

What Does the Financial Value Model Involve?

1. Customer Research:
 - Identify and interview key decision-makers who control budgets.
 - Understand key value drivers for purchasers
 - Understand how costs are calculated
2. Developing the Financial Value Model:
 - Quantify all ways the solution impacts economic levers (revenue growth, cost savings, additional costs).
 - For example, if a solution reduces ICU length-of-stay by 40%, calculate the financial benefit based on the cost of ICU accommodation.
3. Validating the Model:
 - Ensure claims are backed by evidence and align with expected benefits.
 - Adjust the model based on feedback and expected ROI from purchasers.

How to Avoid Pricing Pitfalls in the First Place: Design to Price

What is the ‘Design to Price’ Approach?

Traditional product development often leaves pricing as an afterthought. The “Design to Price” approach flips this by starting with the customer’s problem and the value they place on solving it. By incorporating deep market research, value discovery, and pricing early in the life cycle, companies have the potential to gain significant advantages by enhancing their success rate and return on investment for new innovations. Once we have a clear understanding of what problem the customer is trying to solve and the value they place on it, we can develop a solution that effectively addresses that need while remaining cost-effective.

How Can Businesses Implement Design to Price?

1. Early Customer Engagement:
 - Engage with customers about financial value from the start.
 - Continuously revisit findings throughout development.

2. Financial Value Modelling in Business Casing:

- Quantify how the solution drives customer value to build robust pricing assumptions.
- Regularly review and update these assumptions to adapt to changes in the competitive landscape, budgeting pathways, and regulatory requirements.

The Solution

Pricing new innovations is complex but crucial for successful commercialization. You must understand financial value and integrate pricing strategies early into the innovation process. In practice, this means engaging with customers about financial value from the start and revisiting these findings throughout development. Conduct financial value modeling during the business casing stage to enhance pricing assumptions. Continuously reviewing and refining these assumptions is also crucial so that you can adapt to changes in the competitive landscape, budgeting pathways, and regulatory requirements.

Pricing Thought Leader, Expert, Consultant, or Coach: Which One Are You?

by: **Stephan M. Liozu, Ph.D.**

Pricing professionals often call themselves consultants, experts, thought leaders, and/or coaches. But what do each of these definitions really mean? In pricing roles, definitions matter, and clearly defining your skill sets and focus areas will help you in driving your pricing career forward. Stephan M. Liozu, Ph.D. (sliozu@gmail.com), is Founder of Value Inruption Advisors, a consulting boutique specializing in industrial pricing, XaaS pricing, and value-based pricing. He is also the co-Founder of Pricing for the Planet, which specializes in pricing for sustainability. Stephan has 30 years of experience in the industrial sector with companies like Owens Corning, Saint-Gobain, Freudenberg, and Thales. He has authored and edited 14 books on value and pricing management. Stephan sits on the Board of Advisors of Professional Pricing Society. He is a Senior Advisor with BCG and Black Winch.



Pricing professionals often call themselves consultants, experts, thought leaders, and/or

coaches. There’s nothing wrong with that you might say. Lots of them deserve a different title than

they currently have. Sometimes more than one. Sometimes all of

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them. They are certainly not the same concepts and do not share the same definition. I am writing this essay to clarify things a bit for everyone.

I consider myself a pricing and customer value thought leader as well as a coach. I am certainly not a pricing expert nor a consultant. I tell my customers up front that I am not able to run advanced analytics and calculations in Excel, for example. I am aware of critical and advanced pricing methods, but I do not have practical expertise and experience in all of them. So, clearly I am not an expert. I also prefer to coach teams on how to use and apply pricing strategies, methods, and tools. My goal is to create long term capabilities in teams so that they can fly on their own and repeat the process over the long run. That makes me a **Pricing and Value Coach**.

Looking at the visual below, I would be in the top right quadrant. Most of my work is to conduct large-scale value and pricing transformation as well as specific projects hand-in-hand with customers. I have attempted to show the differences between these four quadrants as clearly as possible. It is highly imperfect, but it gives you some sense of the differences.

