming a more efficient designer, of owning what you are capable of in your business because there's a consequence to that, and that means less money. And so, again, our clients get the short end of the stick. They get a less competent designer, a designer who takes longer, and a designer that's resentful. So we're offering something that our clients don't even actually want. Charging for your value and creating a value based model for your pricing, it's better for you and it's better for your clients. And then you can open the doors to creativity and finding more efficient solutions. And that's just a win for everybody.

Maria: (06:50)

Jason, I see you over there shaking your head. Do you see some of this in the architecture business model as well?

Jason: (06:55)

Oh, all the time. Whether it's billing at the residential or the commercial, you're going to always have clients that are not going to see your value, but you have to stay and pat in your professionalism. And we've been trained in a lot of this. And a lot of the times the end user or the client doesn't see our value, but it's up to us to communicate that and to have them understand this is what we do. Whatever their profession is, you wouldn't want anyone to disrespect you in that profession. So the same way with us.

**Keri: (07:20)**

I would say that the... Well, you tell me, Jason, but I would say architects, it's a more established profession. And so I think we question the pricing less than we do interior designers or interior decorators, I'm saying in quotes here. When I was a kid, I didn't know what an interior designer did, but I always knew what an architect did. You need an architect or the house is going to fall down. You need an engineer, the house is going to fall down. You get a designer because you want some pretty drapes. So people don't understand what we do, and that's not their problem either. It's that we have to become... We are our marketing hub, and our marketing is communicating our value to our potential clients, not only in the words that we say, but how we communicate those words on our proposals. Our proposal is a beautiful invitation for a presentation on our design skills. It's like teaching a class on what we do. When somebody questions you on price, they're not trying to nag you. It's just a beautiful invitation to explain more why you charge what you charge. It's always about education to the clients, and they can't be faulted for not knowing. At the end of the day, if somebody says no, at least they had all of the information in front of them. What I hate is when somebody says no, but I didn't give them all the necessary... I didn't exactly explain it correctly. It's like, at least I know that I did everything when I put out that proposal and everything's equal and people can say yes or no, and that's beyond me.

Jason: (09:05)

That's 100 % true. With architecture, what I would say is that even though yes, it may be a little more respected, it's still not to the level of a lawyer or a doctor, where when you head to a law office, you know exactly how much you're going to pay. Other lawyers are going to be around the same range. With architecture, you may head to one architect that may charge a % or a price, and you may head to another one that charges a completely different one. That's where we'll have the clients argue, Well, why are you charging more than X, Y, Z down the street? Or in other areas. That's where there's really no uniform pricing model like you would see with lawyer or doctor because rarely do you argue with your doctor over price. You may argue with the insurance company, but not with the doctor.

**Keri: (09:50)**

Never. That's such a great point. We would never do that to our lawyer or doctor or anybody in that profession. I think part of the problem is that I work with a lot of people that have some business experience, but not a lot, but they are very creative. And what they do is a very creative process. And the parts that are easy for them and that are fun for them, they have a problem charging for that because like, oh, I can just do that really quick. Oh, it's so easy. There's not a value on that. It's like, oh, that's easy for you. It's not easy for everybody else. It's not intuitive for everybody else. That \$5,000 problem that you just solved in five minutes, not everybody can do that. And Maria, I know you have experience in going in and solving people's problems in 15 minutes, right? And that you've got to charge for the value of that, not the time.

Jason: (10:35)

The one thing you said there that not enough designers do is show their value. Once you show the value for the work that you're doing, you'll have less issues on pricing.

Keri: (11:06)

Absolutely. I coach every designer that I work with, do not email a presentation and run a proposal and run away and wait for a response. You schedule a Zoom meeting with that client and you walk them through your process and the value that you're creating at every single point. Then you say that is the price for this process. That is the price for me to take you from point A to point B. You explain it to them. If you're having trouble explaining it to yourself, you got to go back to the drawing board and figure out, Okay, what exactly am I doing at every single point here? There's a lot of stuff that you're glossing over that you just do that your client doesn't... Like you said, your client doesn't even know about. Call it out. Call out all the things that you're going to do for them, all the value that's going to be created every process and then let them decide. More often than not, they'll see it as a bargain.

