

## 10 Things That Still Puzzle Me with Pricing

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

Pricing as a function, discipline, and science isn't new—it's been around for quite a while. Yet we still face the same recurring issues and questions from people outside the profession. In this article, the author lists ten things that still surprise him about pricing. Stephan M. Liozu, Ph.D. is the Chief Value Officer of Zilliant ([Stephan.liozu@zilliant.com](mailto:Stephan.liozu@zilliant.com)). Stephan has 30 years of experience in the industrial sector with companies like Owens Corning, Saint-Gobain, Freudenberg, Ardex, and Thales. Stephan specializes in pricing transformations, pricing ROI, and value-based pricing. He has authored and edited 15 books on value and pricing management. Stephan sits on the Board of Advisors of Professional Pricing Society.



I stumbled into pricing in 1998 during an SAP deployment. I was asked to lead the business side of the project, focusing specifically on the pricing module. I loved it. I also quickly became enemy number one. Since 2012, I've been working full-time in pricing, putting in effort across multiple areas: consulting with clients, writing books, researching pricing as a scholar, and, hopefully, making people laugh with my pricing comics.

I'm no Tom Nagle and I don't claim to be the top pricing expert, but I've been deeply involved in the field for more than a decade and studied in earlier decades during my Ph.D. There are still aspects of pricing that puzzle me, even after all this time. Pricing as a function, discipline, and science isn't new—it's been around for quite a while. Yet we still face the same recurring issues and questions from people outside the profession: Do you really need pricing experts? Is it worth

investing in pricing software? Where should pricing sit within the organization?

After over a decade of full-time work in pricing and value management, I can list ten things that still surprise me about pricing. I'd love to see a more coordinated effort to finally address these recurring questions.

**THERE ARE STILL ASPECTS OF PRICING THAT PUZZLE ME, EVEN AFTER ALL THIS TIME. PRICING AS A FUNCTION, DISCIPLINE, AND SCIENCE ISN'T NEW—IT'S BEEN AROUND FOR QUITE A WHILE.**

### 1. **C-Suite Is Still Not Getting It and Not Paying Enough Attention**

Despite the critical role pricing plays in profitability, many C-suite executives still fail to give it the attention it deserves.

They hide behind the top line or margin numbers. This may be due to a lack of understanding of the financial impact pricing has, competing priorities within the business, or over-reliance on legacy pricing strategies. To address this:

- **Education:** C-suite executives need to be educated on the financial impact of pricing, demonstrating how a 1% increase in price can lead to a significant rise in profit margins. They need to see proof through case studies and realize that pricing today is different from pricing ten years ago!
- **Visibility:** Elevate pricing discussions in boardroom meetings by providing regular updates on pricing strategies and their outcomes through the relay to the C-suite. Promote success and impact for larger scale projects.

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- **Link to Strategy:** Tie pricing strategies directly to overall business objectives to make the value of pricing clearer at the top level.

**2. Pricing Professionals Are Still Too Buried in Pricing Tactics and Operations**

Many pricing professionals are still consumed by day-to-day operations, focusing on tactical tasks rather than strategic pricing initiatives. This operational focus leaves little room for innovation or long-term value creation. Reasons for this include lack of support, inadequate systems, reporting lines, and over-reliance on manual processes. Solutions include:

- **Automation:** Make a business case for better and simpler tools to automate routine tasks, freeing up time for strategic work.
- **Strategic Focus:** Encourage pricing teams to spend more time on strategy by setting clear objectives that prioritize long-term goals and by cooperating with other strategic functions.
- **Cross-Functional Support:** Engage other departments, like finance, business operations, or IT, to manage operational details, allowing pricing professionals to focus on high-impact initiatives.

