



# Value Pricing & Selling

*Using Best Practices*

**Joanne M. Smith**

Former DuPont Corporate Marketing and Pricing Director

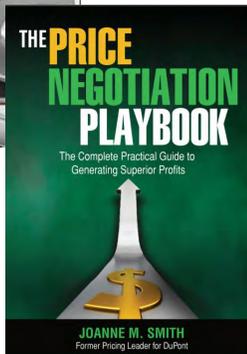
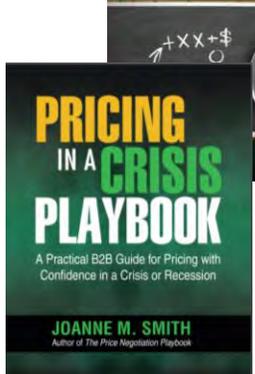
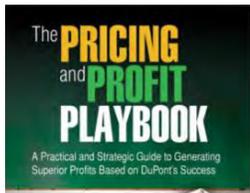
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# Joanne M Smith



- President, Price to Profits Consulting
- Former DuPont Corporate Head of Marketing, Pricing and Customer loyalty
- Author of *The Pricing and Profit Playbook*, *The Price Negotiation Playbook*, and *Pricing in a Crisis Playbook*
- Faculty of the Professional Pricing Society and The Institute for the Study of Business Markets (ISBM)



# Vision: Build a Value (or Profit) Culture...

- a passion for creating value
- a passion for getting fairly paid for value
- Then re-investing to create more value for select segments
- While de-investing in segments who will not pay for value

***To build customer loyalty & profitable growth.***

**CREATE  
VALUE**



**CAPTURE  
PROFITS**

# Quantify Value → Set Price Premium → Value Story



# Value-in-use pricing through selling delivers big profits.

**5-25% higher price**  
(with best practices)

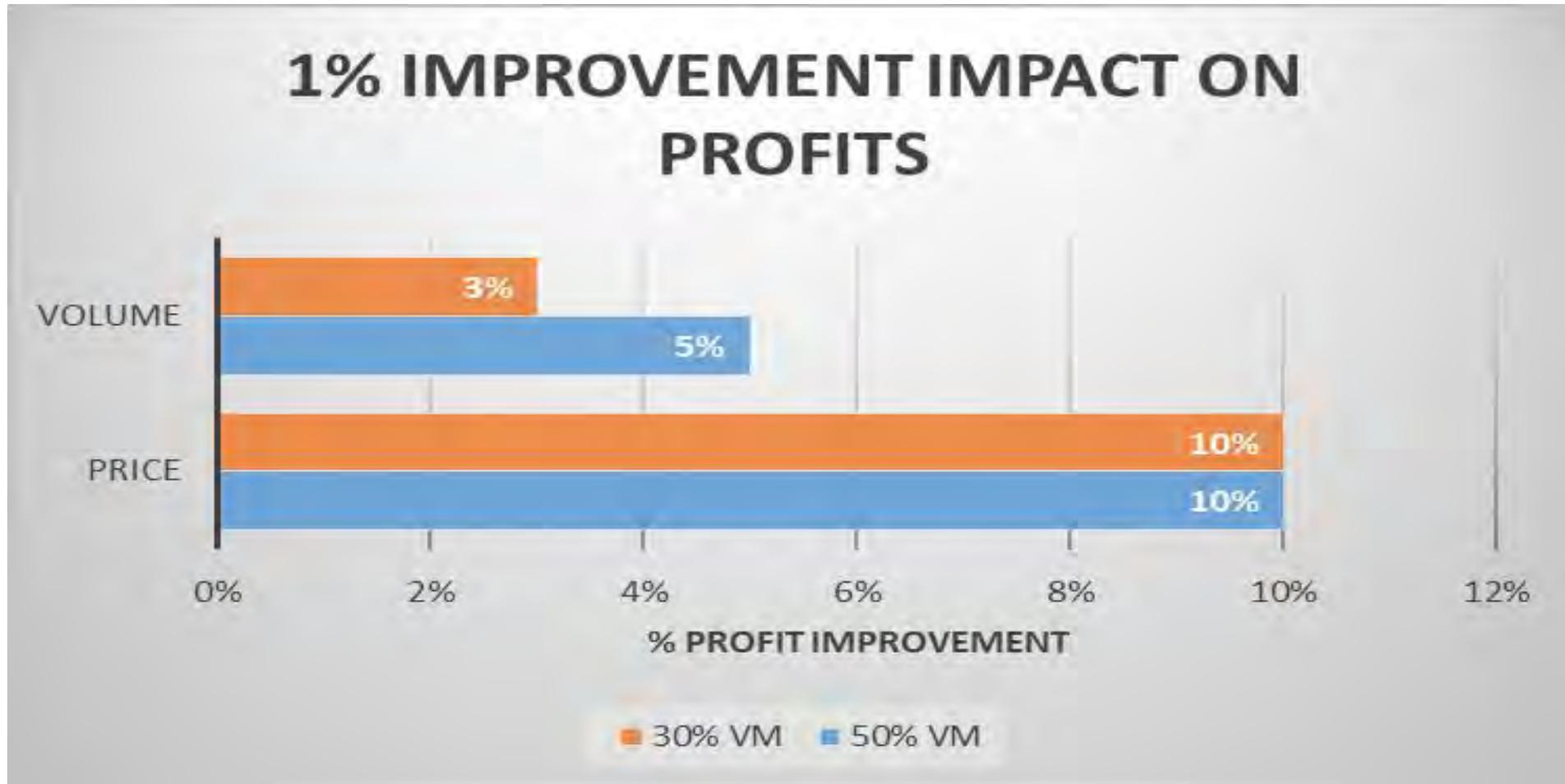
**5-15% higher close rate**  
(with best practices)