**Maria: (12:06)**

It was actually very interesting. I met with someone recently and they were telling me, because they're in the industry, that their guy who does plans charged minimum to do the house plans for the house. So then when they were talking to interior designers, it seemed crazy expensive that the interior designer was two times more than the architect. And I was like, honestly, if you were to hire a really high end architect or even just a medium grade good architect in town, your interior design fees would be half of what an architect would charge you. And because you know someone and you feed him all his work for the last 10 years, it doesn't necessarily mean that that's the true value of the plans that you're getting from this guy. If you were to look at hiring someone and pay \$120,000 for that same set of plans, you would then see how an interior designer would be, maybe not even half of that, to help with all of the things that go into the house. And when you're talking about \$100,000 in tile going into a house, you start to see that the value of the interior designer is not a large part of the overall cost of the project and your overall satisfaction of the project. And it's just interesting in how those numbers are delivered impact the thought of the value. So for him, he saw an interior designer is going to cost 2-3 times what my architect is going to cost. And I was like, did you not realize that your architect is providing you \$100,000 and \$20,000 worth of work at a reduced price because of your relationship? And once I said that, they were like, yeah, okay, so now I get it. I get it. The interior designer is like half the price of an architect. Once they start seeing it and hearing it from even those numbers, it's like, oh, this is starting to make more sense. And I think as an industry, we don't talk about that. Nobody's going to write in their social media for half of what it's going to cost you to hire an architect and interior designer. We do all of these things for you. We listen to you. I mean, have you ever sat down, no offense, Jason, but hired a female architect over a male architect and had a set of plans done for a house? There's a completely different level of care and attention paid to the house designed by a woman than by a man. A man will just recreate his monument to himself and his ego, and he will be like, I can modify the plan to fit your site, but they do. It's the same house. It's just like if you were to hire an attorney, they take a legal document they did from someone else, swap out a couple of words and then charge you the full amount for that same document that they did the first person. They just sell it to you again and they've just changed out a few words. But women don't do that. Women really start from scratch and care and do the programming and build up from there and do take into consideration every little element of what the client is asking for. In reality, I think because we do provide such a depth of level of service, we could charge for stuff that's premade and charge less for that. But anything that's that customized for our clients, it has so much more value.

**Keri: (15:06)**

Yeah. And I would say, too, not all architects are created equal because we've all walked into, they are not. And so we've all walked into situations where we're like, why am I here? This is done. And we're just putting the icing on the cake. And then we walk into situations I'm like, Okay, this is a starting point, but we're going to redo everything. And so we don't know what we're... And that's why, too, I tell people that better than just charging for your time, create a customized package for what you're going to do for your client. In a service based industry, it's hard for people to wrap their minds around what we actually do. And so being really clear about creating a package of exactly what you're going to do, a customized package for them, it turns your service into a product. And people understand I am purchasing this product. And it's easier for them to get their minds around, this is the product and this is the price. Not just here's some service and she's going to work on this until it's done. It's like, no, this is what I'm getting and this is the price I'm going to pay. I get that. Does that make sense?

Maria: (17:03)

Yes, because my husband calls it the productizing of a service. That's what he says. He says if you're selling something to someone that's tangible, it's almost like, have you ever worked with a couple and they're wanting to design their retirement home and then everything in the retirement home doesn't actually fit into the retirement lifestyle? It's the same thing. It's like you aren't designing for them based on their past lives. You're literally moving them forward in their life and providing them their future solution that is going to improve their life in this many ways, save them this much time. And if you can deliver that type of data and information early on in the game, then it's real hard for someone to meet with someone who's like, I'll just go by the hour and help you out. Because that's not comparable. It's not.

Keri: (18:00)

Exactly. It's exactly what you said because you become a competition of one. Because you're the only one that added that creative brief about this is what we're actually doing here. This is why we're all here to take this couple from their city lifestyle into their country bungalow, create an aging in place situation here. It's like they know, oh, my God, she has it. She gets us. There's no comparison to Suzy Q designer over there who's charging \$75 an hour, making us all look like a holes. There's just no comparison to that. We got to elevate our game. We've got to get really robust and creative in how we're explaining our services. And then we need a price tag that reflects that.

**Maria: (18:53)**

Another place that I always like to use as a reference point is real estate agents. Real estate agents, when you're talking about 6 % of the value of the house for two people to negotiate the sale of the property, and then you look at what interior designers are charging for a service that will help the house to not have to get remodeled in 10 years, 15 years, you can really start to leverage numbers when you understand values from other industries as well. And the more you can focus on that. Do you think a house that's designed by a designer is going to be perceived in the market value as a half a million or a million dollars more because that designer allocated and designed the house just in such an amazing, dramatic way that people would be willing to pay more for that house? Or do you want something that looks like it's going to have to be remodeled in three years? And if remodels are \$120,000 for a kitchen, how do you get ow much more impactful is it to have that designer on board from early on because that remodel is \$120,000 for you. You can look at getting cabinets for your kitchen that aren't customized and that will save you money at this point in the game. But in reality, if you want to have what is the nicer, higher quality look and what you really want, that's only a small portion more than what you'd be paying for something that's lower quality. And I think it's those kinds of conversations that people are putting out there like, Hey, I just did this gorgeous kitchen remodel and it costs \$150,000. Imagine whenever you're building your new home, how great it would be to have somebody on board that could create this for you from the ground up and you not have to worry about remodeling.

