

# Why Price Optimization is not Enough!

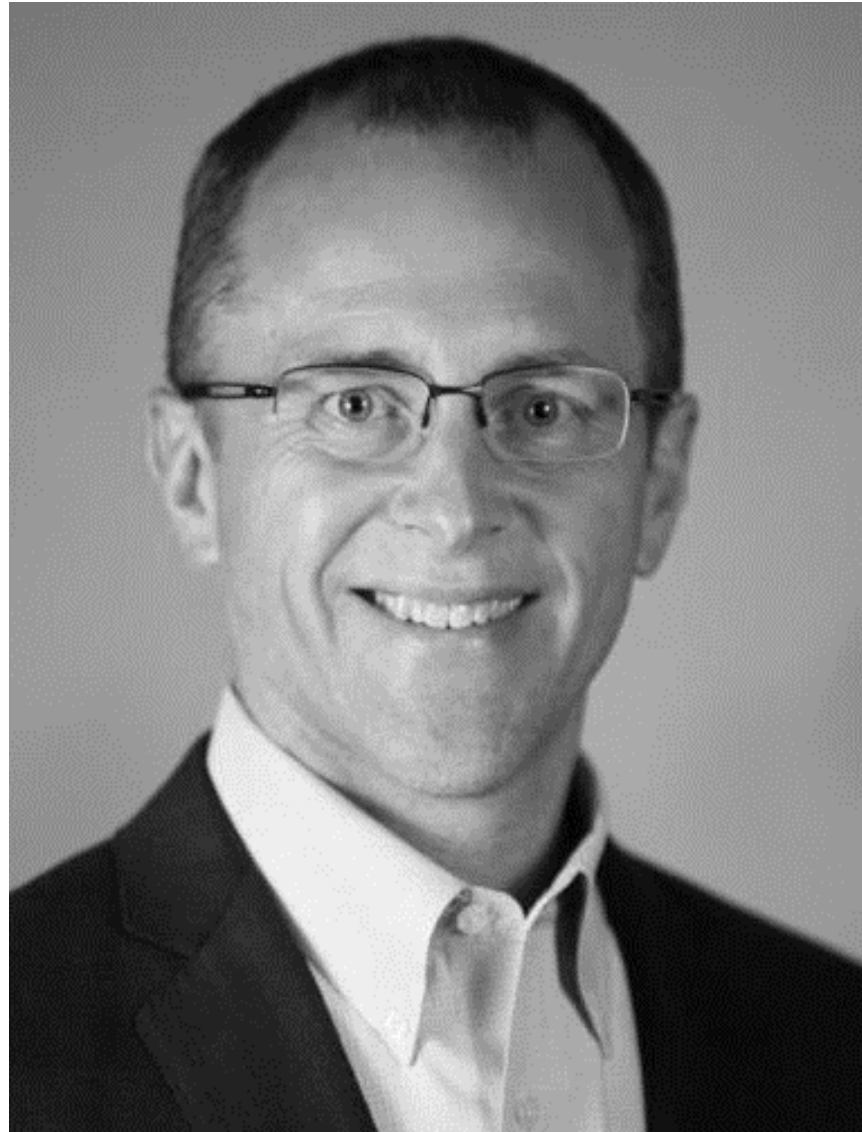
 *Derrick Herbst, Marc Flaum*

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# Presenters



**Derrick Herbst**

Business Transformation, Director  
<https://www.linkedin.com/in/derrickherbst/>



**Marc Flaum - Manager**

Director, Business Transformation  
<https://www.linkedin.com/in/marc-flaum-4803ba/>

# Pricing Execution

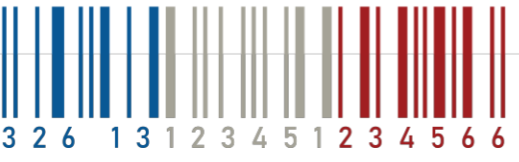
## Price Strategy

- Price Objective
- Demand
- Costs
- Competition
- Pricing Method
- Final Price

## Price Execution

- Intelligent Approvals
- Discount Guidance
- Discount Optimization
- Price Analysis
- Leakage Visibility
- Price Commitment

## Price Agreement



# My 3 Critical Factors for Pricing

“My Sales team didn’t have the optimal discount until after quoting...”  
...You need an integrated process for price strategy and execution!

