

ON POINT

Free bite-sized webinars

PROTECT YOUR PRICING POWER



We start at 11:00 AM

Facilitators: Patrick Pfäffli and Andree Radloff

ANDREE RADLOFF



Implement Consulting Group
Partner in Zurich

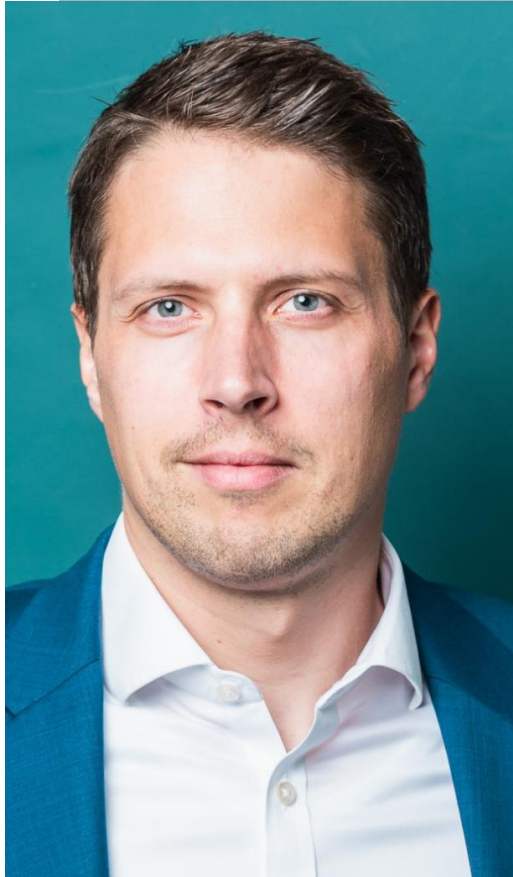
Commercial excellence
and pricing expert



12 years of consulting
experience mainly in B2B
and industrial goods
sectors



Please feel free to contact me
at: anra@implement.swiss



PATRICK PFÄFFLI



Implement Consulting Group
Partner in Zurich

Strategy, commercial
optimisation and pricing expert



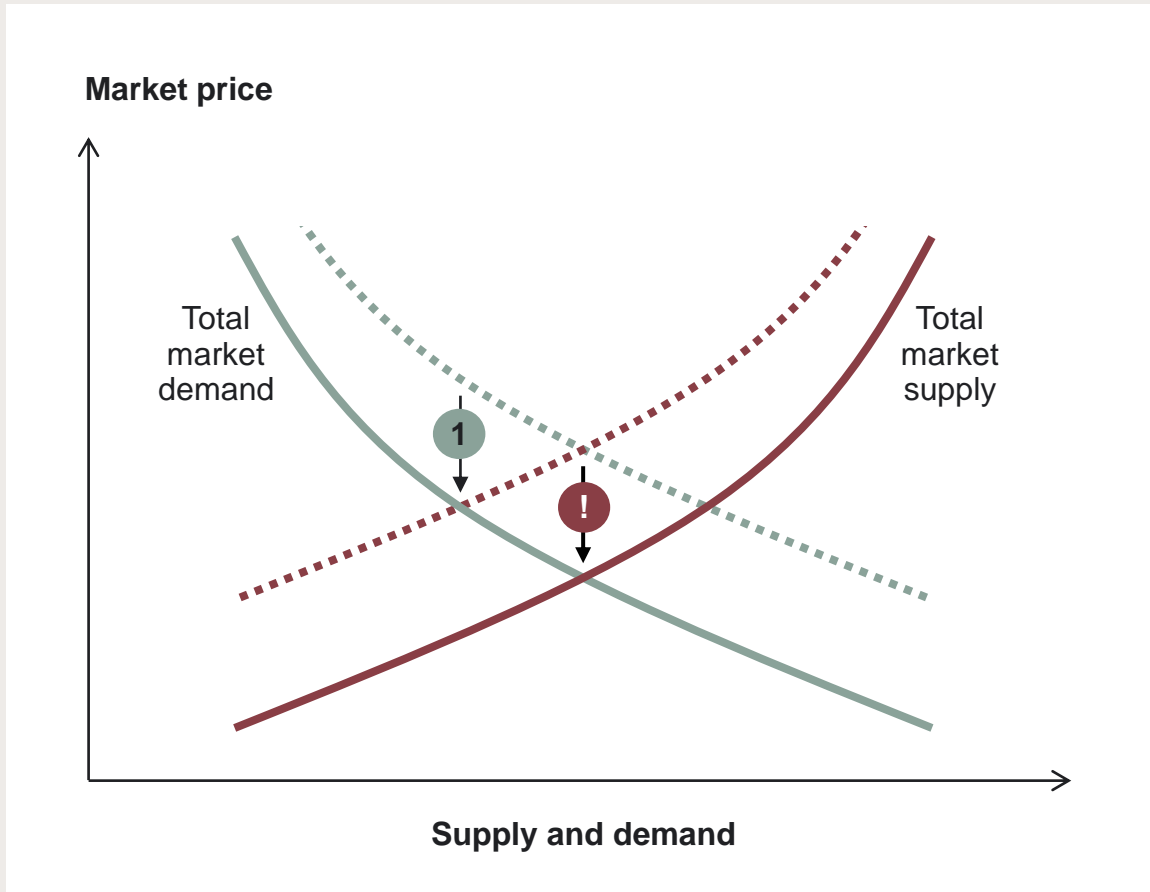
Consulted and advised
management for over 20
years. Went through the
dot.com and financial crisis
in 2008