Keri: (20:50)

Yeah. Because the thing is, like you said, you're going to pay now or you're going to pay later. And how do you want to pay? Pay now, buy what you want, have somebody work with you that it's going to impact how you were interacting with your space every single day. This is you creating reality for people. How do we interact as we're getting that cup of coffee in the morning? What is the sight line that we're seeing? What are the storage solutions? This is everyday stuff. What is the price of that, of having somebody be a trusted advisor through every single step of your day, from morning until night, and know that it is actually curated to you and your personal needs and your personality and your energy. That's priceless. That's way more than what your architect is going to do. Just kidding, Jason, architects are amazing. But yeah, that's such a good point. Look at other industries for sure. They're charging it.

**Maria: (22:03)**

Oh, yeah. And there's so many industries that are in our scope, right, in our field. So, Keri, what are people saying? When you get the call from the designer, what are they saying out loud as their problem whenever they are contacting you and saying, I think I need to work on my pricing, I think I need some help. I'm not making enough money, or what are they saying?

Keri: (22:20)

What do they see? All of those things, that's the quiet part that we need to say out loud, is that we're tired, we're not making enough money, we're frustrated, we're frustrated at the projects that we're getting, we're feeling resentful. A lot of us got into this industry leaving corporate jobs thinking like, This is going to be the time, freedom. This is my time to shine. It hasn't turned out that way. People end up working more hours. They were sold the dream, right? That they're going to be this amazing designer. They're going to make so much money. But nobody gave them the tools to do that. I certainly didn't get those tools in school. Now they feel resentful and sad and they feel like that they're the problem. Number one, they're not the problem. Like you said, it's a systemic problem. It's an industry problem. But we're the only ones that can change ourselves and our business is. And so we have to look at a lot of different things. One, we have to look at their current pricing model and what is exactly doing it for you. But we also have to look at other things that it's like, for your right client and the right people, the people that you're meant to work with, they are happy to pay your prices. But it's like, you may not be showing up in front of the right people. You might be showing up in front of the wrong people, and your message isn't landing with them. It's like, we have to have the right message for the right people. That's the combination. And so there's lots of things that we have to work on in getting them to that. You can have the best pricing strategy in the world, but if you don't have the right audience, it's not going to help you or anybody else. But the right people are looking for you. They are hungry for your services. They've got their wallet out. They're like, Say less. I'm ready to sign with you. It's getting in front of them. It's a lot of things that need tweaking, but I think I'm more, I would say, voodoo than other business coaches out there for designers. And I would say it always starts with you. What are your own beliefs about yourself? What are your own hang ups about money? What is your own hang ups about? What do you believe about time? What do you believe about value? What do you believe about clients?

**Keri: (24:20)**

The clients are hard and they're bad and they bring stress. It's like, what is that going to come back to you? How's that coming back to you? It's about breaking old patterns. It's about turning things on their head, thinking about things in a different way. Just a lot of refrains and to getting to the pricing strategy that's actually best for you.

Maria: (25:04)

Keri, you were saying it's about also your audience, right? Who you're reaching out to, who you're marketing to. If you're not in front of the right people, you're not going to get those right clients. When we had our conversation, you talked a little bit about the gap, the spot where you're in between projects and that becoming more comfortable and observing that in a way. Can you talk to us a little bit about that?

Keri: (25:28)

