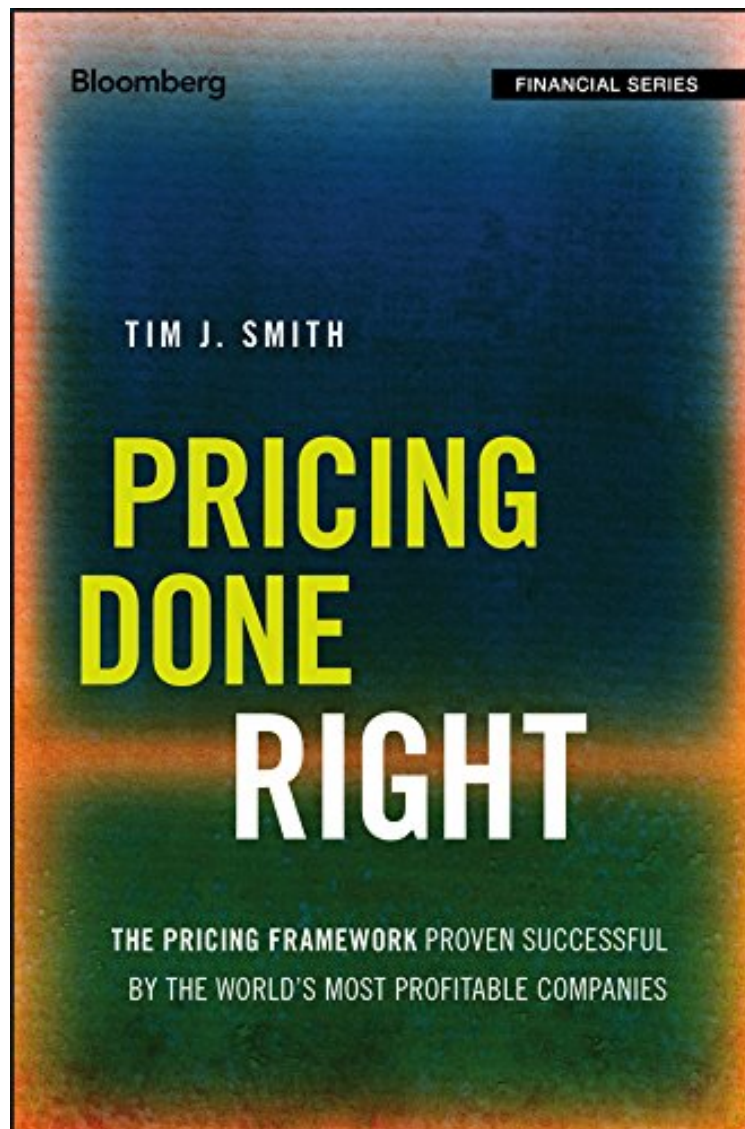


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Pricing Done Right: The Pricing Framework Proven Successful by the World's Most Profitable Companies (Bloomberg Financial)

Tim J. Smith

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Tim J. Smith : Pricing Done Right: The Pricing Framework Proven Successful by the World's Most Profitable Companies (Bloomberg Financial) before purchasing it in order to gage whether or not it would be worth my time, and all praised Pricing Done Right: The Pricing Framework Proven Successful by the World's Most Profitable Companies (Bloomberg Financial):

3 of 3 people found the following review helpful. Components of the Pricing Decision !By Dr. Joseph S.

