



2BOBS

CONVERSATIONS ON THE ART OF CREATIVE ENTREPRENEURSHIP WITH DAVID C. BAKER & BLAIR ENNS

5 LEVELS OF PRICING SUCCESS



A HELICOPTER VIEW OF PRICING



1. LABOR ARBITRAGE

- Selling time for money
- Via hiring, you buy hours in bulk at a lower level, then resell them at a higher level.

2. MAXIMUM UTILIZATION

- Hitting the **2** ceilings:
 - MAXIMUM MARKET RATE
 - MAXIMUM UTILIZATION HOURS
- When you try to increase your bottom line but end up only increasing headcount

5. PERFORMANCE PAY

SKIN IN THE GAME!

- A form of value based pricing
- Deliver outcomes for a fee...
- You give up some of that fee for the chance to hit incentives (KPI's) for a higher fee.

THE INEFFICIENCY PRINCIPLE:

BLAIR'S BLOG POST: "THE COMPLEX BATTLE FOR MARGIN"

INNOVATION ↔ EFFICIENCY

↳ OPPOSABLE OBJECTIVES! ↵

- Exponential effort for small margins
- SYSTEMS
- SOFTWARE
- PEOPLE

3. PROGRESSIVE PRICING

- Innovative pricing options
 - PRICE THE CLIENT NOT THE JOB
 - OFFER OPTIONS → Helps you with your pricing baggage
 - ANCHOR HIGH → Enables decisions
- Big firms don't have pricing role models

4. VALUE BASED PRICING

ASK THIS ↓

What is the work worth to them? → **NOT THIS**

What does this cost me?

IT'S ALL ABOUT Listening!

YOU MUST HAVE VALUE CONVERSATION PRACTICE + SKILL.

IT'S ALL ABOUT Listening!

• NOT time or deliverables

• "PRICING IS A PRISON OF YOUR OWN MAKING"

• You're being paid to achieve goals and create value

• Not for everyone or every client! Test.

1. LABOR ARBITRAGE

2. MAXIMUM UTILIZATION

BIG GAP! MINDSET CHANGE REQUIRED.

3. PROGRESSIVE PRICING

BIG GAP! MINDSET CHANGE REQUIRED.

4. VALUE BASED PRICING

5. PERFORMANCE PAY

6. CONTINGENCY PAY