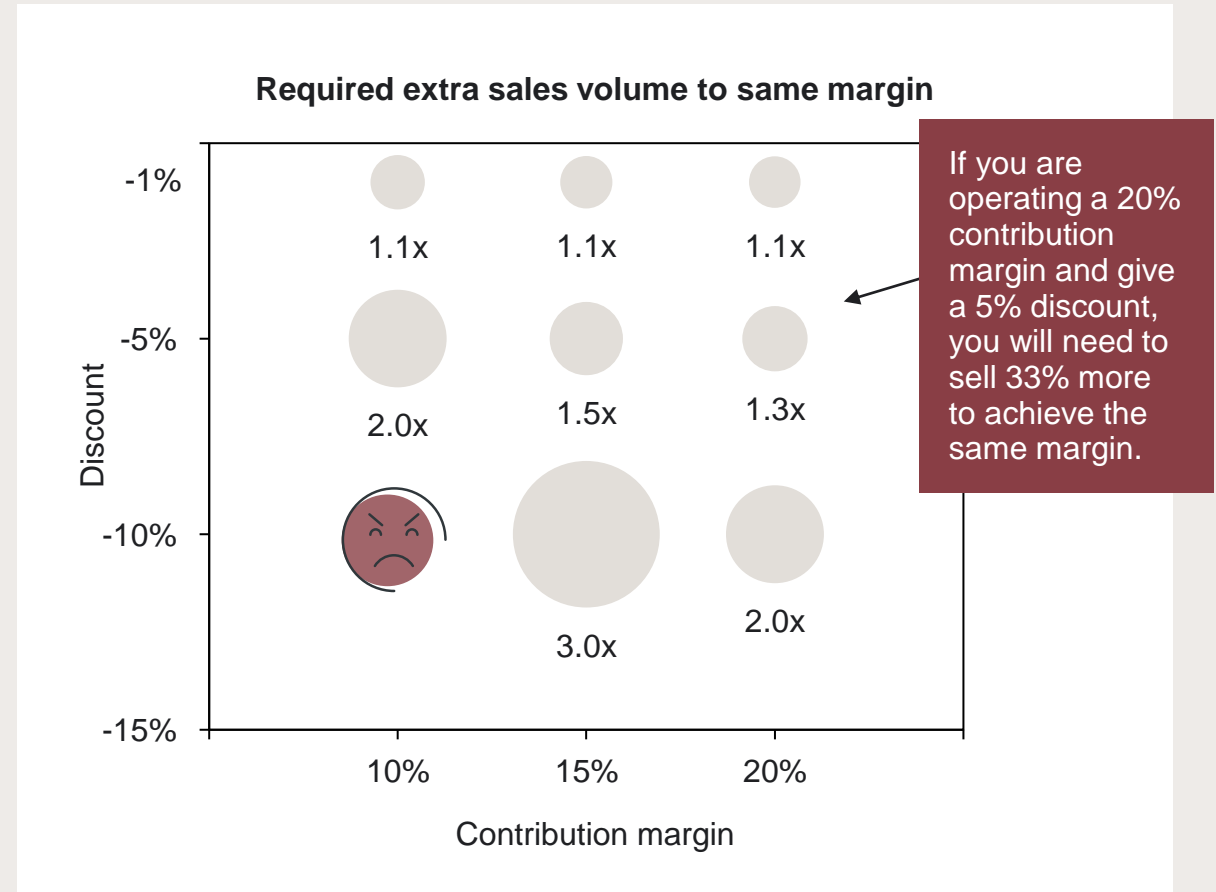
Please feel free to contact me
at: patp@implement.swiss



