

8 Tips For Creating A Killer B2B Pricing Team

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This essay focuses on eight tips that will set you on a path to building organizational capabilities through an outstanding pricing team, which improves not only the bottom line but the combined abilities and contributions of each of the major functions in the organization. Stephan M. Liozu, Ph.D. (sliozu@gmail.com), is the Founder of Value Inruption Advisors, a consulting boutique specialized in value-based pricing, industrial pricing, digital and subscription-based pricing. He has authored seven books: *The Industrial Subscription Economy* (2022), *Pricing: The New CEO Imperative* (2021), *B2G Pricing* (2020), *Monetizing Data* (2018), *Value Mindset* (2017), *Dollarizing Differentiation Value* (2016), *The Pricing Journey* (2015), and *Pricing and Human Capital* (2015). Stephan sits on the Advisory Board of the Professional Pricing Society. He is a Strategic Advisor at DecisionLink and Monetize360 and a Senior Advisor at BCG. Kevin Lemke (kevin.lemke@gmail.com) is an innovation and pricing thought leader with over 20 years in commercial excellence. At Stanley Black and Decker, he led the Pricing and Commercial Strategy team for 7 years before launching the company's innovation hub in Silicon Valley, Stanley X, in 2017. Early in his career, Kevin served as an officer and Blackhawk pilot in the US Army followed by foundational pricing experience as a Revenue Management associate at Continental Airlines.



A pricing team is a unique animal. Whether it consists of one person or forty, there is no other function that must work so collaboratively with so many other stakeholders on such operationally critical initiatives than the pricing team. They are the honest broker between sales, marketing, and finance who have one goal in mind: aligning price to value for every customer segment so that it is an easy decision for the customer, and so that it makes sense for the company's bottom line. Like supply chain teams, pricing teams are at the center of the monetization strategy making sure that internal and external teams are fully aligned.

The product of their work is the conversion of all value creation activities into the revenue and profit that fuels the company. When done well, a company goes to market with high pricing power, which means that they have the freedom to set their prices to drive company strategy and can realize those prices in the bottom line while maintaining expected levels of growth.

This team must have their eye on so many pieces of the puzzle at once - value proposition, competition, costs dynamics, customer behavior and trends, sales processes, and company forecasts, just to name a few - and turn the inputs from these areas into a cohesive strategy for sales and marketing to execute. Sound complex? It is. This team at the center of it all needs to be world-class, blending a unique set of capabilities that you will not find anywhere else in the organization. Alternatively, when not given the proper attention, pricing is arbitrary, gut-driven, and formulaic in nature, and the team can be seen as dart throwers, data geeks, or the sales prevention department (none of which augurs well for long-term goodness for the company or the pricing team members).

This essay focuses on eight tips that will set you on a path to building organizational capabilities through an outstanding pricing team, which improves not only the bottom line but the combined abilities and contributions of each of the

major functions in the organization - sales, marketing, product, and finance. Most significantly, these tips will allow your pricing team to be an active player in all elements of go-to-market strategy and function as the strategic voice of value for the customer and the company from the top to the bottom of the enterprise.

Tip #1 - Think and operate like a startup

There are so many attributes of an entrepreneur that are to be emulated - always being in beta, desire to take risks, dogged determination in face of constant hurdles, insight others do not possess, and deep customer empathy.

There are three elements of good innovative startups that lead to breakout success:

1. They continually search for areas to add value.
2. They work to solve the problem at hand whether it is

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a customer problem, a market problem, or something more holistic in nature.

3. They solve complex problems better than the possible alternatives.

Entrepreneurs are continually engaging with the market, testing innovative ideas and approaches, and experimenting with monetization models. If it works, they double down around the sweet spot and focus on scaling. If it doesn't, they quickly pivot. Their inspiration is constant and deep customer engagement. They are always on the hunt for the opportunity to add value.

Pricing teams can take a lesson from this by building strong relationships and open lines of communication with their sales, product, marketing, and brand teams at a minimum. They should empathize and engage with them in their roles and use pricing, customer, and market knowledge to support their efforts. Pricing team members must think and act like entrepreneurs to meet the levels of agility, creativity, and speed that other team members might need in solving organizational and market problems related to monetization. For example, the clear and present issue may be bleeding related to customer discounts. The easy answer may be to put a deal desk and discount approval process in place. Good start, but does that solve the whole problem? Does it create others? Is it possible that you have simply created more issues like frustrated customers and salespeople? Those problem-solving and critical thinking skills are often missing in the capability toolbox (or at least are not fully developed). Being able to rapidly assess and see the whole picture, confront complex problems

holistically, and embrace system thinking will separate a weak pricing team from a strong one.

