

STRATEGIC PRICING IN B2B INDUSTRIES



Methods and tools for rapidly improving profits
via pricing strategies and tactics.

USING THE PRICING LEVER TO IMPROVE SHORT TERM PROFITABILITY IN B2B REALITIES.

Pricing is the most important lever to improve short-term profitability. A limited number of companies masters pricing strategies, pricing tactics, and pricing processes extremely well. Most companies, however, do not. In this course we will learn about the pricing methods and the pricing tools that leading companies deploy for sustained above-average profitability. During times of economic uncertainty, customers increase their requests for discounts and special offers. We will review and apply proven tactics and tools, which you can use instead of simple price reductions to counter these demands from B2B customers. Many industry executives assume that their products are essentially undifferentiated and thus set prices in line with competitive price levels; price wars and low profitability typically follow. In this course we will learn how leading companies are able to successfully differentiate even commodities and how these companies are able to profitably charge premium prices despite intense competition. You will learn that through smart (low cost) differentiation, there is no such thing as a "commodity". Everybody seems to be talking about value-based pricing. In this course we will review and apply fundamental principles of value based pricing, thus enabling you to quantify customer value and to use customer value to determine profit-optimizing price points. This course is an interactive mix of lectures, of a review and application of best-practice B2B and B2C pricing case studies and of an exchange among participants on pricing issues. I am confident that the insights from pricing theory, methods, and tools, from best practice case studies, and from participant exchange will enable you to identify several key areas in your own company where you will be able to substantially improve profitability via a change in pricing strategy and tactics.

FOR WHOM

- Product managers, marketing managers
- Pricing managers
- Business development managers
- Heads of business units
- Key account managers, strategic account managers
- Vice presidents, senior vice presidents
- General managers
- Controllers, accountants
- Sales managers
- Technical managers, research and development managers

During times of economic uncertainty,
customers increase their requests for
discounts and special offers.

Using proven tactics and tools it is possible to counter
these demands for price reduction from B2B customers.

CONTENTS



PRICING METHODS AND PRICING TOOLS FOR B2B INDUSTRIES

Profit improvements through
the deployment of professional
pricing tools



SUCCESSFUL PRICING MODELS FOR COMMODITIES

Differentiation of commodities:
from cost-plus to value-based pricing



BUILDING ROBUST PRICING PROCESSES

Embedding robust pricing processes
within sales, marketing, controlling
and general management and making
pricing a robust contributor to firm profits



PRODUCT DIFFERENTIATION AND THE CREATION OF CUSTOMER VALUE

Uncovering latent
customer needs and smart
(low cost) differentiation



EFFECTIVE PRICE COMMUNICATION

Transforming the
sales and account
management team
into sellers of value,
not cost sellers



PRICE MONITORING

Periodic monitoring
of prices and
establishments of
effective indicators
for pro-active pricing



PRICING STRATEGIES FOR SPECIALTIES

Customer value
measurement,
market segmentation,
and customer
value-based pricing



OVERVIEW – DAY 1

PRICING IN B2B



INTRODUCTION TO PRICING AND BEST PRACTICES OF LEADING COMPANIES

1 Presentation and group discussion - Strategic pricing

The new strategic imperatives
for profitable growth



Who are the pricing champions and
what can we learn from them?



The relationship between costs
and customer willingness to pay

2 Business case - Going for profit or going for volume?

Profit driver: costs or volume?



Toolbox: cost-volume profit analysis

COFFEE BREAK

3 Presentation and group discussion - An overview of alternative pricing approaches

Classic methods and their disadvantages:
cost-plus and competition-based pricing



The basics: customer value and
best-practices in the B2B

LUNCH BREAK (1:00 PM – 2:00 PM)



VALUE-BASED PRICING AND THE TOOLS PROFESSIONALS USE

4 Presentation and methods - Value-based pricing by leading companies in B2B

How leading companies measure, create and
capture value through the pricing function



Case studies of B2B and B2C customer
value-based pricing strategies



Uses and limits of customer
value-based pricing

5 Presentation and group discussion - Pricing strategies and the B2B buying center

How do purchasing managers really think?



Proven tactics to successfully sell to the purchasing center

COFFEE BREAK

6 Case study and group exercise - What pricing means for our company

Case study on B2B and
B2C pricing excellence



Group discussion on
fundamental topics



Action plan for personal
pricing objectives



Quantifying the economic
impact of our actions and
setting deadlines



Key stakeholders
to involve

END OF WORKSHOP (5:00 PM)

OVERVIEW – DAY 2

PRACTICAL APPROACHES



VALUE AND QUANTIFICATION

- 1 Presentation - The strategic pricing process**
Typical weaknesses in B2B pricing processes ▶ Distinctive elements of an effective pricing process
- 2 Presentation and tools - Creating customer value – The driver for superior pricing strategies and profits**
A toolbox for identifying additional opportunities to differentiate your product or service despite intensifying competition ▶ Benchmarking your product or service against leading competitors

COFFEE BREAK

- 3 Case study and group discussion - Low-cost differentiation**
How to succeed in differentiating and applying value-based pricing to B2B commodities
- 4 Presentation - What is price elasticity?**
Definition and importance in the context of strategic pricing ▶ Tools for measuring price elasticity in B2B industries ▶ Conjoint analysis, expert estimates, market experiments, application of tools to determine willingness to pay ▶ Case study on price elasticity

LUNCH BREAK (1:00 PM – 2:00 PM)