Maresca "Pricing Done Right" by Tim J. Smith is a very helpful resource on the dynamics of pricing. Value based pricing puts into place a pricing structure based upon the values customers place on offerings in comparison to available alternatives. The key areas include business strategy, pricing strategy, market pricing, price variance policy and price execution. Consumers make important pricing decisions on products like a Parker Pen. People buy Parker Pens because they are durable, write well and have affordable refills. Parker Pens are a luxury item because they have significantly higher value and are perfect for gift giving occasions. The pricing on a Parker Pen is different from pricing on cheaper grades which offer ballpoint pens in packages of 8 or more. Value engineering is a related concept which deals with delivering products and services to customers willing to pay a price higher than costs. In value engineering, companies recognize that their customers have alternative choices. Price management necessarily implies challenges like price marketing, price variance policy and price execution. These are the three basic components of price analysis. The beauty of the presentation is that the author explains continuous improvement as a concurrent part of the overall business strategy. This concept underlies the nature of competition in highly competitive areas of advanced microchips like those produced by firms like Nvidia. Traditional price theory deals with elasticity of demand, elasticity of supply, inelasticity, perfect competition, monopolies and the oligopoly. Smith's book has an emphasis on simpler competitive models. Overall, Smith's book will help planners in addressing the key factors which need to be incorporated into typical pricing decisions in consumer product markets.

2 of 2 people found the following review helpful. Template for managing pricing decisions throughout the organization By Erik Gfesser As the author (founder and CEO of Wiglaf Pricing) mentions at the outset, every offering of a given firm and every transaction a given firm has with its customers has a price. Somehow, all of these offerings and transactions have prices. Either these prices are the result of lengthy deliberations consisting of market research, competitive dynamics, highly researched algorithms, intense customer negotiations, and torrid management discussions, or just numbers that popped out of someone's head. In one way or another, pricing decisions get made. But how should prices be determined? What should inform pricing decisions? And who should be engaged in those pricing decisions? While the managerial challenges of pricing are well known, what isn't so well known is how these challenges should be addressed. The author argues that executives need a framework that will help them shape their organizations, routines, staff, information management, and analytical tools that will guide the organization toward making better pricing decisions. This book presents the Value-Based Pricing Framework as a template for executives to use in managing pricing decisions throughout the organization. This framework codifies best practices for managing prices in profit-seeking competitive businesses, and was developed through direct interviews with practicing executives, reviews of the academic literature, and implementations of this framework in numerous firms. The five key decision areas identified in the Value-Based Pricing Framework are (1) business strategy, (2) pricing strategy, (3) market pricing, (4) price variance policy, and (5) price execution. An organizational function called pricing analysis supports these key decision areas by informing, guiding, and stewarding pricing decisions across the organization. Specific repeatable processes to inform pricing decision areas or provide informational feedback loops to improve pricing decisions are built into the framework. Business strategy consists of the choices a firm makes to differentiate itself in a manner which serves customer needs more profitably than competitors. Pricing strategy refers to the manner in which a firm will manage prices through its price positioning plan, price segmentation plan, competitive price reaction strategy, and pricing capability strategy. Market pricing is the setting of starting prices for all offerings and transactions of a firm. Price variance policy determines the rules for granting discounts and promotions. And price execution applies the appropriate prices according to the rules developed by strategic and managerial decisions, and subsequently collects these prices from customers in a timely manner with minimal error. The author walks the reader through each of these areas in the remainder of his presentation, and additionally provides appendices on the economic origins of competitive advantage, as well as one-on-one interviews with Jesse Finch Gnehm of GE Oil Gas and Robert Smith of Eastman Chemical Company on how their respective firms get pricing done. The author provides a very succinct, well edited presentation that could have easily stretched to twice the length and gotten sidetracked on lengthy tangents like other business texts. While the diagrams are extremely well done and immediately reminded me of the line drawings throughout a book in another subject area called "Waltzing with Bears", I would be inclined to recommend being a bit more liberal with the visual presentation (the count is just over a dozen diagrams). While I mentioned earlier that the author walks readers through the Value-Based Pricing Framework, I think it is worth mentioning that the presentation really does start from square one. Oftentimes, material presented in this manner elsewhere is labeled "introductory", but readers can get sidetracked into thinking that this label is intended to mean that content remains at an introductory level, or subsequent texts need to be reviewed to access more advanced material. But this label is really typically intended to mean that a given author seeks to make sure readers have an initial foundation, rather than running the risk of drowning the unaware in a sea of information. In much the same manner, the small amount of math that is presented is limited to chapter 2 ("Value-Based Pricing"), chapter 4 ("Pricing Strategy"), and appendix A ("Economic Origins of Competitive Advantage"), and consists of just a few variables such as product price, variable costs, fixed costs, quantity sold, and maximum customer benefits. As a consultant, I especially found chapter 7 ("Pricing Continuous Improvement and Analytics"), chapter 8 ("Organizational Design of the Pricing Specialist Function"), appendix B ("Getting Pricing