The first vendor to succeed in communicating a vision to executives wins the business 74% of the time.



Pricing is the largest lever to impact profitability...and the most untapped



# The Problem



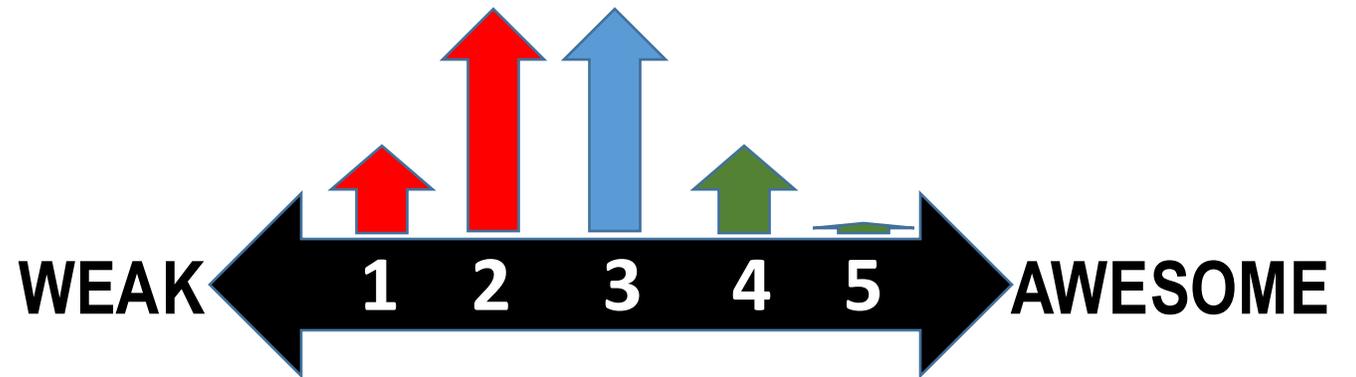
- Hard, complex and confusing to do...every case is unique
- Difficult and scary to validate with customers
- Takes courage & confidence and being comfortable w/ estimates