IF THE (MARKET) DEMAND DROPS IN A CRISIS SITUATION




... BE CAREFUL WHEN TRYING TO RECOVER WITH PRICE DECREASES



10 dos and don'ts for short-term survival and long-term success

DON'T

DO

 <p>Focus on the short term</p> <p>Reaction!</p>	1	Optimise (only) for profits	>	Optimise relevant short- and medium-term KPIs
	2	Make desperate moves	>	Analyse carefully and think in scenarios
	3	Carry out flat price decreases	>	Adjust prices in a differentiated way
	4	Work on product price alone	>	Leverage your full price waterfall
	5	Simply decrease prices	>	Apply smart deductions
	6	Sell the same products you used to at a discount	>	Find low-cost alternative and de-bundle offering
 <p>Focus on the medium term</p> <p>Rebound or reimagine?</p>	7	Adjust prices without explanation	>	Prepare a clear price communication story
	8	Focus on your existing products	>	Find alternative revenue streams
	9	Take advantage of the crisis	>	Review historical price approaches
	10	Focus on CAPEX	>	Shift to OPEX



DON'T

optimise (only)
for profits



DO optimise
relevant short-
and-medium-
term KPIs



TURN-OVER

When it
matters
most

Companies with
low margin and
high fixed cost.

Ability of
pricing to
influence



Price reductions
may result in
stabilising/
increasing
volume.



CASH FLOW

Companies with
high fixed cost
or high debt



Turnover and
enforced
payment terms
may stabilise
cash flow.



VAR/FIX COSTS

Highly relevant
for short-term
survival.



Selective
reduction of
high-cost
product sales
may reduce
cost.



NET PROFIT

Important for
long-term
survival



Pricing is
always the
most influencing
factor on net
profit.



BRAND EQUITY

Important for
long-term
success.



Fair and
consistent
pricing can
preserve brand
equity.

During crisis

After the crisis

2



DON'T make desperate moves



DO analyse carefully and think in scenarios

Understand customers/competitors

How is their business affected by the crisis?

What reaction can you expect?

Conduct scenario analysis

Create 2-3 scenarios (low/middle/high) on your assumptions.

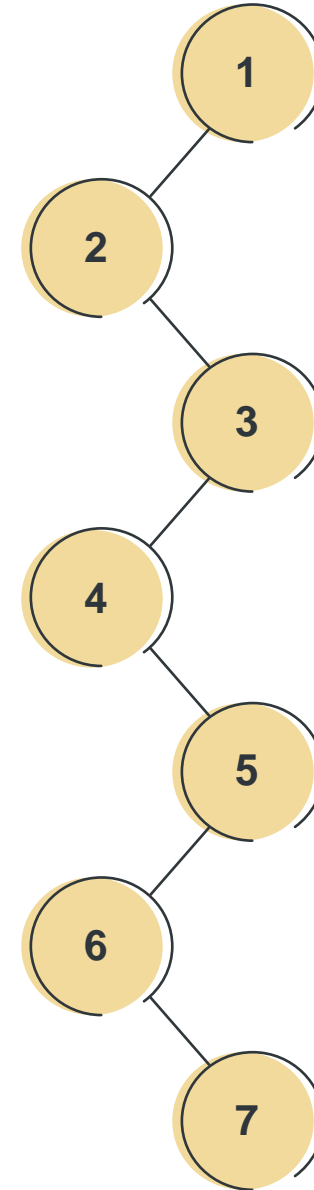
Simulate effects on turnover, profits and cash flow.