**3. Cost-Plus Came Back with a Vengeance During and Post-Inflation and Value-Based Pricing is Less of a Topic as a Result.**

The recent surge in inflation has caused many companies to revert back to cost-plus pricing, despite its limitations in competitive markets. The focus was on passing cost increases to the market. While some companies tried a different approach, the overall message for pricing changes was about cost increases due to inflation. This return to basics is often driven by uncertainty, fear of underpricing, or simply outdated practices. To shift back to more strategic pricing:

- **Data-Driven Insights:** Use transactional data analytics to better understand customer value and willingness to pay rather than relying solely on costs.
- **Education on Alternatives:** Train teams on the drawbacks of cost-plus pricing and the benefits of alternatives like value-based pricing. Show a potential roadmap to becoming better at both. It is a balancing act between the 3Cs (cost, competition, and customer).
- **Inflation Strategies:** Develop pricing strategies that specifically account for inflation,

such as dynamic pricing or price indexation, rather than defaulting to a cost-plus approach. Be ready to manage inflation and disinflation while maintaining a certain degree of value orientation.

**4. Value-Based Pricing and Value-Based Selling Are Still Not Done Together**

While value-based pricing is more widely discussed, it is often disconnected from value-based selling, resulting in inconsistent messaging to customers. I am really surprised when I am asked to train a sales team on selling on value and no one has done the prior work of value quantification and value modeling. This happens because sales teams are often not fully trained on how to communicate value or because pricing and sales functions operate in silos. To bridge the gap:

- **Design Joint Programs:** Value-based strategies must encompass the full spectrum of the go-to-market functions. Value-based pricing and selling must be tied at the hip.
- **Joint Training:** Provide cross-functional training for both pricing and sales teams on

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value-based strategies. The connection between value quantification, value modeling, and value proposition used in value selling must be crisp and clean for salespeople.

- **Tools for Sales:** Equip sales teams with tools and frameworks that help them articulate the value to customers in line with value-based pricing models.

**5. The Same Questions on Ideal Organizational Design for Pricing Keep Coming Up**

Pricing professionals and executives often seek guidance on how to structure the pricing function within their organization. This is due to a lack of best practices, variations in business needs, and uncertainty about whether pricing should report to marketing, finance, or elsewhere. These topics need to be clarified and communicated to the pricing profession in general:

- **Clear Reporting Lines:** Establish clear guidelines on where the pricing function should sit based on the company’s strategic focus—if customer-centric, align with marketing; if profit-focused, align with finance. There is not one perfect or ideal design. And the reporting lines must change based on changing internal and external dynamics.
- **Tailored Structures:** Customize the organization’s design to its industry and size, understanding that a one-size-fits-all model won’t work. Organizational design cannot be copied and pasted.
- **Further Research on the Topic:** There is a need to conduct further research on the topic to link customized and dynamic organizational design to pricing

success and performance levels. This body of knowledge does not exist today.

**PRICING PROFESSIONALS AND EXECUTIVES OFTEN SEEK GUIDANCE ON HOW TO STRUCTURE THE PRICING FUNCTION WITHIN THEIR ORGANIZATION. THIS IS DUE TO A LACK OF BEST PRACTICES, VARIATIONS IN BUSINESS NEEDS, AND UNCERTAINTY ABOUT WHETHER PRICING SHOULD REPORT TO MARKETING, FINANCE, OR ELSEWHERE. THESE TOPICS NEED TO BE CLARIFIED.**

**6. The Pricing Software Space Is Not Going Viral—Still an Afterthought**

Despite the clear benefits of pricing software, adoption remains low due to its complexity, cost, and perceived difficulty in integration. Pricing software is often seen as a secondary investment, especially in smaller organizations. To boost adoption:

- **Simplify Software:** Encourage software providers to focus on user-friendly solutions that integrate easily with existing systems. Think more like SaaS software with adapted packaging and with a combination of product-led growth and sales-led growth approaches.
- **Showcase ROI:** Highlight case studies that demonstrate the clear ROI of pricing software to make the business case for investment. Excel in ROI calculation with dedicated advanced calculators that are tied to the software solution.
- **Phased Adoption:** Implement software in stages, starting

with basic functionalities and gradually scaling as teams grow comfortable with the tools. Design and promote adoption protocols to make sure time to value is accelerated.

