PROFESSIONAL PRICING SOCIETY

The PRICING ADVISOR

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Pricing Strategy Defined in Three Questions

In this article, the author offers three questions that must be used for defining pricing strategy: What is the alternative? Are you better or worse? Why should I even care? Furthermore, the author demonstrates why these questions must be asked from the customer's perspective, not the pricer's. Tim J. Smith is the managing principal at Wiglaf Pricing, adjunct professor at DePaul University, a frequent PPS speaker, instructor and presenter, and an Academic Advisor for the Certified Pricing Professional designation. His most recent book is Pricing Strategy: Setting Price Levels, Managing Price Discounts, & Establishing Price Structures (South-Western Cengage Learning, 2012).

Right before the release my book, *Pricing Strategy*, my boss's husband asked me to tell him what pricing strategy is all about. He said "make it simple; I don't want the details." I knew he was serious. And I knew he was smart.

With my boss (who is also the Chair of the DePaul Marketing Department) sitting right next to him, I knew this was a "make it or break it" moment. After researching and writing for years, how was I to explain the entire body of thought on pricing in 15 seconds or less?

I took a sip of my beverage then dove into it with full blunt force: **"There are three key questions that must be addressed for defining any pricing strategy, and each must be asked from the customer's perspective, not your own. Number 1: What is the alternative? Number 2: Are you better or worse? And Number 3: Why should I even care?"**

To my relief, the marketing department's chair smiled. It has been a little over a year now since I first boiled pricing strategy down to these three questions. Since then, I have seen this mantra resonate strongly with others. So now, I think it is time we explore it.

The Customer's Perspective

The starting directive is to take the customer's perspective, not your own. This directive comes from the marketing concept of the firm. According to the mar-

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keting concept, a firm exists to create value for its customers, value which it exchanges through the pricing mechanism for cash.

If the firm can't create value for its customers, it can't survive. If a business does create value for its customers, it can. This viewpoint is supported by Peter Drucker, Theodore Levitt, Ronald Baker, and many others who work in the fields of business and pricing strategy. These leaders advocate working from the customer's perspective back to define the price, and ultimately the product.

This directive is in direct contrast with medieval pricing where costs are calculated, margins added, and then salespeople are told to convince customers to buy. Instead, in using this customer perspective, the needs of a target market are defined, their willingness to pay to fulfill these needs determines the price, and the product is then designed to hit that price at a profitable cost.

The firms that still use medieval pricing then find themselves in a nightmare of missed sales quotas and discount led margin erosion. Those firms which use this customer perspective find themselves engineering products and prices at which customers will be gladly pay and the firm will gladly profit.

What's the Alternative?

No product is launched into a vacuum. Every product faces competition even if that competition is "do nothing." This competing alternative will be used as a reference point by your customers in evaluating the merits of the product. Therefore, the price of the competing alternative forms the starting point for pricing your product and the first question is "What's the alternative?"

If the product faces direct competition from a highly similar product, the price should be very similar. If the product faces no direct competition, then the price of the nearest substitute which enables the customer to achieve the same or similar set of goals should be used as the starting point for identifying the price.

And you cannot escape this question by claiming that your product is a "new to the world" product. Products are purchased because customers believe it will help them fulfill their goals. However customers achieved the goals which your product is designed to help them achieve should be considered to be your competing product.

Are You Better or Worse?

If you enable customers to reach their goals better than the competing alternative, you can price your product higher. If your product is worse than its competing alternative, you should price your product lower. That is what pricing to value is. Hence the second question is "Are you better or worse?"

The point of product differentiation is contained in this question. The price of a product relative to its competitors should reflect the sum value of the positive differentiating factors less the sum value of the negative differentiating factors. By adding more positive differentiating factors to a product, the firm is increasing its pricing power.

If your customers think that all the competing products are the same, then I am sorry to say that your pricing strategy is reduced to matching your competitor's price for you have determined that you sell commodities. But don't give up hope, even the marketing of commodities can be differentiated and hence some pricing power can be uncovered.