Set up crisis plan and team

Put together a sales crisis plan and team.

Elaborate on communication guidelines.

Instruct sales force.



Set your target

What is important for your company?
Turnover, cash flow, brand equity, etc.

Understand price elasticity

Use data and assumptions to determine effect on volume of prices changes.

Differentiate analysis of different regions, customers and product groups.

Determine measures

Select few, but effective measures.

Make sure measures don't contradict.

Prepare for the new normal

Think of scenarios after the crisis.

Plan how to build back measures.









DON'T carry out flat price decreases



DO adjust prices in a differentiated way

illustrative

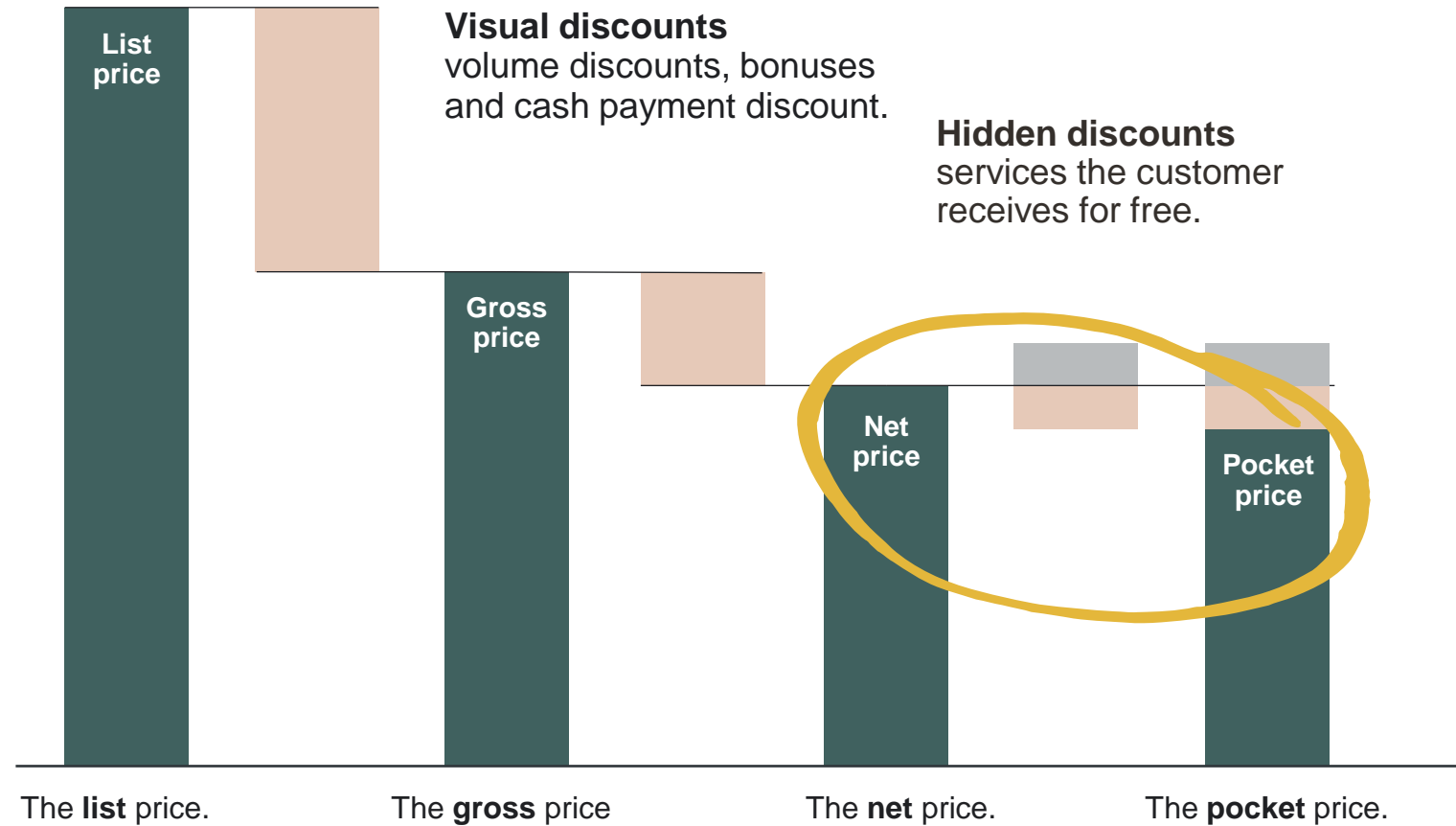
Customer type	Product value	Price elasticity	Margin level	Production fix cost	
					