Done with Jesse Finch Gnehm of GE Oil Gas"), and appendix C ("Getting Pricing Done with Robert Smith of Eastman Chemical Company") of interest. For example, in Appendix B the interviewee (a global pricing leader) mentions that he is not using any of "the traditional, mainstream, pricing software vendors right now", but is instead "developing some tools for pricing analytics within enterprise-level business intelligence tools". Additionally, this interviewee says that "visualization tools tend to be the place where we are seeing the most value right now", and that "statistics are great when you've got enough data to push through it...but you run into a lot of N problems...if your N is a small order of magnitude, stats aren't going to do a lot for you...so the visualization is a big and important place for us...it makes the analysis tangible for people...they can consume it in a way that makes sense to them". In chapter 8, in laying out some key areas where software is supporting pricing efforts, the author rightly points out that such software should be used to supplement efforts of the pricing talent, not instead of the pricing talent, and warns that firms too often purchase pricing software without the talent to utilize it and understand its output, leading to poor results. The author recommends that firms develop the required talent first, and then identify the software needed to accelerate the output or reduce the costs of generating the output of their pricing talent.

3 of 3 people found the following review helpful. All organizations—from startups to Fortune 500 companies—can find something of value in this book. By Nathan Phipps Every firm needs to get their arms around their pricing. Simply put, pricing adjustments can impact your bottom line much more significantly than any other single organizational function. If you compare the improvement in profitability (for a typical firm) for a 1% increase in price, a 1% increase in volume, a 1% reduction in variable cost, and a 1% reduction in fixed costs, the pricing adjustment will give you the most bang for your buck. Managing pricing is one of the most important things you can manage. Managing pricing involves taking appropriate pricing actions, and these actions should flow from your pricing strategy. But pricing strategy does not materialize out of nowhere. Rather, it needs to flow from your firm's business strategy. Achieving alignment between your firm's business strategy and its pricing strategy ensures that sales, marketing, finance, and everybody else is consistently working towards the same goal in the same manner. Additionally, alignment allows you to start tackling other pricing topics. How will you set list price for your products/services? Who will your firm give discounts to and why? What are the best responses to a competitive price threat? What tools and processes will you need to effectively manage your firm's pricing goals? How should you consider the tradeoffs of one pricing approach vs. another? How do you go about building a pricing team? Implementing lasting pricing changes is not an easy task, but Tim Smith provides a robust framework for reaching executable decisions on all these pressing pricing problems and more. If you want your firm to be a pricing leader, I highly recommend this book.

Practical guidance and a fresh approach for more accurate value-based pricing Pricing Done Right provides a cutting-edge framework for value-based pricing and clear guidance on ideation, implementation, and execution. More action plan than primer, this book introduces a holistic strategy for ensuring on-target pricing by shifting the conversation from "What is value-based pricing?" to "How can we ensure that our pricing reflects our goals?" You'll learn to identify the decisions that must be managed, how to manage them, and who should make them, as illustrated by real-world case studies. The key success factor is to build a pricing organization within your organization; this reveals the relationships between pricing decisions, how they affect each other, and what the ultimate effects might be. With this deep-level insight, you are better able to decide where your organization needs to go. Pricing needs to be done right, and pricing decisions have to be made—but are you sure that you're leaving these decisions to the right people? Few managers are confident that their prices accurately reflect the cost and value of their product, and this uncertainty leaves money on the table. This book provides a practical template for better pricing strategies, methods, roles, and decisions, with a concrete roadmap through execution. Identify the right questions for pricing analyses Improve your pricing strategy and decision making process Understand roles, accountability, and value-based pricing Restructure perspectives to help pricing reflect your organization's goals The critical link between pricing and corporate strategy must be reflected in the decision making process. Pricing Done Right provides the blueprint for more accurate pricing, with expert guidance throughout the change process.