Why should I even care?

This last question is purposely stated in an emotional manner, because purchasing is an emotional decision by customers. The third question is written to remind us of the importance of the customer's perspective, ensure that whatever differentiating factors are used to define the pricing strategy are relevant to the market, and to bring a little psychology into the mix.

The first two questions – "What's the alternative?" and "Are you better or worse?" – are logical questions. They drive pricing strategy to fit a rational economic viewpoint of the world: customers are value maximizing creatures who will purchase the best product after subtracting the price of acquisition.

This homoeconomicus viewpoint will get your pricing in the right ball park most of the time, but sometimes it is wide of the mark. Customers, which in both consumer and business markets are humans, are not completely rational. Our perception of what is the right price to pay for a product is subject to, what academics like to call, cognitive errors. These cognitive errors arise from deep seated psychological, neuroeconomical, behavioral, environmental, and perhaps even evolutionary forces.

In terms of pricing, it is important to ensure that the emotional perception of your price is in line with the logical perception of your value. If the price is logically right but emotionally wrong, it is likely that the emotions will override the logic and your customers won't purchase.

Fortunately, the perception of the product's value, and therefore the right price, is somewhat under the firm's influence. Firms can use this to help their customers care deeply about the positive points of differentiation and little about the negative points of differentiation, thus enabling the firm to capture higher prices.

Setting Pricing Strategy

So if you know little about pricing or need to divine a pricing strategy quick, just ask these three questions, and ask them from the customer's perspective.

- What is the alternative?
- Are you better or worse?
- And why should I *even* care?

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The Price Is Right

The global financial crisis of the past few years has dramatically affected pricing. Many companies have focused more on costs and maintaining margins than on maintaining strong pricing strategies. However, as the author explains, pricing is a company's most effective profit driver, even in times of crisis. Hermann Simon is the chairman of Simon-Kucher & Partners Strategy & Marketing Consultants, former professor of business administration and marketing at the Universities of Mainz and Bielefeld, and author of the books Hidden Champions, Power Pricing *and* Beat the Crisis *(www.hermannsimon.com). This article was originally published in IESE Insight Issue 8/2011: http://insight.iese.edu/.*

The whole game of pricing has been dramatically affected by the financial crisis. In good times, it used to be that if you discounted prices by ten percent, your sales and volumes went up. But in times of crisis, you have to slash prices by 20 or 30 percent, which, of course, destroys your margins.

There are only three profit drivers: volume, price and cost. Yet typically 80 percent of managerial attention is on costs, in processes and manufacturing, and what's left goes to sales (mostly advertising). Pricing is largely neglected, especially by top management. But I would argue that price is a company's most effective profit driver.

Of course, when we talk about price, we must never view it in isolation. The most important aspect of pricing is not actually the price itself. As I mentioned before, simply discounting or cutting prices is not effective, especially as price elasticity has been greatly eroded by the crisis. Price, rather, is a reflection of the value perceived by the customer, and this value determines his or her willingness to pay. Understanding this distinction and creating value from the beginning are the keys to good pricing. So, managers' real focus ought to be: How can we offer safe, reliable value to our customers?

Once we have created value – in terms of quality, brand and service – then we can set a price that reflects this value. Pricing is ultimately a question of value delivery and value extraction. I call this "power pricing." Many companies do not think this way. They remain market share- or volume-oriented. I think this is disadvantageous, because profit must be the goal – not necessarily short-term but rather long-term profit, which translates into value for shareholders, consumers and other stakeholders.

Restoring Consumer Confidence

Having recently returned from Asia, one major pricing development that I see is the emergence of an ultra low-price segment. This means previously unknown price levels. The most famous example is the Tata Nano car in India, which sells for $2,500. In China, the cheapest car costs around $4,000, so this Indian car is about half the price of the cheapest Chinese car. Within emerging economies, this ultra low-price segment is exploding. The high annual growth rates in India, China and Brazil enable hundreds of millions of consumers to buy an industrial product, like a small car or a moped, for the first time.