Long-tail	High	Low	Low	Low	 Defend price Pricing tactics Defend volume
Mid-sized	Medium	Medium	Medium	Medium	
Key	Low	High	High	High	



DON'T work
on product
pricing alone



4 **DO** leverage
your full price
waterfall in
discounting

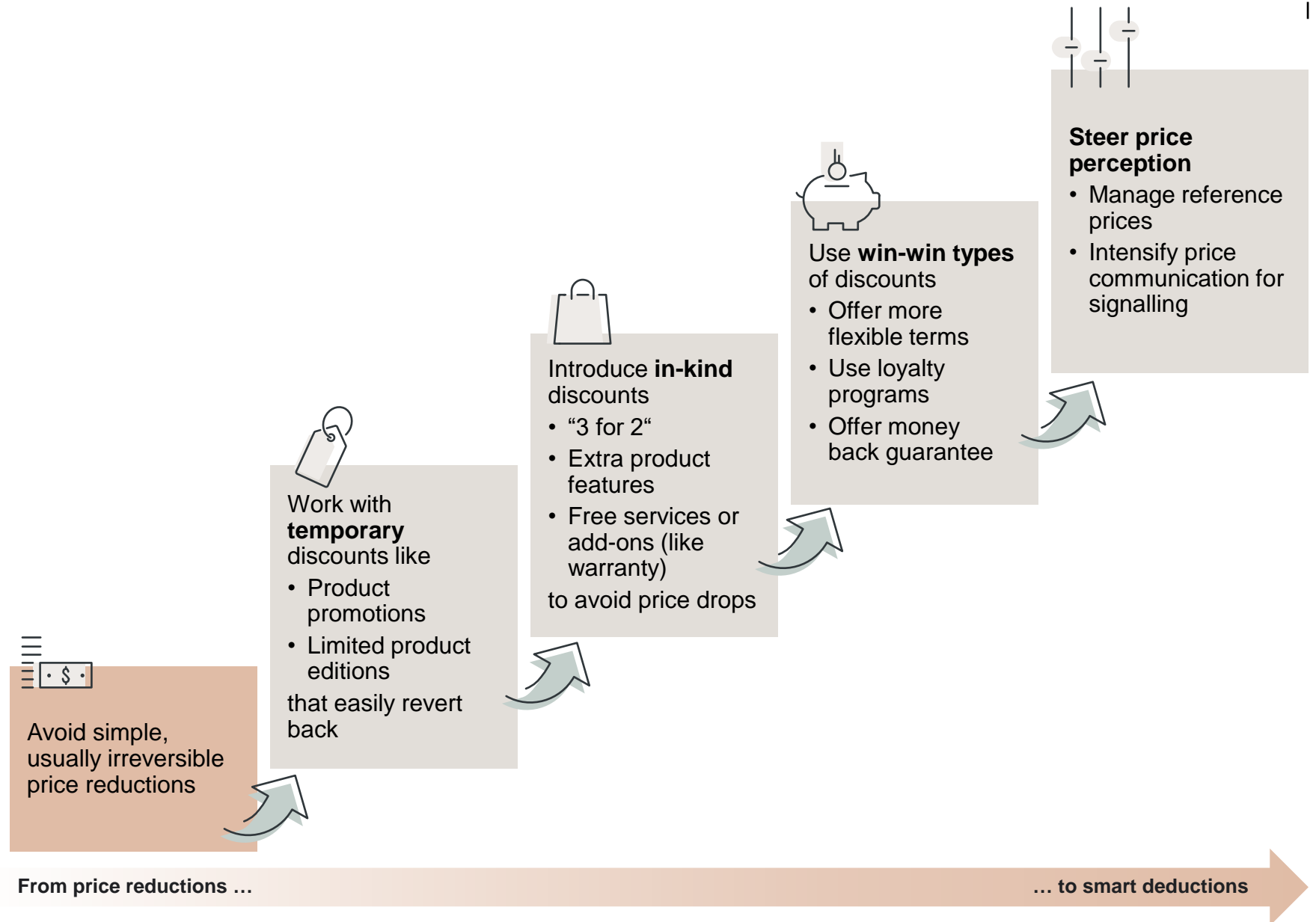