ENTREPRENEURS ARE CONTINUALLY ENGAGING WITH THE MARKET, TESTING INNOVATIVE IDEAS AND APPROACHES, AND EXPERIMENTING WITH MONETIZATION MODELS. IF IT WORKS, THEY DOUBLE DOWN AROUND THE SWEET SPOT AND FOCUS ON SCALING. IF IT DOESN'T, THEY QUICKLY PIVOT.

Tip #2 - Reframe from “pricing” to “monetization”

To many, pricing implies cranking on spreadsheets to set a price or discount level that aligns with the value being delivered. For the longest time, pricing professionals were put in the tactical category and not included in the strategy side of the business. By that common understanding of pricing, it is reactive, limited, and too granular. Product defines the offering and then expects pricing to figure out the price. The problem is that much time and effort are wasted when the value proposition is not right for the market. Monetization, on the other hand, is a more active term that implies a process of converting value into money or extracting revenues and profits from all sources of value in the organization. The team has envisioned this product or service and now we need to begin figuring out all the things needed to get paid for it. The monetization workflow includes pricing, but now the process includes many of the end-to-end activities like product definition, market communication, sales enablement, billing, payments,

collections, and deal analytics. That scope is much wider under this definition. The naming may seem like a minor distinction, but perception and positioning matter. Especially because, when looked at end-to-end, the impact of the coordinated monetization approach can be massive. Also, under this enlarged scope, the pricing team is in the catbird seat to manage the interrelated set of activities to ensure the organization can create, communicate, and capture the value associated with its offerings. This reframing may take some time to socialize within the organization, but it is a worthwhile effort to sharpen the impact this group can have within the organization. It is not surprising to see companies moving away from pricing titles to monetization ones. Microsoft is a good example of that.

Tip #3 - Operate as player/coach to the organization

Pricing activities themselves are heavy lifts and take a great deal of energy and focus (especially when they are strategic, or they imply a deep change in the organizational DNA). Under the wide definition of pricing, or monetization, it really is a team sport and requires the knowledge and collaboration of many groups. Some might be on the receiving end of programs. Others might just need to be informed about the upcoming changes. But it is never ending because pricing programs are very dynamic in nature. Even the most mature and evolved pricing organizations are in environments where concepts and disciplines need to be constantly socialized to reinforce adoption, execution, and assimilation. A very strategic part

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of the pricing team's responsibility is to constantly teach, coach, and socialize what matters in pricing. That implies that team members should be active in continuously raising the financial, marketing and go-to-market acumen of the organization. There is a duality that is often not understood. The pricing team must be a player and an actor in getting things done for the pricing programs, but they cannot do this all on their own. As such, they must spend part of their time bringing other people on board. We found that the player role comes naturally. The coaching part of the role is often neglected or under-managed.

Tip #4 - Hire extraordinary talent with the right blend of skills

Your pricing team is at the center of the action, working directly with product management, sales, marketing, finance, and other strategic functions. They are put in the toughest of circumstances, navigating the needs and motivations of the various stakeholders. They need to be strategic, tactical, analytical, personable, action-oriented, patient and highly agile at the very minimum. The team needs to include people with a strong mix of soft and hard skills. We all know the technical and quantitative skills that are required to get the job done: research, analysis, data mining, and program management. What is less known is the variety of soft skills that are also required. They include emotional and social intelligence, attentional intelligence, agility, critical thinking, an accountability mindset, and communication skills, for example. Hiring for hard skills is straight forward. Hiring for a blend of hard and soft skills becomes complicated. Creating a pricing team with the right hard and soft mix of skills is a challenge.

Here are promising ideas to consider:

- Resist the easy filters like top tier consultant, top 10 MBA school, etc. The kind of people you are looking for may come from there, but the intangibles are what are going to make or break you.
- Spend a lot of time with your HR/recruiting team so they understand the ideal employee profile.
- Bring in the best from the technical side and be willing to pay for and develop talent, especially on the softer side.
- Think strategically about your mix of skills and capabilities, and do not give up until you reach the optimum level.

