

BOOK REVIEW

Pricing With Confidence

By Reed K. Holden and Mark R. Burton



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Pricing With Confidence: 10 Ways to Stop Leaving Money on the Table (John Wiley & Sons Inc., 2008) by Reed K. Holden and Mark R. Burton is an excellent pricing and negotiation guide. A lot of sales books claim to help increase sales or profits, but this book really does it. The authors go beyond the rhetoric of value and show how to back up your price with strong facts and financial data. For example, *Pricing With Confidence* gives sales personnel concrete tools so when clients demand a lower price, sales can keep from caving and shift the discussion to demonstrating the value in the offering. Many sales professionals take price sensitivity as a given, but Holden and Burton present an alternative: a way to reduce price sensitivity to avoid leaving money on the table.

By clearly outlining the importance of understanding the value in what you sell, the book provides a road map on how to take a bold, successful stance in tough price negotiations. The lessons have allowed my team to improve customer relationships while simultaneously protecting our pricing and value. After attending a number of training seminars and reading numerous books on the subject, this is the best resource I have found.

The authors simplify what can seem like a daunting process of understanding and pricing your value into 10 easy guidelines that will help sales organizations:

- 1. Replace the discounting habit with a little arrogance.** Price discounting is an entrenched attitude at most organizations. To dislodge any deep-rooted attitude, replace it with another. Arrogance – or feeling good about your products and services – will help you kick the discounting habit.
- 2. Understand the value you offer**

to your customer. You can't have confidence in your pricing until you have confidence in the financial value your offerings create for customers.


- 3. Apply one of three simple pricing strategies.** Know when to price high and low, and have a strategy for everything between.
- 4. Play better poker with customers.** Most customers say value is what they most want, but many are bluffing when they ask for a discount. Knowing the value you offer gives you confidence to resist the temptation to close at any price.
- 5. Price to increase profits.** It's a myth that if you discount price to increase sales, you will see increased profits. Efficiency, controlling costs, better profit metrics—all are required for pricing success.
- 6. Add new products and services that give you negotiating flexibility and growth.** When your products are regarded as commodities, add services to differentiate products and prop up prices. An effective strategy is to develop a dual offering that covers both high- and low-end customer needs.
- 7. Force your competitor to react to your pricing.** Don't participate in a competitive pricing death spiral. Define where you do and do not have a value advantage over your competitors.
- 8. Build your selling backbone.** To have confidence in negotiation, salespeople and managers need confidence in pricing. This comes from knowing the value of your products or services and your customer.
- 9. Take simple steps to move from cost-plus to value-based pricing.** There is nothing wrong with cost-plus

pricing at the right place and time, but value-based pricing is ideal—it requires sophisticated internal skills and systems. The trick is to evolve pricing as the discipline and skills of your people improve.

- 10. Price with confidence:** Remember who you are. Shift the negotiation to how you provide concrete results for your customers. Customers buy results, not rhetoric. Moving beyond the rhetoric of value will enable you to prove those results to customers.

In the end the 10 strategies, tactics and tips offered in *Pricing With Confidence* go a long way toward improving the working relationship among marketing, product marketing and finance. Everyone has a role:

- 1. Marketing**—determines strategy, creates value messages, tracks competitors and manages market communications
- 2. Product management**—creates and protects value by designing offerings with different tiers of performance and value
- 3. Finance**—provides relevant cost data to marketing and evaluates price performance
- 4. Sales**—gives feedback to marketing on value and the market, delivers value messages to customers, uncovers customer needs and closes deals

The bottom line of the book is that you will benefit by taking the time to better understand the value your product or offering delivers to customers. This understanding will allow you to more effectively articulate your value to clients, price your offering and improve client relationships. 

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