Another major aspect in restoring consumer confidence is shifting risk from buyer to seller. Let me give you an example that has been extremely successful in the United States. Since 2009, the Korean car manufacturer, Hyundai, has guaranteed to take your car back if you lose your job within a year. Essentially, they took the risk away from the consumer and assumed the risk themselves. Clearly, this strikes a chord with the consumer, as Hyundai's volumes have shot up and its market share increased during 2009-2010. Granted, this strategy might not work quite so well everywhere, such as in Spain, where the level of unemployment is much higher. Still, given the fact that the more unemployment there is, the more afraid people are to buy, I think that this idea of companies sharing risks with their customers can be an effective strategy.

In general, the crisis is causing a reallocation of risk. This has nothing directly to do with price, but strongly affects the value that the customer perceives, which, of course, has everything to do with price.

Whatever pricing strategy managers choose to follow, it's important not to get sidetracked into thinking that cost cutting is the best and only way to deal with the crisis. As I see it, the main problem of the crisis is not costs, but sales. People simply refuse to buy because they are uncertain about the future or afraid of losing their jobs. Therefore, any measures to address the crisis need to take this into account. "Power pricing" expresses this crucial conception of price as creating value, which is what ensures company survival.

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Don't Let Customers Freak Out Over Price Hikes

With the economy on the rebound, chances are that your company will consider a price increase this year. However, many companies who have attempted price modifications in recent months have experienced massive customer backlash. In this article, the author provides tips to help ensure that your price hike doesn't turn into a stressful endeavor. Rafi Mohammed is the founder of Culture of Profit LLC, a Cambridge, Massachusetts-based company that consults with businesses to help develop and improve their pricing strategy, and author of the Pricing for Profit Blog. He can be reached at rafi@cultureofprofit.com.This article originally appeared in the Harvard Business Review blog at HBR.org.

Last year's business pages were filled with episodes of consumer outrage over price hikes. Within hours of Verizon's announcement of a new $2 "convenience fee" for one-time payments, 130,000 people had signed an online protest petition and the FCC had expressed its concern to the media. The President of the United States criticized Bank of America's planned $5 monthly debit card fee by saying, "This is exactly why we need [a regulator] whose sole job it is to prevent this kind of stuff from happening." Three and a half months after announcing a price increase in July 2011, Netflix had lost 800,000 customers and its stock nosedived from $291 to $75. In response to this uproar, Verizon quickly reversed its price hike and Bank of America eventually did too. Netflix stood firm on its pricing decision and its stock has since inched up to $124.

These episodes show how difficult it is for companies to mess with pricing. When I spoke with a CFO about this recently, he said: **"The key is to not let a price hike become emotional to customers, because that's when they become irrational and ultimately leave."**

There's enormous truth in that insight. With the economy on the rebound, chances are that your company will consider a price increase this year. Following the tips below will help ensure that your price hike doesn't result in drama and unwelcome media frenzy:

Employ Bedside Manners. No one likes to pay more, so explain why you're raising prices. Gain consumer acceptance with justifying reasons such as: (1) Costs have increased, (2) We haven't taken an increase in several years, or (3) We kept prices low to help customers weather the recession. Bank of America, for instance, should have emphasized that the Durbin Amendment to the Dodd-Frank bill reduced fees that debit card issuers receive from 44 cents to between 7- and 12-cents per transaction. Thanks to our elected officials, now this 73% to 84% drop in fees has to be made up.

Offer Choices. No one likes being cornered with a "take it or leave it" ultimatum. A price increase is more palatable if there is an option to save money. Even if you don't expect anyone to take the cheaper option, offer it anyway. Consumers appreciate choices and use the lower price as an anchor reference to base buying decisions from: "for only 10% more, I get all of these additional benefits."