# Project teams lack confidence, skill and motivation



**~ 10% of Project Teams are Good or Great...**  
*P2P Assessment of Clients*



# Value comes in different forms



## Helps them make money

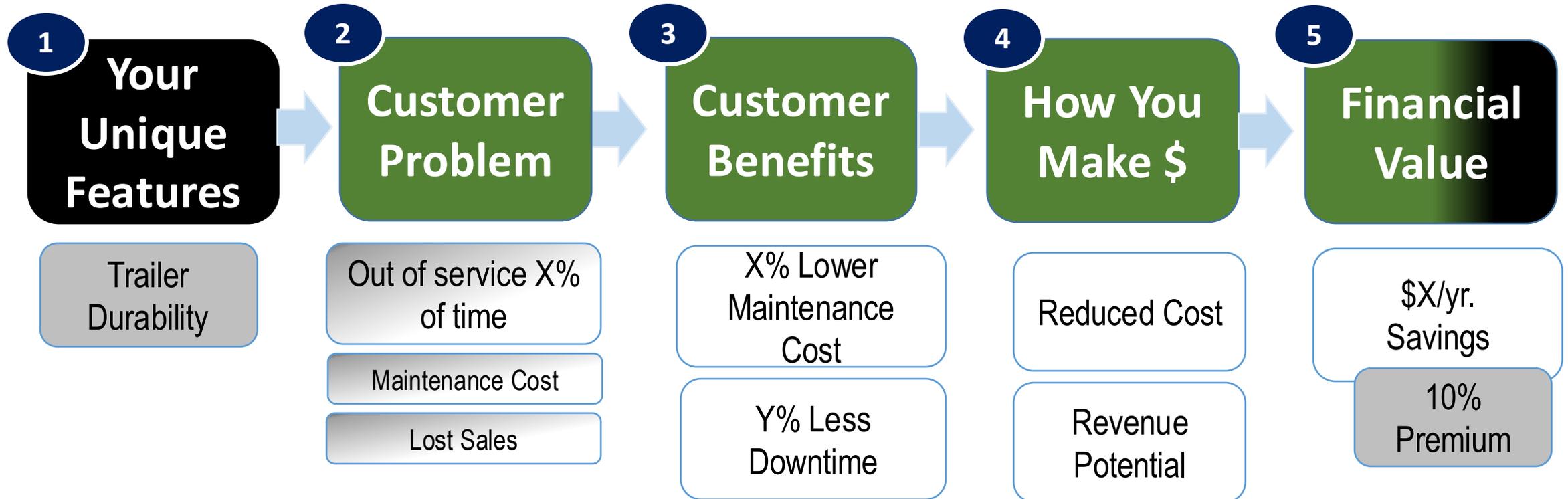
- Lower Cost
- Higher Revenue
- Better Cashflow