DON'T simply decrease prices



DO apply smart deductions





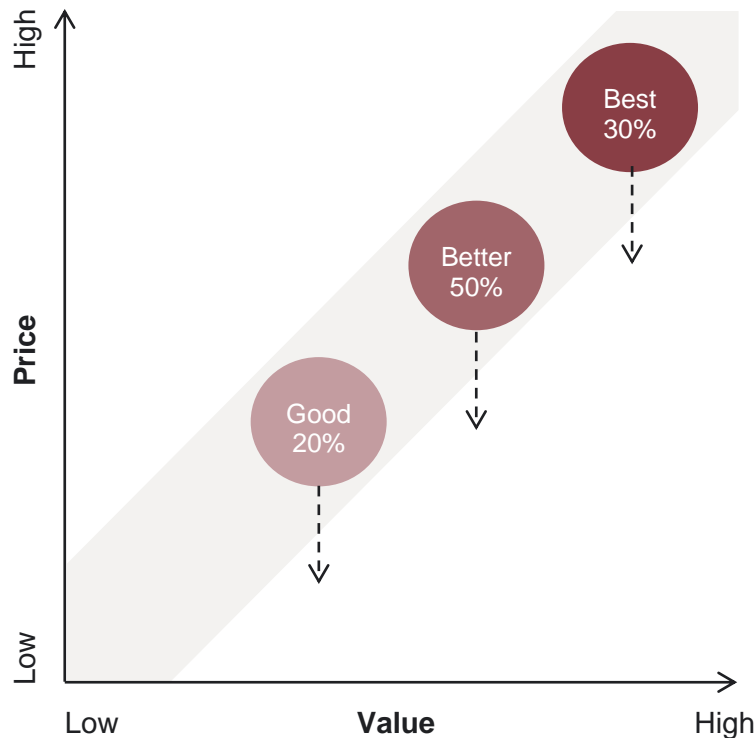
DON'T sell the same products you used to at a discount



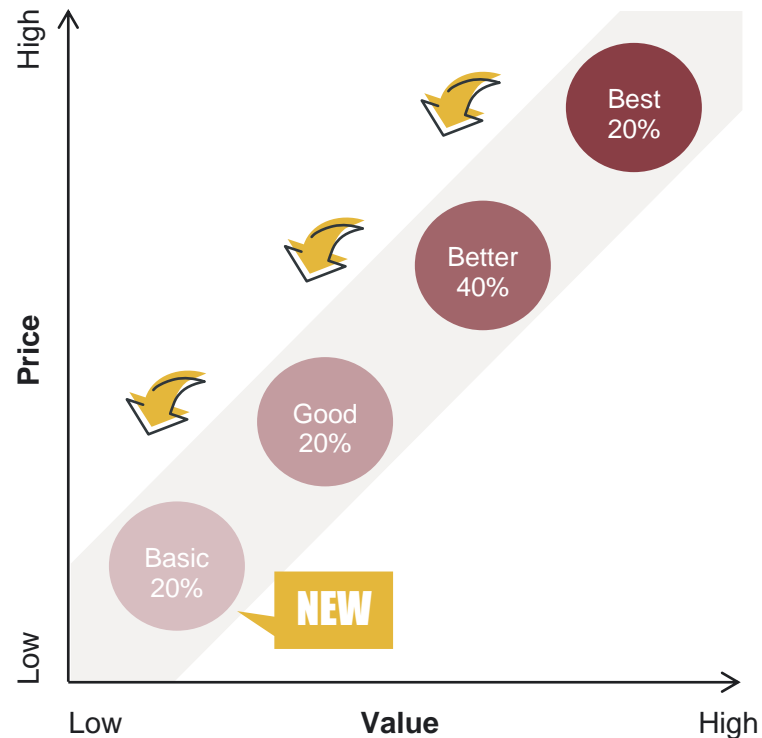
DO find low-cost alternative and de-bundle offering