> A price increase is more palatable if there is an option to save money.

Netflix wouldn't be in its current crisis had it in essence said, "We'll continue to provide all of the content that you have today at our pledged price, but if you want the additional great content that we are paying billions of dollars to acquire, you'll have to upgrade to our silver and gold packages."

Keep Your Word. Only apply price increase to new purchases and renewals, and grandfather existing deals under the old policy. Verizon tried to hike prices on all of its existing contracts. That's changing the deal, and it's not fair.

Emphasize Value. Make it a point to reinforce that even with the price increase, your product or service is still a great deal. Even with a higher price, for instance, Netflix is usually cheaper and arguably a more robust service than HBO.

Everyone Else is Doing It. Pointing out that rivals also are raising prices makes your actions seem fairer to consumers, especially if your price increase is lower than the references that you highlight.

P.S.: You'll Make More Money Too (B2B situations). While I don't condone it, most retailers set prices by simply marking up their wholesale costs. Thus, if wholesale prices go up, retail prices do too. If demand remains constant or minimally reduced—retail profits will rise. The key is to demonstrate to retailers (and help ensure) that consumers will accept the price increase.

At most companies today, rolling out a price increase involves a few quick edits to an old press release or a letter to buyers. But times have changed and so must your tactics. As a result of an increased price sensitivity and proclivity to vent via social media, it is now essential to develop and execute a well-orchestrated strategy to successfully increase prices. Follow these tips to increase your odds of a profitable result.

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Pricing for Services

What do service businesses sell? According to the author, the default answer is "hours." But from a pricing perspective, is pricing by hours the best approach? In this article, the author explores this question in depth and provides tips for services businesses to use in defining their value and pricing accordingly. Reuben Swartz is President of Mimiran, LLC, a PPS CPP Faculty member, and a frequent PPS contributor and conference presenter. His online pricing training courses can be accessed at www.PricingSociety.com and he can be reached via www.miriman.com or at reuben@mimiran.com.

What do service businesses sell? If you looked at invoices from consultants, lawyers, gardeners, and others, you would assume these businesses sell hours. And maybe they do. But is that what customers buy?

I get this question a lot, both from companies who want to figure out how to optimize their pricing, and from businesses who want to automate not just proposals but quoting, and suddenly realize they don't know what to enter under "Products," let alone pricing.

Let's look at how most services businesses answer this question and why I don't like that answer. The default answer is "hours." 500 hours of a senior software engineer. 120 hours of a solutions architect. 20 hours of earth removal.

The advantage of this approach is that it's simple for everyone to understand. I will work for you for a certain number of hours, and you'll pay me a fee for each hour worked. Kind of like you're a parking meter. (You can probably guess where I'm going with this–subtlety isn't my strength.)

Now let's look at the disadvantages:

• **Your rates are tied to people.** You can't take a Senior Solution Architect who was $250/hour on the last project and sell her as a Junior Integration Consultant to the same customer for $125/hour, even if she's not busy, and it would be the right solution for you and the customer. Even doctors have figured this out. They don't bill an hourly rate for a checkup and the same rate for open heart surgery. The bill based on what they are doing (or rather, what the government and insurance companies think they are doing– but that's a whole different discussion).

• **You invite commoditization.** Whenever you quote a rate of $X/hour, you invite comparisons with a competitor who charges X – 20%, or X/2, or even X/10. Even if the buyer understands that you will take half the hours, and do better work, they only concrete thing they have to compare is the hourly rate. Especially in the age of outsourcing, this puts you at a big disadvantage. Back when I charged people like this, I had one prospect tell me that they knew I would be a great deal for them, but they couldn't get approval to pay $175/hour. (I later learned how to bill them $300-500/hour, which provided tremendous value for them in a politically acceptable way, but we'll discuss this more later.) It didn't matter what skills I brought, or how much faster I could complete the task, or how much value they would get out of the project. They simply weren't authorized to pay that kind of hourly rate.