Yeah. I have clients that go through this really awkward period where they've outgrown the previous version of who they are, and they're ready for bigger projects, and they're ready for better clients. We have this gap between who they are and where they want to be, the 2.0 version of themselves as a designer. There's a gap that lies there and you have to be willing. That gap is uncomfortable because it means you're going to have to start saying no to people that are perfectly good so that you can wait for something that's really great. It's about sitting with feelings of insecurity of, am I doing the right thing? Should I just take that quick cash job? Should I change my services or whatever it is? It's about sitting in that really uncomfortable place and waiting for the right clients to show up. I mean, you're showing up for them, and that's what marketing is. It's just showing up for people in the right way. But there is a gap between, I would say, the past and the future, and it can be really uncomfortable. You question yourself a lot as you're saying no to like, Okay, was that my last job? Is anyone ever going to come again? Did I just have my last client? Do I need to work at Starbucks? It's sitting with all of those feelings that are super uncomfortable and believing that like, I guess you're in the right direction. Those clients are coming. And if they're not coming right away, it doesn't mean you're doing anything wrong. It's just more data. Like, what do we need to flip the switch on? Like, what do we need to dial in here? What do we need to ramp up here and slow down here? You have to be willing to flop a little bit. We have to normalize flopping. We have to normalize it being awkward and cringy and uncomfortable for a while before it gets really good. Nobody wants that because the minute we start flopping, we have really black and white thinking. We're like, Oh, I'm not good at this. It's over. I can't do it. We got to lean into the gray shades of like, no, we're just becoming. As a baby begins to walk, there's a lot of fumbling around and drooling and crying and snot on your face. We're not doing anything wrong. We're just becoming. We got to be willing to flop and do all of that stuff, wait.



Keri: (27:40)

Then eventually, we start to get the groove and we create the neural pathways that say, Oh, it's not as hard as I thought. This can now become easy. When things start feeling a little bit more easy in your brain, there's no stopping you. You're like, Oh, okay. Now I got this. Now I can do this. But you don't just get there. That's the part that nobody talks about, how cringy it all is and embarrassing to show up on social media and to create reels and to throw money down on marketing and it doesn't work the first time. It's all part of it, but nobody wants to sit in that. I don't, but I do. I still do.

Maria: (28:04)

I think what's really important is to understand that we aren't siloed as independent interior designers, that we do have people and resources that we can lean into to get more of an understanding on how to do our jobs better. I really appreciate you, Keri, for coming on and talking to us about how you are handling and what you're hearing about design pricing from the designers in your community. Is there any last pieces of advice or encouraging words that you can share to help other interior designers improve their businesses?

Keri: (29:03)

I'd say two things. One thing is get really granular about what it exactly you are providing. What is your service? My service is different than your service is different than your service. Think about all the little things that you do and how you can communicate that to your client. Think about the value that you are creating. If you're just starting and you're like, I have no value, that's BS. So many of us are coming from different careers and we need to leverage all of that information that we had in other careers. All those times we helped family and friends, just things in everyday life, the things we did in college, whatever it is, create your value from there and watch it evolve and just get really good at communicating that value. Then be willing to throw down a crazy expensive price for that because I promise you, whatever it is, you should still charge more. That's in my experience with most of the designers that I'm working with. I'm like, really? We can do better, right? Go forward and then flop. Then be willing to flop and then we're going to course correct. It's different for everyone. I have resources and webinars that talk about this stuff that people can access and start to get into the nitty gritty of how you should be charging for your design business. I promise you it's never by the hour. We're not doing that anymore. Nobody can make money that way. You can make a certain amount, but it's hard to grow after that. Then two, just be so compassionate in yourself as you're learning this new skill and this new craft that probably nobody ever taught you to do. And that business is not... We're not in a vacuum here. We have whole lives with all kinds of stuff going on, and we're all literally doing the best we can. And throw yourself as much compassion as you are instead of beating yourself up. I would say just fuel your fire with self compassion, and that is the way to grow. I mean, you can punish yourself into certain amount of success. It never feels good in the end. And then you're pretty stunted after that. So compassion really is the way to accelerate you, not only in your business, just in life.

**Maria: (31:04)**

I love that. That's amazing, Keri. I can't tell you how much I appreciate you coming on and talking to us. Can we do a quick poll real quick? Okay. Miriam, Jason, Keri, have any of you all put out the big number and been told no? And did you survive it? No. All the time. Are you kidding me? It's a batting average, right?

Jason: (31:46)

I would say the first time I put the big number out, it hurt me to the soul. Now it's like, okay, next.

Maria: (31:55)

Same here. The first time I went in for a big project and I was going to do this project and I put out this big number, the guy had me come back and rework my numbers, and he still told me now. I carried around for a very long time the thought that I didn't have that level of value and it impacted how I charged for a long period of time after that. Now I'm like, if I just keep asking for that number, that one person will take it, and then that's the person I want to work with.

Jason: (32:26)

We don't do proposals now until we know that they're okay with the number. We'll have a range in there to see how they react. If they react negative to that range, we don't need to spend the time developing a Proposal for you.