MONITORING AND IMPLEMENTATION

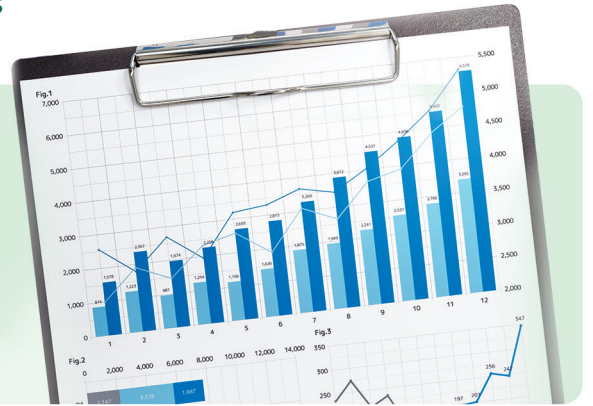
- 5 Presentation and group discussion – Strategic pricing – the case of sales force and the volume/profit trade-off**
The new role of sales managers in the pricing process ▶ Analysis and fine-tuning of the incentive system for the sales force ▶ Identifying the problems associated to the implementation
- 6 Group discussion - Price monitoring and control**
Tools for improving the short-term profitability via controlling ▶ Pocket price waterfall, pocket price band ▶ Analyzing and improving discount policies ▶ Tools for short-term price optimization

COFFEE BREAK

- 7 Group discussion - Summary of main takeaways**
The 11 traits of the pricing champions ▶ Brainstorming session on main takeaways from the workshop ▶ Defining “zero-cost” objectives ▶ Deadline for implementing the personal pricing objectives

END OF WORKSHOP (5:00 PM)

Academic excellence
and managerial experience,
for years by the side of Global 50
companies from all over the world



WHY DO WE SUGGEST ATTENDING THIS WORKSHOP?

Pricing is the most important lever that managers have to generate profit, but it is sometimes interpreted as set by external forces – like competition and production costs. Even though those forces should be taken into account during the pricing decision-making, it is also important to look at the Value our offer generates for customers. Leading companies in any industry, even in presence of commoditized products (chemical industry, raw materials, etc.), enjoy above-average profits thanks to the right implementation of strategies built upon value-based pricing; what these

leaders do, is to set prices based on the value that customers obtain from their product or service. These strategies are particularly important during periods of economic uncertainty, when customers – especially in B2B realities – increase their demand for discounts, putting the company's profitability under a lot of pressure. What emerges from our experience is not only that it is possible to counteract these demands, but also that this can be done in a cost-effective way; this stems from the ability to calculate the value of the company's offering and leverage its uniqueness.

HINTERHUBER & PARTNERS

HINTERHUBER & PARTNERS (www.hinterhuber.com) is a premier consulting company specialized in Strategy, Pricing and Leadership. It stands for the combination of academic excellence and real world business experience to deliver a lasting impact in client results and capabilities. Kennedy Information, a Bloomberg business, ranks Hinterhuber & Partners among the top consulting companies globally in pricing strategy consulting. HINTERHUBER & PARTNERS has successfully completed projects concerning

strategy, pricing and leadership for numerous companies in Germany, Italy, Switzerland, Austria, United States of America, China, and it regularly takes part in international conferences. For pricing, it participates to conferences like: Management Circle AG (Germany), Business Circle AG (Austria), Management Center Innsbruck (Austria), Strategic Account Management Association (USA), Marcus Evans (USA) and Professional Pricing Society (USA).



ABOUT THE WORKSHOP FACILITATORS:

DR. EVANDRO POLLONO, MANAGING DIRECTOR AT HINTERHUBER & PARTNERS

Dr. Evandro Pollono has been visiting lecturer at Alcalá University (Spain), he is co-author of the article "Value-based pricing: The driver to increased short-term profits", published by Finance and Management; he is also a contributor of the book "Pricing and the Sales Force". Evandro Pollono deals

with companies operating in diverse industries, supports them in their strategic development and foster their growth and differentiation through seminars in the field of Pricing. He is also involved in startups, with projects encompassing different industries, with the common denominator of digital technologies.



ROLANDS PUPKEVIČS, SR. CONSULTANT FOR DATA & ANALYTICS

Rolands Pupkevičs is Senior Consultant of HINTERHUBER & PARTNERS specialized in data and analytics. He holds a Bachelor degree in Economics from Stockholm School of Economics in Riga and CFA designation from CFA Institute. He has more than 15 years of experience in investments, finance and data analytics. Recently, he has

worked on multiple consulting projects on pricing for large and medium-sized companies, including Bosch, Exxelia, and Veritas Petroleum Services (VPS). His main responsibility is to develop ad-hoc analytics and derive financial insights for the client.

REGISTRATION

To register please send an e-mail with the date desired, the name and number of participants to evandro.pollono@hinterhuber.com. You will receive a confirmation and a pro-forma invoice, depending on spots availability. The participation fee for the two-day workshop is all-inclusive, including material e soft-drinks, for 2 450 € per participant. From the second participant of the same company (i.e. same billing address), a 15% discount is applied. Up to two weeks before, it is possible to cancel from the seminar free of charge. After this the full

amount is due. The cancellation request must be sent in written form via e-mail. In case of cancellation from Hinterhuber & Partners, the full amount will be refunded. We are committed to make the seminar as interactive as possible, therefore we try to limit the number of participants to 12 at any event. If interested in dates different from the ones proposed, please contact us directly to find out future dates or plan an ad-hoc seminar. All prices are to be intended VAT excluded.