• **You limit your compensation regardless of the value you deliver.** There's a story about a real estate developer trying to get a 9-figure project moving. His lawyer cleared away the obstacles with a few phone calls and presented a bill for a few thousand dollars. The developer said that the bill was absurd, tore up the invoice, and wrote a check for a million dollars. Most of our clients are happy to get good value, but unlikely to pay more than their invoices require. If you combine this issue with the previous one, you end up chained to your job, trying to hit utilization targets instead of value targets. You work yourself out of your own passion, the very thing that drove you to start the business in the first place.

• **You have to watch the clock.** Not only do you have to track your hours, you have to account for what you did with all of them. When I've done hourly billing, I found this could add an overhead of 10% to a project. Cost of time to me and money to the client that was not spent on solving their problem, but just on bookkeeping. If the client is paying by the hour, they have a right to know what happened in those hours, but this approach drives me crazy. I don't have a mind that shuts off when I leave the meeting. I have had important insights and solved critical client problems while driving away from their offices, while jogging, in the shower, and yes, I'll admit it, even on the toilet. Sometimes I'll decide that it's time for bed, especially if I've been stumped on something, close my computer, head for bed (very quietly if my wife is already asleep), settle under the covers, lay my head on my pillow,

You have to watch the clock. Not only do you have to track your hours, you have to account for what you did with all of them.

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close my eyes, and then realize that I just solved the problem. I'll suggest to myself just going to sleep, and that surely I'll remember in the morning, but it's too late, the wheels are turning, and get out of bed, back to my computer and take care of the issue. How do you bill for this in an hourly manner? Lawyers have the answer, of course, just bill for all the time, but I don't want to think about billing, I want to think about the customer's problem.

Most of you who read this are going to go back to billing hourly. That's OK. Just set up your rate structure so you can make money, delight your customers, and retain your passion. Often, this just means raising your rates to the point that some of your customers say no, and you can say no to some of your customers.

I sell services. What does the customer buy?

Now let's look at the whole situation from the customer's perspective.

The interesting question in sales (and in pricing) is not "what am I selling?" It's "what are you buying?" As the saying goes, no one buys drill bits, they buy holes. And they need holes to do something else. Customers buy services for the same reason they buy drill bits. Perhaps they even want to buy the holes, letting you drill them.

Human nature makes us want to focus on ourselves. We want to talk about what we sell and why it's so great. We want to look at our costs and our goals and set an inward-looking price to make our profits.

Customers want to solve their problems. We can be much more successful if we focus on our customers' problems, figure out the value in solving them, figure out how much we can charge to help solve them, then how we should deliver the offering so we can be profitable.

An extreme example is contingency-based fees charged by lawyers, rain makers, and other high level partners. They get a (big) cut of any benefits, but don't get paid unless they generate value.

These situations require 2 attributes:

- **A clearly defined value that the parties can divide.**
- **A clearly perceived differential value that prevents someone else undercutting the price.** In the case of the lawyers, most people would rather get a better lawyer and try to win, rather than "save money" on a cheaper lawyer who is less likely to win and may win a smaller settlement. In addition, trial law still requires geographic proximity– you can't just outsource your lawyer to a cheaper country.

Most services businesses operate without either of these advantages. Even the customer may not know, or even be able to know, how much value you deliver. And in most cases, there is a cheaper alternative available.

So you need some way of knowing what the customer is buying, what outcome they actually care about, and approximately how much it should be worth to them. Thanks to human nature, people like to talk about themselves and their problems. So if you are genuinely interested in helping them solve their problems, they are usually happy to provide you with lots of information about them. You may even have to ask some questions they haven't considered. I always like to ask "how will you measure success?"

Note that if you overestimate the value, the customer can always tell you that you are too expensive. If you underestimate, they usually don't tell you that you are too cheap. Now let's look at how to sell outcomes.

I sell services. What should I sell?