Mirjam: (32:39)

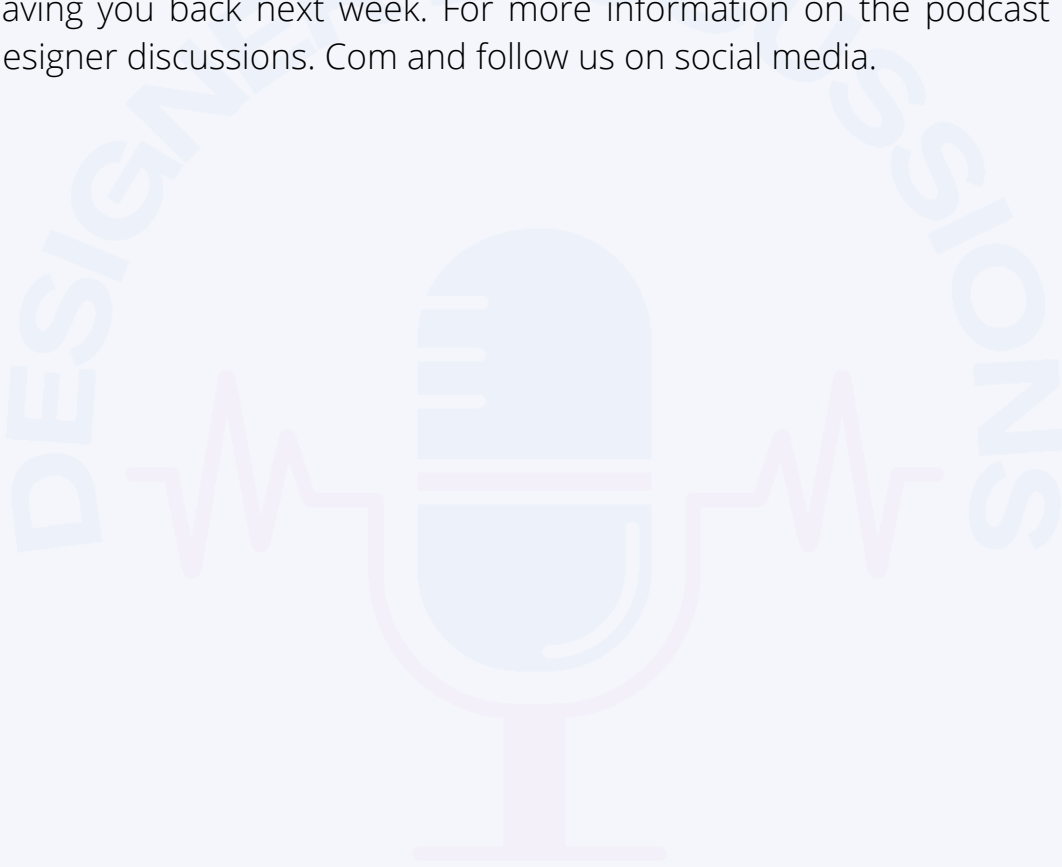
yeah, so good. I think what really helped me is that I used to be the client who would hire PR people to help agencies. So I knew exactly how they positioned themselves and what they charge. So when I went out on my own, it helped me be okay with charging more and not going in at the bottom because that's the value you provide. And I totally agree. It's all about value and not about hours. And sometimes even if I am asked for a proposal and I don't really want to do it, maybe then I make it extra expensive because then I say for the pain that it's going to be, at least it's going to be worth it. So I think it's all fluid. Yes.

Keri: (33:40)

But yeah, what I say, too, though, is I work with designers and help them create that first big proposal. We go through their proposal and all the deliverables and the numbers and through that. Even if it's a no, you have now created a system for making proposals that get you to that big number. You are now the designer that charges those big numbers. I would say from an efficiency standpoint, that's amazing. From an energetic standpoint, it's even better because you've already done it. You've done the big scary thing. Now the next time you do it, that big number will come out of your mouth and it'll be a little bit easier to say. You won't tremble as much as you did the first time. Then it just gets easier and easier. Just wait till you get a yes. Somebody's bound to say yes.

**Outro: (34:46)**

Awesome. Well, we appreciate your time and we hope to hear everybody here in two weeks on designer discussions. So we are super excited to announce that the marketing studio is open. We are providing simple and easy to use resources to help keep your marketing, PR, and client communication the best that it can be. Go to [designerdiscussions.com marketing studio](https://designerdiscussions.com/marketing-studio) to get started. We hope you've enjoyed this episode of designer discussions and all of the helpful information. Subscribe to our podcast, leave us a review and share it with your friends. We look forward to having you back next week. For more information on the podcast and the marketing studio, visit designerdiscussions.com and follow us on social media.





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