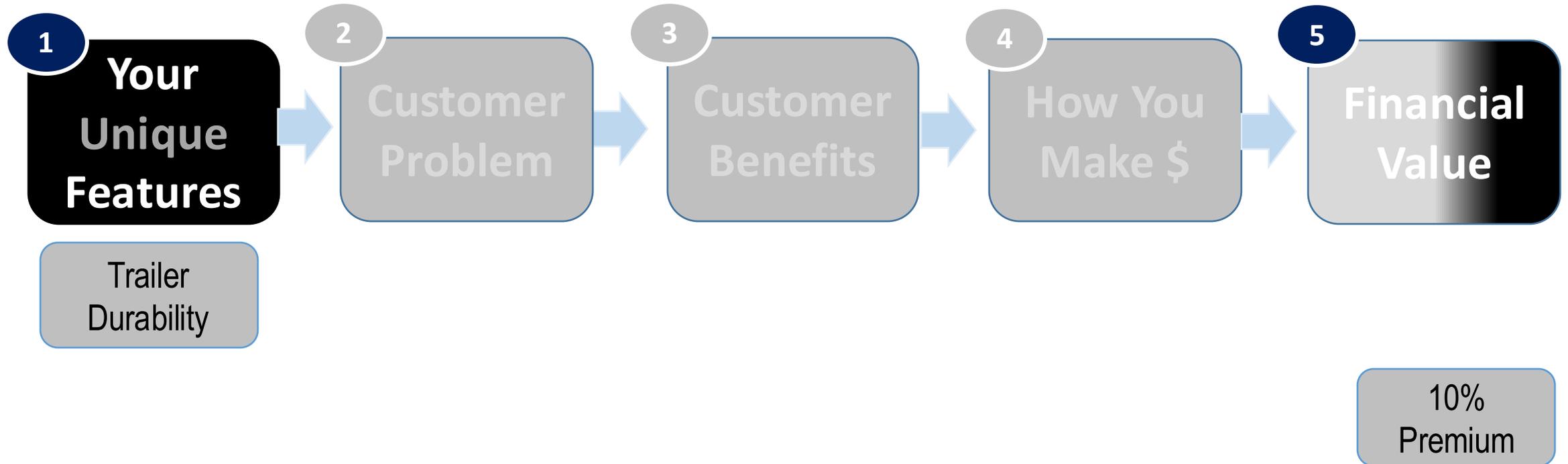
## Emotional or Societal Value

- Peace of mind
- Hassle free
- Greener

# Quantify value in the customer's financial terms



# Quantify value in the customer's financial terms

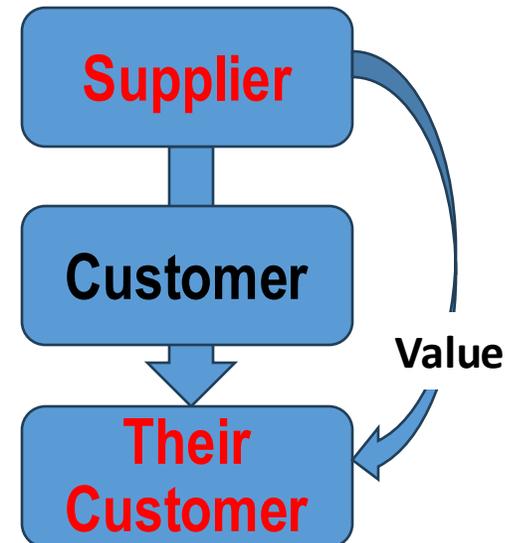


# Value-Pricing can be complex

## Multiple Value-based Features / offerings



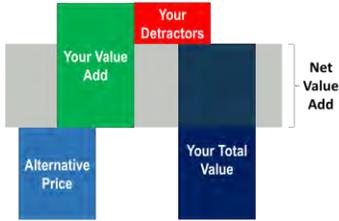
## Value Realized Downstream



## Different Value Segments



# Value-Pricing Workshop



**1** Quantify your Value

- Understand needs
- Quantify value

**2** Set Price

- Assess/Influence the value share split
- Set price/offering

**3** Validate & Refine

- Validate value
- Refine price, offering & options

**4** Strategy & Challenges

- Business & pricing strategy & model
- Barriers / challenges
- Customize to customer



**5** Value Selling & Marketing

- Influence the market
- Smart discount decisions
- Price pressure negotiations

# KT PACER TRAILERS & BODIES, CUSTOM DESIGNED FOR ANIMAL FEED, PROVIDE THE BEST TOTAL VALUE ON THE MARKET

KT Pacer is dedicated to being the best and most innovative animal bulk feed trailer company in the world. Our extensive knowledge and experience, coupled with the high standards of all Berkshire Hathaway companies, has led to KT Pacer being the most bought trailers in the U.S.A.. Features include:

- **Fast Order Lead-time**
- **More Durable: 13 Unique Structural Integrity Features**
- **More Reliable: 11 Unique Uptime & Maintenance Features**
- **Lighter Weight & Faster Off-Loading Design**
- **Lower Profile / Center of Gravity**
- **Deep Experienced & Knowledgeable Team**



<b>Longer Life &amp; Resell Value</b>	<b>Fastest Order Lead-time</b>
Longest Life: >10 Years Highest Resell Value	6 Months / Often Twice Industry Standard
<b>Fast Off-load Speed</b>	<b>Highest Volume / Load</b>
10% - 15% Faster Than Most Trailers in the Market	Up to 0.5 Tons More / Load
<b>Highest Fleet Productivity</b>	<b>Lower Maintenance Cost</b>
2 - 5% Higher Productivity – Uptime & Capacity	Up to 2 – 3 X Lower than Many Trailers in the Market
<b>Fuel Savings</b>	<b>Best Safety Performance</b>
2 - 3% or ~ \$2000 / Year Trailer	Nearly 0% Rollovers versus Up to 1% Industry Average

**BEST PROVEN TOTAL VALUE**  
& Most Frequently Bought Animal Trailer in the USA

**Typically >\$250,000 / Trailer Extra Total Value  
Over the Life of our Trailers**

# Product Project Teams

“But I’m not 100% certain of my assumptions”



“But that seems too high, we will lose credibility”

“But we already told the customer it would be about \$X/unit”

“But the customer said their budget was \$Y/unit”

“Oh no, we’ve been at it for > 1 year, & the business case doesn’t work”