Thought Leader	<i>Project Leader Partner Knowledge Master</i>	<i>Transformation Agent Organizational Evangelist Capability Builder</i>
	<i>Specialist Accelerator Gold Miner</i>	<i>Personal Trainer Specialized Coach Energizer</i>
Expert		
	Consultant	Coach

In summary, my main positioning is as a **Thought Leader** and **Coach** in the area of value management. As you can see, there are major differences between the four titles.

Here are definitions that matter.

Thought Leader Definition

A thought leader is an individual or organization that is recognized as an authority and influential voice in a particular field or industry. Thought leaders are

often regarded as experts and trendsetters, and they contribute valuable insights, ideas, and expertise to their respective fields. These individuals or entities are seen as go-to sources for innovative and forward-thinking perspectives, and they often shape and influence the direction of discussions and developments within their domain.

Expert Definition

An expert is an individual who has a high level of skill, knowledge, or

proficiency in a particular field, subject, or activity. Experts are recognized for their mastery and expertise, often gained through education, training, experience, and a demonstrated track record of achievements within their domain.

Consultant Definition

A consultant is a professional who provides expert advice and specialized knowledge to organizations or individuals to help them solve problems, improve performance, and achieve their goals. Consultants typically offer objective analysis, recommendations, and solutions based on their expertise in a particular field or industry.

Coach Definition

A coach is a professional who supports, guides, and motivates individuals or groups to achieve their personal or professional goals. Through structured conversations, feedback, and various techniques, a coach helps clients improve their skills, overcome challenges, and reach their full potential. Coaches focus on empowering clients to find their own solutions and make positive changes.

I see several critical differences between these profiles. Let us start with Thought Leaders:

1. Thought leaders in pricing shape the profession by creating new concepts, new methods, new frameworks, and new theories. They conduct practitioner and academic research to bring new things to the pricing profession. In other words, they continuously innovate to advance the fields of academia and practice.

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2. Thought leaders publish everywhere. They publish books, academic papers, practitioner papers, and are very visible in the pricing community. A strong dissemination record promotes the profession in and out of pricing.
3. Thought leaders support the profession. They are evangelists that share, help, evangelize, and get involved with peers. They connect people looking for jobs with potential employers. They refer clients to consultants. They promote academic research studies to increase participation and response rates. They offer “pro-bono” work and are generous with their time.



“It’s not enough to be good at what you do; a thought leader is meant to be the greatest form of praise, geared towards someone who is on the absolute cutting edge of their industry or making big enough moves to warrant the distinction.”

-Lauren Hockenson, author for *The Next Web*

Let us continue with **Experts**.

1. Experts possess a deep understanding of their field, making them the primary resource for employees or customers seeking specialized knowledge and support. They might excel in areas such as AI pricing or advanced analytics and could also have expertise in niche markets like chemical or healthcare pricing.
2. Experts enjoy a high level of credibility within their function or industry. They are frequently consulted and recognized for their educational background, publications, and project work. These experts may operate as independent contractors or within an organization.
3. Experts can be added to teams to perform specific tasks, enhancing project performance and overall value. For instance, an expert with extensive pricing experience in SAP might be brought in to troubleshoot and resolve configuration issues.

Next in line is the role of **Consultants**.

1. Consultants manage and deliver pricing projects for customers or internal teams, overseeing the entire project or specific parts of it. They focus on time-bound projects with defined parameters based on the statement of work.
2. Consultants engage customers by conducting interviews, gathering data, and performing external research. They consolidate all available information to propose recommendations, providing value when customers lack the bandwidth to execute internal projects and need external support.
3. Consultants typically have a temporary presence, delivering reports with detailed analysis and relevant recommendations before concluding their involvement. It is then up to the customer to implement these recommendations, either partially or in full.

Finally, **Coaches** have a different set of skills and responsibilities.