## Optimizing pricing more than price optimization

- Best of breed for price strategy and execution

## Don’t treat all business units the same

- One tool for all business units may not work

## Changing Behavior through insights & guidance

- Facts, context and guardrails

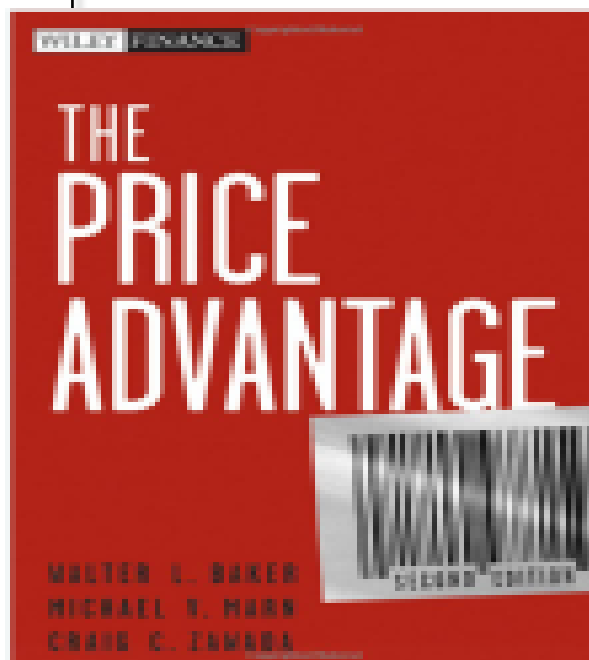
# Why Price Execution?

A 1% improvement in each profit lever increases a company's operating profits by . . .



*"...companies earn an 8% increase in operating profit for every 1% of improvement in realized price."*

Bain, 2014



Source: The Price Advantage - Study of 1200 leading global companies, Marn et al. (McKinsey & Co.), p. 5; 2004.

# Metrics/KPI's I Used for Price Execution



## Questions I Had...

1. What is the correct discount?
2. Why are some of my sales reps over-discounting?
3. How do I know if I have a discount problem?



## Analyze by Line of Business, Product, Segment, and Geography

Price  
Realization %

Discount %,  
Margin %

Price Thresholds

Deal Size

# Price Execution Maturity Model

“How many Sales Reps & Management actual know the right discount?”