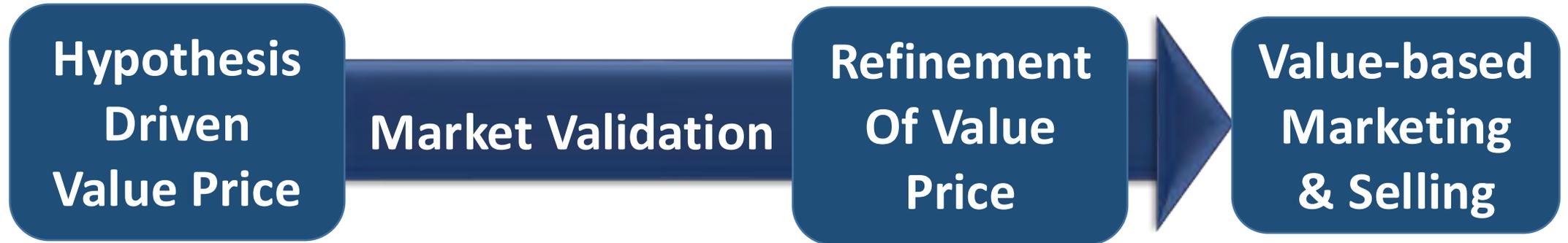
# Applied Training, Tools & Coaching Support

*To improve, accelerate, leverage & sustain*





# Value Pricing Approach occurs over 4 - 8 weeks



**Cross-Functional Team**

*1.5 day Workshop*



**Cross-Functional Team**

*1 Day Workshop*

*~4 - 6 weeks for teams to complete market validation*

# Workbook Templates

1. Segment & Target
2. Value-In-Use Framework
3. Value Calculator Template
4. Key Assumptions
5. Customer Sensitivity Assessment
6. Share Split / Set Price
7. Waterfall Benefit Chart
8. Strategies & Barriers
9. Market Validation Plan
10. Interview Guide
11. Qualification Checklist
12. Price Volume Break-even Calculator

Segment Names (or Key Customers, Regions) | Potential Market Volume: 1-5 (Small to Large) | Potential Perceived Value: 1-5 (Low to High)

Assumptions & Calculations table with columns: Included?, Benefit, Assumptions & Calculations, Units, Amount, Total, Unit Cost, Comments

DIFFERENTIATORS BETWEEN PACER & COMPETITORS: PACER, HENSLY, LEDWELL, WALINGA

CUSTOMER SENSITIVITY ASSESSMENT table with columns: Certainty of Benefits, Speed to Benefits, Reliability & Risks, etc.

BENEFIT SHARE SPLIT table with columns: Supplier, Value Chain 1, Value Chain 2, Supplier Share or Net Benefits

Waterfall Benefit Chart showing cumulative benefits across various categories.

Strategies & Barriers table with columns: Hypothesis Data or Assumptions to be validated, How we will validate it, Who/Responsibility, By When

Market Validation Plan table with columns: Type, Opening Comments, Focus, etc.

Interview Guide table with columns: Number, Challenge/Issue/Issue, Potential Solution

Qualification Checklist - Before Preparing a Bid for a New Customer / Application

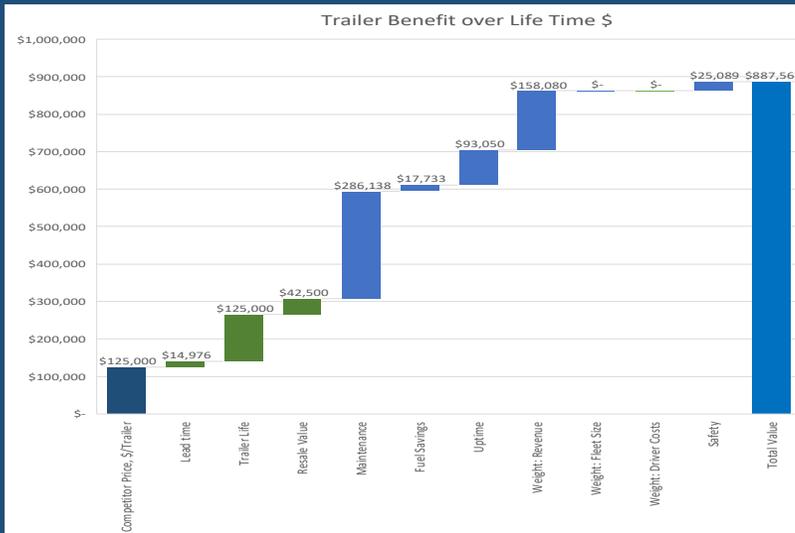
Price Volume Break-even Calculator table with columns: Number, Challenge/Issue/Issue, Potential Solution