If the customer is willing to pay $100,000 for a certain outcome or deliverable, you can then decide if you can or want to deliver it for that price. In many cases, the customer will compare the price with quotes from more traditional firms who are billing based on time and materials.

If you're competing with someone overseas who is charging $30/hour, you don't want to have to justify why you are $300/hour, even though you will take 10x fewer hours to complete the project. You don't want to have to justify $90/hour, even if it will take you a third as many hours. You want to keep the focus on the benefits and the overall price. Is this a good investment for your customer? You don't want to be in the business of convincing them to make bad investments, right?

The closer you can get to the real outcome, the more easily you can use value-based pricing. You may not be able to get a 40% revenue share like a trial lawyer, but even doctors, who can't guarantee outcomes, get paid different amounts for

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different activities. (Medical pricing is pretty screwed up, but I don't hear anyone saying they think doctors should get paid by the hour, regardless of what they are doing.)

So if customers really care about outcomes, not hours, and if hourly pricing lowers the profit and increases the drudgery of providing services, why do so many service proposals have hourly billing? When everyone is doing it, it becomes standard practice. People start asking "what are your rates?" not "how much will it cost?" And when companies start comparing bids, hourly rates are easy to compare.

Furthermore, if you can't differentiate your offering from a competitor's hourly option, the solution becomes commoditized and the market drives rates towards marginal cost. This means that you can't simply charge a portion of the benefit, even if you could quantify it, because other competitors could then deliver better returns at lower prices. **You can only price up to your perceived differential value.**

Sounds bad, but if you're trying to get out of hourly billing, you can actually use this to your advantage. You know approximately what other providers will bill, based on the estimate of work and hourly rates. You can differentiate in terms of value delivered (might be hard) or time spent. If you can truly do the same work in less time, you can bill similar total amounts, leading to a higher effective rate.

For example, when I did a lot of high end pricing analytics, we built custom tools to allow us to crunch through certain "what-if?" scenarios much more efficiently than you could in Excel. We could do in a week what a typical consultant might do in a month, and we could do in 3 man months what another firm might do in 6 or 12. Of course the effective rates were higher. The company from Part 1 that refused to pay $175/hour later gladly paid twice that effective rate because we recast the project as a deliverable with a due date.

You have to be able to do something better, cheaper, and/or faster than your competition. Note that "better" means better in the customer's eyes.

For this to work, you have to be able to do something better, cheaper, and/or faster than your competition. Note that "better" means better in the customer's eyes. If they don't perceive the value, it's not real. If they do, even if you don't think it's important, it is. Cheaper and faster are amenable to technological improvements (like our custom software tools), or other templates and prebuilt intellectual property that you can use repeatedly.

One great thing about this method is that you have a lot of flexibility to serve the customer. For example, in one case, we realized that it would be better and cheaper to buy an off-the-shelf software package rather than doing the work by hand or implementing certain software features ourselves.

If we had been on a typical hourly contract, we never could have won approval to do this in time. It would have broken the model and required another legal review. Since we were responsible for the results, we made the decision in an afternoon and were able to accelerate the project and deliver better results.

Using the project approach, you want to think about ways to deliver value faster, more easily, and in a more automated fashion. If you're just billing by the hour, there is a strong disincentive to improving delivery efficiency. Even if you're not simply billing lots of hours, your mind will be thinking in a different way– one that is ultimately not as good for you, your team, or your customers.

In addition, customers aren't exactly dying to handle extra paperwork. Some projects I've worked involved consultants, subcontractors (too specialized for me to hire full time, but essential for certain pieces of certain projects), and other 3rd party services. Simply getting approvals for all these pieces, let alone managing them, invoicing, and processing payments, would have taken significant time for the customer and for me.

Instead, we wrapped it up nicely, saving time for the customer and ourselves, so we had more time to focus on actually delivering the solution.