Do that well, and the investment will pay off directly within the pricing function and indirectly throughout the organization as their contributions proliferate.

Tip #5: Cultivate hard and soft skills in the team

If you do not create a pricing team from scratch, you will have to collaborate with the team in place. That means understanding your strengths and weaknesses and developing a learning agenda to reach the optimum mix we discussed in tip #4. Cultivating these skills is different from hiring for skills. It is a long road to assimilate some of the softer skills we have discussed previously. It takes a lot of doing, failing, doing again, and then progressing. Pricing leaders are often trapped in the mental model that they should only focus on hard skills. That is the first issue to address. Then they must select the right skills based on some form of assessment. Finally, they need to make sure the skills are developed and assimilated. So how do you get started?

- Understand what is missing by conducting some form of team assessment or gap analysis.
- Develop the ideal state you are trying to reach and by when. This also will depend on the type of pricing transformation you are trying to achieve.
- Deploy the learning strategy and do not hesitate to diversify your sources of training. PPS offers great online courses on change management, for example. You might need to go outside your traditional providers and focus on leadership and management training to a greater degree.

TIP #6: Design the Team for Diversity of Skills and Experience

Diversity is a hot topic on many levels. A killer team is a diverse team as well. We discussed the diversity of skills. That is necessary for sure. But a diverse pricing team is also a team with experience outside of pricing. Having marketing and sales professionals working in pricing can bring tremendous value to the team. Similarly, regional diversity matters when you deploy complex pricing strategies at the global level. Depending on your organizational design, you might have pricing leadership around the world or representatives of various geographical zones in your centralized pricing center of excellence. Diversity of experience is critical in establishing the right balance of knowledge and battle scars. Blending people with consulting experience, academic experience, and industry experience benefits everyone. Finally, we encourage diversity of background, gender, and race for example. The impact of diverse teams is well demonstrated through academic and managerial studies. A strong pricing leader must embrace these progressive management and design principles as other functions move in that direction.

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Tip #7: Play both a connector and orchestrator of the monetization spectrum

Driving improvement with and through pricing requires the orchestrating of many interrelated activities. Launch an excellent product with a poor pricing strategy and you doom the product. Build and price the product without solid marketing to communicate the value and you have set yourself up for unnecessary discounting. Even if you get the product and pricing fit right, you can still fail if the commercial team is not convinced and fully onboard. This role of connector and orchestrator is exponentially more important when you expand the role of pricing with value and monetization considerations. The level of alignment and coordination that are required cannot be underestimated. Now you are connecting with accounting, IT, financial, and product professionals. In SaaS, you are interacting with customer success teams. If you move from pricing to monetization strategy, additional soft skills must be added to your arsenal (such as leading without authority or moderation skills, for example). When monetization becomes the heart of your go-to-market strategy, it is a “make or break”

for the business. Having a killer team is no longer an option!

Tip #8 - Mind the culture

We all know that culture eats strategy for breakfast. These are famous words from Peter Drucker, but they are still true today. The culture you develop will obviously impact your own team’s performance and retention as well as the success of other teams. But the culture you develop will radiate out to your stakeholders, impacting the level of support and collaboration you are able to garner. As said above, there is no other function that must work so collaboratively with so many other stakeholders on such operationally critical initiatives than the monetization team. So, be the team that people want to be a part of and be associated with and be the team that serves a genuine purpose. Invest in and diligently nurture your team culture and become a role model for the organizational culture. In our experience in managing and developing pricing teams, we have not only been able to strongly impact the attitude toward pricing but also to attract people to come to join the pricing team. One sign that your team culture is working is that lots of people apply to your pricing jobs and want to continue their careers

with you as a leader. That is a sign that your team culture acts as a magnet.

Concluding Thoughts

Monetization is an overly complex set of activities requiring the orchestration of many teams and functions. No team is better positioned than this one to ensure that the company realizes the potential of all its value-creation activities.

With so much riding on this team’s work, and so much potential to be realized, companies should undertake a thoughtful and concerted effort to create a killer team.

By thinking, organizing, and hiring differently, organizations can unleash the power of deep market insight and a cohesive strategy to drive breakout performance. Now is not a suitable time to be average. Now is not a suitable time to accept the status quo. The amount of disruption your business is facing today and will face in the future require a killer monetization and pricing team. That also can become one of the strong advantages versus competition!

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