# Value-Calculator Demo: Customized for you

	\$ / Trailer Over Life
Competitor Price, \$/Trailer	\$ 125,000
Lead time	\$ 14,976
Trailer Life	\$ 125,000
Resale Value	\$ 42,500
Maintenance	\$ 286,138
Fuel Savings	\$ 17,733
Uptime	\$ 93,050
Weight: Revenue	\$ 158,080
Weight: Fleet Size	\$ -
Weight: Driver Costs	\$ -
Safety	\$ 25,089
<b>Total Value</b>	<b>887,567</b>

KEY INPUT: BASE ELEMENTS	MODIFY WITH THE CUSTOMER'S INPUT
Fleet Size of Customer	200
Revenue \$/ton	\$10.00
Tons / Truck	24
Trips / Shift	4
Fuel miles/gal - Over the Road	6.0
Round Trip Miles / Trip	70
Trailer Downtime per Year, % (of expected runtime)	3.8%
Maintenance \$ per Ton of Feed Unloaded	0.5



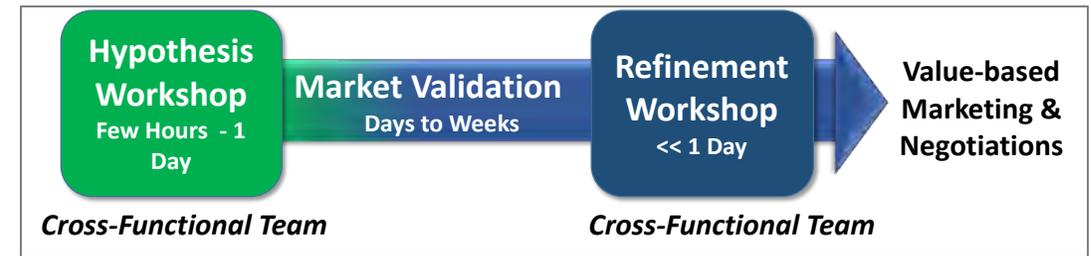
DIFFERENTIATORS BETWEEN PACER & COMPETITORS	PACER	HENSLEY	LEDWELL	WALINGA
Number of Trailers per Competitor in Fleet				
Lead-time to Order Trailer - Months	6	9	12	16
Trailer Life (until Resale)	10	5	8	10
Maintenance Multiplier over the Life	1	2	2	1
Off-load Speed - Minutes	12	13	18	14
Number of Roll Overs per Year	2.00	4.00	2.50	4.00
Resale Value versus Original Trailer Cost, %	50%	20%	40%	50%

# When should you set the price?

## 1. Earlier In Innovation



## 2. Refine Before Pilots / Launch

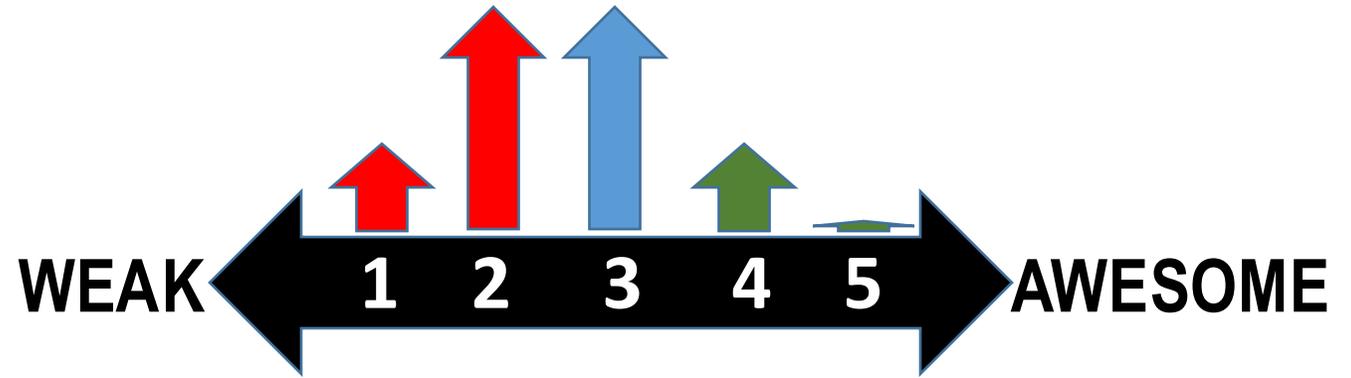


- Assess the innovation for profitability potential
- Guide your market/customer value discovery
- Guide initial 'soft' pricing discussions

# How good are you at value-in-use pricing.



**~ 10% of Project Teams are Good or Great...**  
*P2P Assessment of Clients*



# Thank You!

Joanne M Smith

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