**7. Pricing Professionals Do Not Excel at Calculating the Business Impact and ROI of Pricing Initiatives**

Many pricing professionals struggle to quantify the direct business impact of their initiatives, making it harder to gain buy-in from leadership. This gap arises due to insufficient financial training, a lack of proper tools, and weak linkage between pricing and financial outcomes. To address this:

- **Financial Training:** Provide pricing teams with training in financial analysis, helping them connect pricing changes to profitability metrics like ROI and margin impact.
- **Performance Metrics:** Develop clear performance indicators that link pricing initiatives directly to business outcomes, such as increased revenue or margin improvement.
- **A Mindset of Impact:** Use the Pricing Council, pricing science, and best practices to become “religious” about business impact. Be ready for your 15 minutes of fame as you are asked for ROI.

**8. Pricing Professionals Still Ignore Soft Skills in Their Training and Development**

While pricing expertise is critical, soft skills such as communication, change management, influencing without authority, storytelling, and collaboration are often overlooked

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in training programs. Without these skills, pricing professionals struggle to gain buy-in from other departments or influence strategic decisions. To improve this:

- **Soft Skills Training:** Incorporate training on communication, leadership, and stakeholder management into pricing development programs. Do not make it optional!
- **Cross-Functional Collaboration:** Encourage pricing professionals to collaborate closely with other teams to build stronger relationships and improve influence across the organization. Do not wait to be invited. Participate in other functional training sessions. Learn the language of finance, sales, and marketing.
- **Mentorship Programs:** Create mentorship opportunities where experienced professionals can help develop both technical and interpersonal skills in less experienced team members.

**9. Pricing Is Still the Orphan in Organizations**

Despite being critical to profitability, pricing remains an “orphan” function, often tucked under marketing, sales, or finance without proper recognition or authority. And sometimes buried many levels under the C-suite. And certainly, under resourced. This happens because pricing is not always seen as a strategic lever but as an operational task. To elevate the function:

- **Elevate Pricing’s Role:** Position pricing as a strategic function by linking it directly to revenue generation and business growth.
- **Cross-Functional Support:** Ensure that pricing participates in major decision-making processes, such as product launches, sales strategy, and marketing campaigns.
- **C-Suite Sponsorship:** Secure executive sponsorship for pricing initiatives to ensure the function is recognized and supported across the organization.

**10. Pricing Has Not Bridged Gaps with Other Functions Like Marketing and Supply Chain Management**

Pricing still operates in isolation in many organizations, failing to integrate fully with marketing, supply chain, and other key departments. As a profession, it is the same pattern. We lack deep connection with the other functions through their professional associations like the American Marketing Association or the Strategic Account Management Association. This might be the case because the pricing function is not fully organized like other functions and it does not have a coherent approach to functional collaboration and co-development. To improve:

- **An Effort at the Profession Level:** Create an entity or a body to promote pricing as a function with other associations around the world.

- **Communication Channels:** Establish regular communication channels between departments to ensure pricing strategies are informed by marketing insights and supply chain realities.
- **Promotional Campaign:** The profession needs to work together and pool resources to design a “Got Milk”-type campaign to be promoted in media addressing the needs of CEO, marketing, and finance leadership.

How do we fix this? Who should take responsibility for these issues? In the past, I started CAP, the Coalition for the Development of Pricing. We published a great book with contributions from most pricing vendors and many practitioners. But then it fizzled out—people were too busy. It seems pricing professionals aren’t interested in organizing and promoting the profession, or they might not see the need to strengthen it to compete with other fields that are gaining more attention and investment.

I believe we can’t leave the future of pricing solely in the hands of software and consulting companies. Some may tell me to calm down, but I’m passionate about pricing, the profession, and the potential it has to drive profit. If you share this passion beyond your work and education, join me. Let’s build a movement to challenge the myths, correct the misguided views in the C-suite, and push the profession forward.

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