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PPS Appoints Stephan Liozu to Board of Advisors

The Professional Pricing Society is pleased to announce the appointment of Stephan Liozu, CPP to its Board of Advisors. Liozu, President and CEO of ARDEX Americas, brings international pricing expertise, proven corporate pricing success and global business acumen to both PPS leadership and our global membership of pricing professionals. For more information, please contact the Professional Pricing Society.

The Professional Pricing Society (PPS), the world's only professional society dedicated to pricing education and training worldwide, is pleased to announce the addition of Stephan M. Liozu to its Board of Advisors. Mr. Liozu is the President and Chief Executive Officer of ARDEX Americas, an industry-leading manufacturer of specialty cements for building professionals in North America. A native of the South of France and raised in Toulouse, he becomes the first European-born member of the Board.

Before joining ARDEX, Mr. Liozu served as the Vice President and General Manager of Freudenberg & Company. He has gained extensive international business and pricing experience working on three continents and living in six different countries.

Mr. Liozu holds an MBA in Marketing from Cleveland State University (1991), a European Master degree from Toulouse IAE School (France) of Management with a major in Innovation Management (2005) and attended The General Management Program (TGMP) at Harvard Business School (2005). He earned a Six Sigma Green Belt in 2007 and achieved the Certified Pricing Professional (CPP) designation from The Professional Pricing Society in 2009. He has taught International B2B Pricing Strategies to Master's Degree students at Universities in Toulouse, France, and is currently pursuing a Ph.D. in Management of Management from Case Western Reserve University (Cleveland, Ohio) on the topic of the organizational journey towards pricing excellence. He is also co-authoring a book on pricing innovation with Dr. Andreas Hinterhuber that will be published in the fall of 2012.

"The Professional Pricing Society's Board of Advisors represents some of the world's foremost thought leaders within the pricing discipline. Stephan Liozu is a well-known advocate for successful pricing strategies and his dedication to furthering pricing knowledge through his research is unparalleled," said Kevin Mitchell, President of the Professional Pricing Society. "We look forward to benefiting from his insights and we believe that his unique expertise as an academic, but also as a President and Chief Executive Officer who has taken the extra steps to insure that his staff receives the best pricing training in the manufacturing industry, will be a valuable asset to the global pricing community."

Impressive credentials

Mr. Liozu has used his extensive management acumen and expertise in pricing, marketing, finance, and operations to lead his company in a "pricing transformation" and drive growth for ARDEX during an especially difficult recessionary period for manufacturers and companies who supply products for the building industry.

He obtained his Certified Pricing Professional designation through PPS online training, redefining pricing's role throughout the entire organization. But he isn't stopping there. He is leading by example and developing a strong internal pricing practice. ARDEX now has 28 managers who have achieved CPP status or who are in the process of achieving their CPP.

"I am honored to join the Professional Pricing Society Board of Advisors," Liozu said. "Pricing is an important process for capturing value in the market, and top executives need to be sensitive to pricing and to embrace the best concepts in the field to transform the pricing culture in their firms. Being part of the PPS Board will give me the opportunity to further promote the pricing and value management agenda in the business and pricing communities worldwide and to deliver the message about the profit potential and market power provided by sophisticated pricing strategies."

Over the past two years, Mr. Liozu published academic articles in the Journal of Revenue and Pricing Management as well as in the Journal of Strategic Marketing. Mr. Liozu has also written several articles on Strategic Pricing issues for the Journal of Professional Pricing and is a regular presenter at Professional Pricing Society conferences in Europe and North America. He recently delivered a keynote address entitled "Organizational Confidence in Pricing: An Academic and Practical Exploration" during the PPS 23rd Annual Spring Pricing Conference & Workshops held in Chicago on May 8-11. 2012.

"I have been involved with PPS for years," Liozu continued, "and both I and my company have significantly benefitted from their resources, events and education opportunities. I look forward to supporting PPS in developing and strengthening the global pricing community."

For more information on the Professional Pricing Society, the Board of Advisors, pricing training courses and events, and all of our other services, visit http://www.PricingSociety.com.