From the Inside Flap If you're frustrated by how products get priced at your company, chances are your price management process lacks connectivity and informed input on a broad level. You need to upgrade your procedures so pricing decisions aren't continually made by the CEO arbitrating between department heads. Pricing Done Right shows you how the world's most profitable companies have optimized their pricing processes with the value-based pricing framework detailed inside. From the industry-influencing author of Pricing Strategy, this value-based approach to pricing rewrites the rules on what is possible when an organization gets serious about ensuring that its pricing is accurate and continually reflects its corporate goals. Based on industry-proven best practices and supported by academic literature, the methodology provides solutions to key issues challenging today's executives and managers, including identifying what decisions need to be managed, how to manage those decisions, and all the ways different decisions relate to each other. The end result of this robust and easy-to-use framework is a solid pricing organization within your company that can reveal the relationships between pricing decisions, including how they affect each other

and the pros and cons of possible outcomes. This complete guide not only takes you through developing a value-based pricing system but also offers support for transitioning your organization with: Firsthand insight into the practical challenges and benefits of the framework from thorough examinations into the practices of leading senior executives Privileged access to real-world case studies from such companies as Southwest Airlines, Piaggio SpA, and Unisource Worldwide One-on-one interviews on pricing done right with the director of corporate pricing at Eastman Chemical Company and the global pricing leader at GE Oil Gas Subsea Systems Whether you work for a large corporation with many complexities and decision makers or a startup that needs to get it right the first time, Pricing Done Right is the blueprint for pricing like the best in the business.

From the Back Cover Praise for PRICING DONE RIGHT "Essential reading; the key to profitable growth is capturing price. While many books cover the concepts of pricing, Pricing Done Right goes the additional step of applying the concepts in the real world. Smith's ability to educate and drive to results quickly makes him unique in the pricing world." Dennis Stone, CEO and President, Overhead Door Corporation "Are you concerned about pricing? You need two things: a courage pill and a process. Courage pills are not available by prescription, but processes; don't miss Smith's book. Logical, methodical, and close to earth." Ignacio Dominguez, Global Chief Commercial Officer, Adama Agricultural Solutions, Ltd "With its strong focus on organizational acumen, change management, and analysis along with cross-departmental tactics and strategies Pricing Done Right will connect you and your company with the tools needed to raise profitability and performance. Tim Smith's experience in pricing can help you achieve tough goals." Kevin Mitchell, President, The Professional Pricing Society, Inc. "Pricing Done Right makes the current pricing theory understandable and easy to implement. Smith provides excellent counsel and wisdom in helping pricing leaders drive margin in the organization; a must have resource for any pricing leader." Lee A. Halverson, Vice President, Pricing and Business Intelligence, SiteOne Landscape Supply "Marketing, Sales, and Finance should always be part of the pricing process. Any decision that implies only part of those functions would be biased. Pricing Done Right explores the roles and responsibilities of each of them in pricing decisions, from strategy to execution. A must-read book for all executives." Michal Nacasch, Head of Global Pricing, Adama Agricultural Solutions, Ltd

About the Author TIM J. SMITH, PHD, is the founder and CEO of Wiglaf Pricing, where he helps executives manage price better. Also an adjunct professor of marketing at DePaul University, he began his career as a research scientist in quantum mechanics before pursuing business strategy. He is the author of Pricing Strategy and Hawks, Seagulls, and Mice.