



The Market Element's Top 10 Profitable Growth Critical Success Factors:

1. Assume price transparency – your customers & competitors will know each others' pricing
2. Ensure the fundamental data required to measure success exists, is readily accessible, and has been validated
3. Deploy a tool to analyze growth at the transaction level that is intuitive and easy to use
4. Know where to focus first - the 20% of products that drive 80% of your revenue
5. Understand the value of your customers & what to offer them - many have varied intentions
6. Understand the competitive landscape and looming industry changes - they always exist
7. Align product development / refresh with market needs and forthcoming demand / trends
8. Understand how your sales incentives are driving selling behavior and align with corporate objectives
9. Drive targeted organizational growth by implementing a loyalty program that appropriately rewards customers'
10. Don't underestimate the "people change" element - change is inevitable and can either be a great asset or your worst nightmare

Prepare to Profit

Utilize a Pricing Alignment Diagnostic (PAD) to understand pricing opportunities & optimize profitable growth

Ensuring pricing is driven by strategic goals and aligned with growth objectives maximizes organizational value and, ultimately profitability. This "pricing alignment" is a critical aspect of transacting business for companies. Furthermore, one assumption should be made that many companies fail to acknowledge: *Prices Are Transparent*. As much as a company believes prices are only shared between them and their customers, it is not the case. Customers talk, competitors gain each other's information with employee defections, and sensitive information is more easily available and accessible in this age of social media and the internet, all of which underscores the importance of pricing alignment.

Pricing alignment should be viewed from both an internal and external perspective. Internally, companies need to make sure that they are laddering their pricing appropriately given the products and services they are selling. Companies should also understand the 'list price' vs. actual price that customers are receiving – remember, unless the sales incentive framework is bulletproof (very few are in our experience), the sales force is often a customer's best advocate, inevitably

leading to deep, unwarranted discounting in the field.

Externally, pricing needs to be consistent and built on a clear rationale that allows pricing to be explainable to your customers. There is nothing worse than an irate tier-1 customer calling to complain they discovered a much smaller competitor is receiving preferential pricing for no good reason. These types of pricing alignment blunders can ruin hard-built business relationships in a heartbeat. Trust between you and your customers is one of the hardest values to earn, yet one of the easiest values to destroy.

So how can a business understand if their pricing is misaligned? What are the steps required to correct the root causes? The good news is that today there is more data available in organizations than ever before. With advanced statistical analysis and data visualization techniques, it is much easier to understand what you are doing right and wrong in the context of pricing. That is the first critical step. Once gaps are understood, the organization can move forward by aligning pricing with the value delivered to customers.



'Many organizations are ill-equipped, lacking the analytical tools, the bandwidth, and the urgency to dedicate to pricing alignment until catastrophe strikes and the damage is done.'

How can we help – What is a Pricing Alignment Diagnostic?

A pricing alignment diagnostic combines a rigorous review of an organization's pricing data and processes combined with industry leading pricing practices to highlight strengths and areas of opportunity.

We utilize rigorous data and statistical analytics, designed to identify areas of strong and weak profit & revenue performance, as well as identify the capabilities that need to be put in place

to monitor, adjust, and improve profit and revenue growth over time.

The diagnostic output includes a set of analytics and recommendations that are both impactful and implementable, as well as a high-level overview of the financial opportunity which can be realized through price optimization.



Value to the organization

Whether a company is in the midst of challenging times and needs to improve profitability rapidly, or would like to proactively understand what growth levers can be applied when the appropriate time comes, a diagnostic can provide critical insight needed to maintain and strengthen one's competitive advantage. The diagnostic aims to answer the following:

- What customer and product intersections are driving revenue and profitability?
- What geographical regions are over/under performing?
- Where is discounting taking place and how effective are the sales reps in driving growth?
- How much variability exists in our pricing across our customers, how do actual prices compare to list prices?
- What pricing processes are currently in place and how effective are they?
- What is the state of the organization's profitability data, what gaps exist, and how can they be filled?
- What are the most impactful profitability improvements that can be made in the short, medium, and long-term?
- What additional growth opportunities exist, including bundling?
- What tools and templates can be leveraged with minimal investment?

Potential bottom line benefits

Implementing price optimization opportunities typically improves the bottom line by 1% - 3% of addressable revenue depending on the ability to act on recommendations.

- Understand profitability and revenue generation of your customers, products, and services while sizing the potential improvement opportunity
- Understand what is being discounted, by who, by how much, and why
- Understand where product and services pricing is out of alignment and recommend adjustment opportunities

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About us

The Market Element is a marketing consulting firm specializing in practical, and creative marketing solutions that build leverage and ignite growth. We partner with our clients to determine the right solution, and are excited to "roll up our sleeves" and do the work with them.

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