

Put the POW in Powerful Pricing!



APMP California Chapter

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Put the POW in Powerful Pricing!

It's Tough Creating a Winning Price Proposal

What we will talk about

- Top Powerful Pricing Approaches
- Small Group Activity



About Marsha

- Contracts, Accounting & Pricing - 35 years
- Consultant 21 years- Scientific & High Technology Industries
- NCMA Fellow
- APMP Certified Practitioner
- Hike & train Ziva



Audience Composition?

- Commercial business
- Government business

A Pricing Story.....



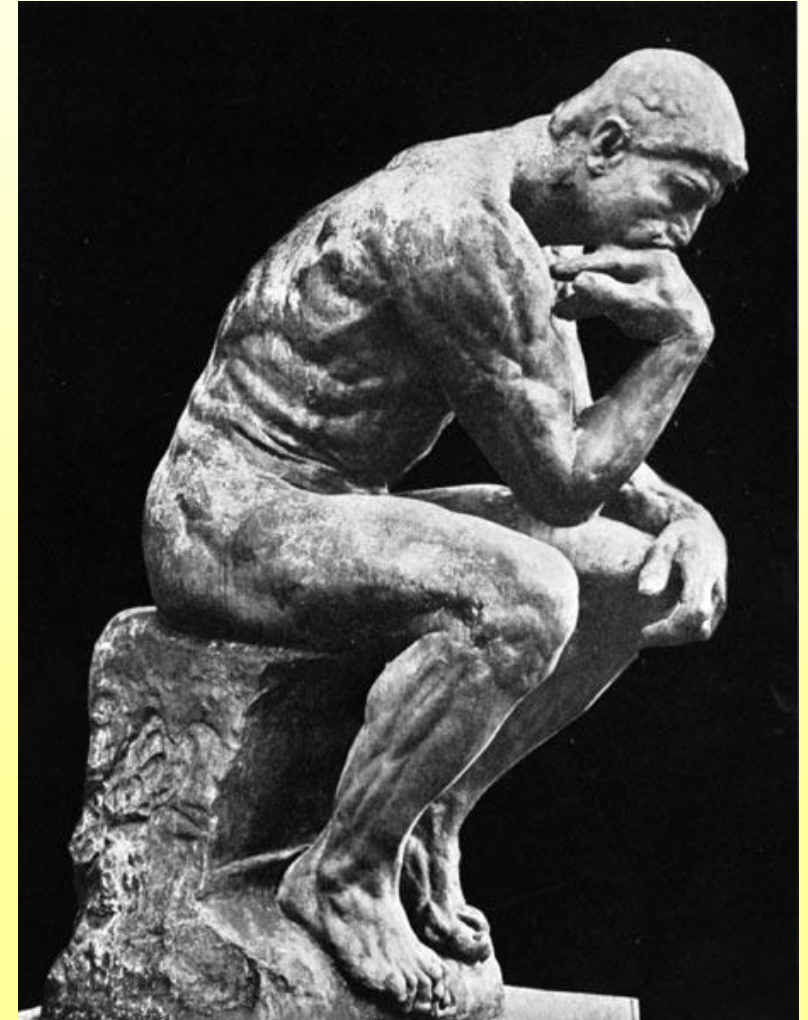
Polling Question #1

What do you think are the biggest reasons you miss the mark on price?

- 1. Do not understand what the customer wanted*
- 2. Aimed for one price & the winner was way below us*
- 3. Told to get to a specific price but it was not enough*
- 4. Did no or little homework about customer*
- 5. Did not know what it costs our own company to do the work in enough time to make an informed decision*

Customer Intelligence

- Where & What?
 - Google
 - Learn about customer's prior buying history
 - Others' intelligence - favorites?
 - Government work? - FOIA
 - Your own experience with them
 - Detailed public pricing data- price or performance?
 - ASK THEM! What does your customer want?
- Why do this? The better you know your customer the more likely you will win the business



Key: Know Your Customer - With Customer Information You Have Powerful Data to Set Your Target!

Know the Impact of What Winning Means to Your Business



- Reality: If you do not know what it costs you to do business, how can you know if you will make money?
- Increase your business base
- Assess money makers & money robbers
- Market driven price vs. cost-based price
- Build corporate infrastructure wisely & as needed
- **Why do this? You will make wiser decisions about your corporate costs when you know the size of your business base**



Key: When You Win More Business, POW! Your Corporate Costs Improve!

Polling Question #2

How do you convey your pricing message to the customer?

- 1. We answer the what they ask for exactly & nothing more*
- 2. We show how we add value in the executive summary*
- 3. We focus on risks and tell how that is reflected in our profit*
- 4. We give more detailed exhibits*
- 5. We do some combination of some/all above*

Make the Decision Maker's Job Easier



- Really understand what the customer is asking for
- Give ALL the information they need & document supporting data
- Include a roadmap for them to find your financial data quickly & easily
- Portray a sound business case solution
- Include more than exclude
- Answer what is in it for them!



Key: Go Beyond the Numbers & Guide the Decision Maker to Your Logic!

Pricing Your Suppliers Right

- You establish the targets!
- Challenge suppliers! POW!
- Get competitive quotes from new suppliers
- Adhere to due dates for supplier quotes
- Advance pricing strategy discussions – common vision



Key: Get Suppliers Involved in Pricing Strategy!

Risks & Profitability



- Assemble a powerful risk register!
- Determine where & what your performance & cost risks are
- Analyze profit - determine what is reasonable
- Perform structured approach like weighted guidelines (Government)
- Logically assess what your profit ought to be - unemotional
- Cover your unallowable costs (Government)



Key: Rationally Assess Your Efforts, Risks & Ability To Perform - Reasonableness Path For The Profit You Bid!

Your Financial Viability Story

- Demonstrate financial resource capability & soundness
- Show & talk about financial health
- Tell financial ability to comply with performance schedule
- Express satisfactory financial performance record & integrity
- Illustrate organization, experience, accounting & operational controls
- Indicate strong technical equipment & facilities



Key: Demonstrate Your Financial Viability With Financial, Technical, Performance, & Operational Proof!

Executive Summary - Price Advantages



- Executive summary specific for the price proposal
- What can you do differently that saves the customer \$?
- Address customer's price concerns - why you?
- Highlight your price advantages
- Speak to reasonableness & cost realism
- Emphasize where you add value



Key: Your Pricing Executive Summary Should Address Price Advantages & Value Added Benefits!

Dive in to Make Your Pricing Powerful!



Put the POW in Powerful Pricing!

Some Take Aways

- *Customer information - powerful to winning*
- *Make wiser decisions when you know what it costs you to do business*
- *Drive the decision maker to your price*
- *Suppliers must be part of the pricing strategy*
- *Assess risks = better profitability*
- *Financial viability is powerful to customer's choice*
- *Price advantages in the executive summary*

Put the POW in Powerful Pricing

Small Group Activity

- *Gather in groups of 5-7 people as your team*
- *Assign a TEAM CFO lead*
- *Choose your group's top pricing challenge or add your own!*
- *How will you team handle your top pricing challenge*
- *Take 5 minutes*
- *Time to share! Out brief from two teams*

Small Group Take Aways

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Questions?

Thank you for attending!