Behavior & Intelligence

Process

Current State

Gut

No Guidance

Discount Based on Deal Size

Guidance with No Segmentation

Guidance with Segmentation

Discounting Insights

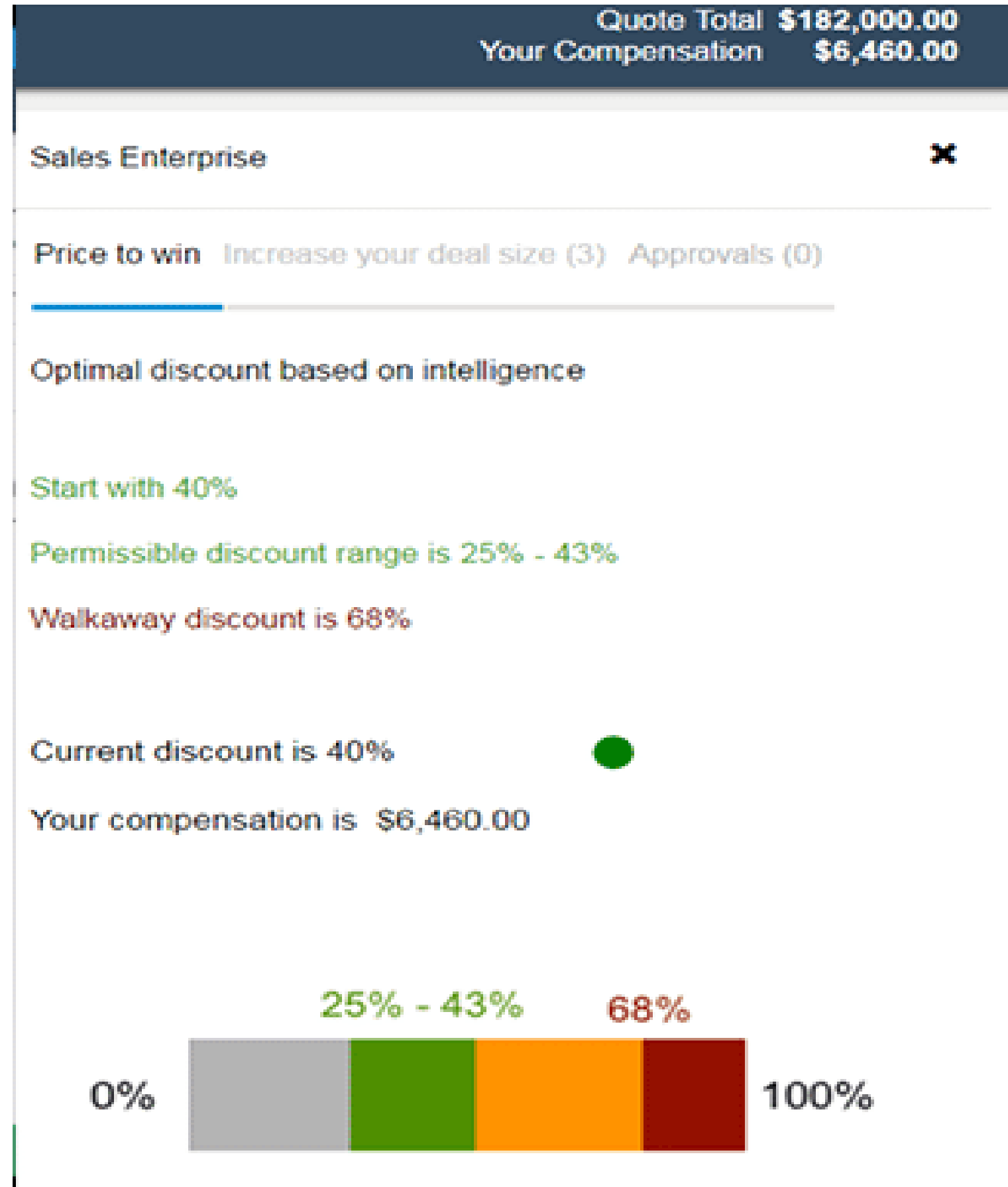
Opportunity Value

Up and to the right unlocks margin and revenue!



# Insights, Guidance & Guardrails

## Sales Insight & Guidance



## Mgmt. Workflow with Insights

Scoring					
Discount	Price / SHP	Approval	Score	Probability	Contribution
14.00%	43.55	■	100	33%	6,980
16.50%	42.20	■	88	50%	9,935
19.00%	40.98	■	76	66%	12,212
21.50%	39.76	■	65	79%	13,610
<b>24.00%</b>	<b>38.41</b>	■	<b>52</b>	<b>88%</b>	<b>14,061</b>
26.50%	37.19	■	41	94%	13,724
29.00%	35.97	■	30	97%	12,956
31.50%	34.62	■	17	98%	11,834

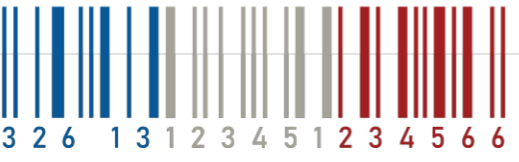
--“My reps argued discounts with their mgmt. because they did not have insights”





# Behavior - Contextual Price





# Implementing Pricing Controls

## Unified Sales Experience

- Single quoting tool for all products (hardware, Software, Services) regardless of the data source
- My tool lived separately for 1yr. After we had confidence with it, we integrated it with the Sales quoting experience
- Focus on experience & usability for each separate team

## Start Small

- Find the right business unit
- All lines do not need guidance

## Business Units Price Differently

- Don't try and make all teams use the same price strategy tool, Services and Product are very different calculations
- Focus at the line item for guidance

## Inclusion Strategy

- Get Sales involved early
- Have a value proposition for all teams, "What's In It For Me"



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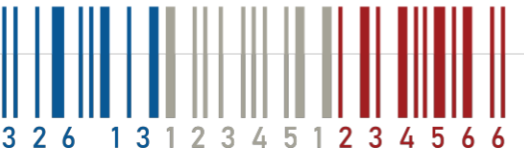
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Thank you!

Questions?