1. Coaches provide guidance, support, leadership, and energy to specific projects or programs. They possess deep expertise in a particular field or have a more generalist background.
2. Coaches concentrate on developing capabilities within an organization. They integrate into projects, focusing on people and organizational development. Coaches ensure that all pricing tools, methods, and techniques are deployed, adopted, and implemented as part of a transformational program.
3. Coaches emphasize building knowledge foundations, transforming mindsets, and fostering confidence. This means they typically stay involved in programs longer than consultants, ensuring that initiatives are successfully completed and embedded within the organization. They usually make sure things get done!

When reading this, you might identify with several roles. While it is aspirational, becoming a thought leader requires a dedicated career. Achieving expertise as a data specialist demands deep training and advanced education. Few individuals can legitimately claim to be all four; I know only a handful. I do not claim to be an expert, particularly in value-based pricing or change management in pricing. To truly master value-based pricing, one must spend decades encountering various commercial scenarios and gaining experience across numerous industries. The reality is that

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achieving expertise in both broad and deep domains is exceedingly difficult.

So, why should you care about this? There might be implications for you with regards to career development, hiring professionals, or selecting consultants.

1. Career Development:

When planning your career, accurately represent your current expertise. Are you a consultant or an expert consultant? Are you genuinely a thought leader? Carefully consider the terms you use, as they may influence your interview outcomes.

2. Hiring Professionals:

When writing job descriptions, clearly define the roles you seek. Are you looking for an internal coach and thought leader to drive large-scale pricing or value transformations? Or do you need a director with hands-on expertise?

3. Establishing Your Practice:

If you plan to create your own practice in pricing and value management, position yourself strategically among competitors. Assess your strengths and weaknesses. Are you a coach or a consultant? Ensure you offer services that align with your capabilities.

4. Long-Term Career Planning:

For your ten-year career plan, decide what you aspire to become. Do you aim to be an internal thought leader within your current organization? Or an expert consultant in a specific field? Based on your goals, pursue appropriate training and outline a roadmap of activities.

5. Selecting Consultants:

You would not hire an expert consultant to lead a large-scale pricing transformation as a “Coach Thought Leader.” Similarly, for a specific project, you would hire a consultant or an expert. Depending on the type of assistance you require,

ask the right questions. Define the scope of work clearly and select the most suitable professional for your needs. Ensure you scrutinize the titles of individuals included in the proposals to match the required expertise.

This structured approach will help you define your career path, accurately represent your expertise, and strategically position yourself in the market.

So, what are you? I am a **Coach Thought Leader**. I know what my limitations are, and I select my preferred scope of work. I am a realist and a very pragmatic person. I also care about my customers’ satisfaction, which is why I deliver what I promise. Remember that the sky is the limit. You should aim for that sky. Keep learning and developing. The pricing profession needs more qualified **Thought Leaders** and **Evangelists**.

The Profit Opportunity for Revenue Management in Manufacturing

by: Danilo Zatta

In this article, the author explores the application of revenue management in manufacturing and examines if the pre-requisites of its application are fulfilled. Revenue management approaches in use as well as barriers for adoption are evaluated. Benefits and risks of revenue management are assessed. The article is based on results of a quantitative study with 479 manufacturing companies in the process industry in North America and Europe. Dan Zatta is management advisor and the author of several books like **Revenue Management in Manufacturing** and **The 10 Rules of Highly Effective Pricing**. Connect with Dan via mail at zatta.danilo@gmail.com or on LinkedIn: www.linkedin.com/in/danilo-zatta.



Service companies, like all major airline operators, hotel chains, railway companies, and car rental companies, employ a high number of managers and analysts working on revenue management (RM). In addition, a number of management consulting

companies and software developers also have large teams of RM experts.

RM in Manufacturing: Definition

But what exactly is RM and why does it matter in the

manufacturing world? Revenue management is a strategic discipline focused on maximizing revenue by dynamically adjusting pricing, inventory, and distribution across different channels and

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