6

Typical
"Good-Better-Best" portfolio



Adjusted
"Good-Better-Best" portfolio





Potential de-bundling features and services:
 Product features, software, warranty, minimum order size, freight terms, order methods and frequency, assortment width, consulting services, installation and commissioning

10 dos and don'ts for short-term survival and long-term success

DON'T

DO

 <p>Focus on the short term</p> <p>Reaction!</p>	1	Optimise (only) for profits	>	Optimise relevant short- and medium-term KPIs
	2	Make desperate moves	>	Analyse carefully and think in scenarios
	3	Carry out flat price decreases	>	Adjust prices in a differentiated way
	4	Work on product price alone	>	Leverage your full price waterfall
	5	Simply decrease prices	>	Apply smart deductions
	6	Sell the same products you used to at a discount	>	Find low-cost alternative and de-bundle offering
 <p>Focus on the medium term</p> <p>Rebound or reimagine?</p>	7	Adjust prices without explanation	>	Prepare a clear price communication story
	8	Focus on your existing products	>	Find alternative revenue streams
	9	Take advantage of the crisis	>	Review historical price approaches
	10	Focus on CAPEX	>	Shift to OPEX

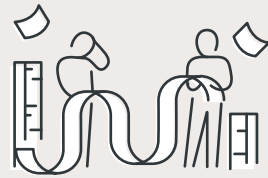
OUTLOOK:

WHAT HAPPENS AFTER THE CRISIS?



REACTION

Focus on safeguarding the business and limiting the damage to the pricing power.



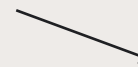
REFLECTION

Assess whether the crisis has disrupted your business model or markets.



REIMAGINATION

Rebuild pricing for a new normal.



REBOUND

Revert to previous status quo.





BE CAREFUL WITH PRICE CHANGES

Use pricing only very carefully to secure deals and revenue, it may harm than help



FOCUS AND STRENGTHEN YOUR SALES FORCE

Focus your sales force on the important deals and make sure to win them



USE A SPRINT APPROACH

Monitor your measures closely and reflect on your pricing approach



PROTECT YOUR PRICING POWER

Deploy easily revertible measures that don't harm your pricing power

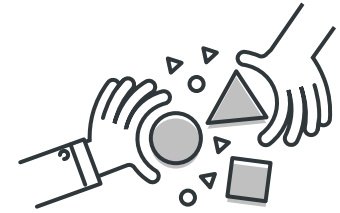
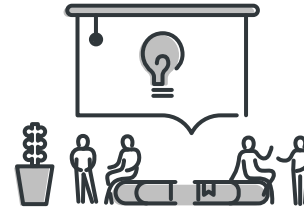
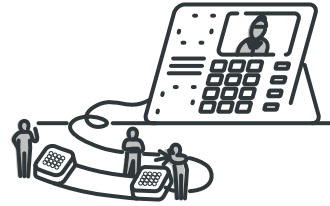


THINK AHEAD OF THE CRISIS

Exercise price fairness and assess how your company has to adjust pricing

How we can support you to find **YOUR** right pricing measures

Contact us to tailor the right approach for you!



	REVIEW CALL	LIGHT WORKSHOP	FULL WORKSHOP
Screening-Call	✓	✓	✓
Pricing review workshop		✓ ½ day	✓ 1 day
Measure analysis & workshop preparation			✓ 3 days
Documentation & recommendations			✓ 1 day
Time investment	30-60min	½ day	5 days

ON POINT

Free bite-sized webinars

THANKS

Facilitators:

Patrick Pfäffli, patp@implement.swiss

Andree Radloff, anra@implement.swiss

