Cross-Learning and Best Practice Sharing at Professional Pricing Society’s Spring Conference

Now into its 23rd year, the Professional Pricing Society (PPS) rang in its Annual Spring Conference in Chicago on May 8-11. The four-day symposium was attended by over 500 pricing professionals from various industries. It was elevating for members of Kalypso’s Value Management team - James Weaver, Reed Shelger, Jenna Dudevoir and me - to listen to a diverse representation of keynote speakers and subject matter experts.

Alongside the core sessions of the conference were pre- and post-event workshops, and networking breaks in the exhibition hall that provided a unique opportunity for participants to maximize cross-learning, partnering and networking opportunities.

Reflecting on what can only be on the top of many minds post conference, there are several themes I want to highlight as key takeaways from the conference:

Pricing and New Product Development

Developing a new product? Don’t forget the pricing. Just as the art of correctly pricing your products is tantamount to success, so is understanding when in the product lifecycle companies should begin pricing planning. Additionally, a critical step - quite often the first stumble in product development - is to understand a product’s true level of innovation and hence the timing of its pricing. Mismanagement of initial pricing can result in reduced revenues and profitability for an organization, as well as for the industry, throughout a product’s entire lifecycle. As a speaker in the Tools & Techniques track, James Weaver tackled the developmental and strategic imperatives of determining the “right” time in the product development stage for pricing during his session “Pricing is NOT an Afterthought”, emphasizing how early pricing strategy can maximize revenue potential.

Organizational Structure, Change and Pricing

Any company pursuing the pricing team concept is embarking on an operational and cultural change. Speakers emphasized the importance of creating and fostering strategic pricing teams with a charter to deliver myriad pricing decisions interwoven throughout the company. For each core pricing team, there is an equal and almost head-on sales team. While there is no one-size-fits-all organizational template to alleviate tension between these teams, companies are now making efforts to make pricing a value asset for sales. The pragmatic need of the sales and the pricing teams to maintain accordance and communication was brought to the forefront by Reuben Swartz of Mimiran, LLC. Before stepping up to their role in creating pricing agendas, pricing teams need to understand what they are being asked to do and why. Laura Preslan from Microsoft illustrated some examples of how to keep large pricing teams motivated while emphasizing that leadership is they key. Making price change happen is the result of building understanding, developing required skills, reinforcing appropriate tools and processes, and creating role models for new behavior. A breakdown in any of these cornerstones is to be avoided.

Value-based Pricing: Establishing Baselines

Value may be one of the most overused terms in pricing today. At first blush, a price is a number that should be comprehended easily but the devil is in the details. Many speakers talked about these details and laid out the key connection of how transactions are priced on consumer willingness, perceived and thereby sold to them. How price is structured, communicated and eventually collected can easily shift a perception of price level. The reality is that most firms, especially in the B2B and industrial markets, have a vague if not poor idea about the value that they bring to their customers and the competitive pricing premiums they command in the marketplace. Various workshops explored how value-based pricing should be implemented in businesses and consequently the success factors needed for complete orientation towards this approach. The examples and concepts that were laid out are designed to help sharpen a firm’s market intelligence focus by highlighting specific, critical competitive and customer areas that are crucial for determining the ideal competitive yet value-based price.

PPS seeks to promote dialogue and discussion on emerging concepts and insights in the field. A unique coverage of relevant topics and an excellent line up of speakers makes the symposium enlightening for us professionals and academia involved in pricing community. I would like to thank and congratulate the PPS leadership, speakers and participants for a great and successful conference.
James Weaver, Jenna Dudevoir and Aakash Upadhyaya at PPS Spring Conference

Originally published on May 23rd, 2012

What's your view? Add your question or comment