



PRICING FOR PROFITABLE GROWTH

WHITEPAPER 5 - SERIES OF 5

The Pricing Journey

From Reactive to World-Class: A
Roadmap for Sustainable Profitability

Jorge Olivares | Certified Pricing Professional (CPP) |
Senior External Advisor at Vesper Commercial Excellence

EXECUTIVE SUMMARY

Pricing transformation is not a destination; it is a continuous journey. It demands a sustained combination of strategic discipline, operational governance, enabling technology, and cultural alignment. This final paper synthesizes the full scope of pricing excellence: how governance ensures execution, how technology scales capability, how human behavior shapes outcomes, and how organizations progress through the five stages of pricing maturity, from reactive practices to world-class commercial performance.

5 levels of the pricing journey; from The Firefighter to The Master	5-8 years typical timeline to reach Level 4 pricing maturity from a Level 1 starting point, visible results within first 2-3 months	Level 3 the maturity level where most B2B organizations start achieving significant and sustainable commercial results
---	---	--

Price Realization: Closing the Strategy to Revenue gap

A pricing strategy that is not executed effectively has no value. Price realization ensures that the intended price translates into actual invoiced revenue and ultimately into retained margin. In most organizations, the gap between intended and realized price is larger than top management assumes, and far more controllable than it appears. Closing this gap is one of the fastest ways to unlock margin improvement.

The Price List and Discount Policy: Your Commercial Constitution

The Price List establishes the starting point for all commercial interactions. It is not, by itself, a pricing strategy, but it is the instrument through which strategy is made operational. A well-designed price list reflects segmentation, competitive positioning, and a coherent value narrative.

The Discount Policy defines the boundaries of commercial flexibility. It clarifies:

- Who can approve discounts
- At what levels
- Under which conditions.

Without a structured and enforced policy, pricing outcomes depend on individual judgment, leading to inconsistent decisions and systematic margin erosion. The governing principle is simple: authority must scale with deal size, and all exceptions must be formally approved and documented.

The following illustrative framework represents a B2B distributor's discount governance structure:

Revenue Threshold	Sales Rep	Sales Manager	Sales Director & Pricing	Commercial Committee
< €200K	Up to 7%	Up to 12%	N/A	N/A
€201K – €400K	Up to 11%	Up to 17%	Up to 22%	N/A
€401K – €900K	Up to 15%	Up to 21%	Up to 27%	Up to 35%
> €901K	N/A	N/A	Up to 31%	Up to 42%

Annual Price Increases: The discipline of sustainable margin

Regular, predictable timeframes for price increases are one of the most commercially underestimated practices in B2B business management. Organizations that apply annual price increases with transparency, advance notice, and a clear value narrative, create commercial predictability, maintain margin against inflation, and build a culture of pricing confidence.

Organizations that avoid annual increases silently accumulate margin erosion until a forced correction is required which typically generates far greater customer friction than smaller, regular adjustments would have caused. Regular increases, communicated with integrity, are a strong commercial alternative.

For annual increases to be executable, two structural elements are required: contractual clauses enabling periodic adjustments, and a defined governance process covering scope, timing, communication, and accountability.

Organizations that apply annual price increases are also more effective when face the need of a mid-year price adjustment due to unforeseen external causes (inflation, tariffs, etc.).

Pricing Governance: Turning Strategy into Execution

Governance is the mechanism that converts pricing strategy into consistent commercial behavior. Without it, even strong strategies deteriorate into ad hoc decisions and uncontrolled discounting. Effective governance operates across three dimensions.

1. The Price Approval Process

Approval workflows must be proportional:

- Simple deals → streamlined process for approvals
- Complex deals → structured and holistic review

Consistency is critical as exceptions erode discipline rapidly.

2. Revenue Growth Management: Beyond Price Optimization

Revenue Growth Management (RGM) is a cross-functional discipline that connects pricing to the broader set of commercial levers that drive profitable growth: product and customer mix, promotional investment, channel economics, and demand-shaping mechanisms. Where traditional pricing focuses on the price of a single transaction, RGM optimizes the full commercial equation across segments, channels, and time horizons.

At its core, RGM integrates dynamic price management, capacity and mix optimization, and structured promotion governance into a unified commercial framework. It is not a reporting tool or a finance functionality; it is an operational discipline that connects pricing decisions to real-time demand signals and commercial conditions. Organizations that operate with RGM discipline consistently outperform peers on both revenue growth and margin retention, because they manage all value levers simultaneously rather than in silos.

3. KPIs and Dashboards

Pricing governance requires a defined set of KPIs that are reviewed regularly at the appropriate organizational level. Here is a list of common pricing KPIs:

- Net Price Change (NPC): Tracks real price evolution
- Price Waterfall: Identifies sources of margin leakage (see Whitepaper 1)
- Discount Compliance Rate: Measures adherence to policy
- Deal Quality Metrics: Win rates, rejection reasons
- Customer Profitability Distribution: Profitability across segments

As the saying goes: *what is not measured cannot be managed*, and in pricing, on top it will deteriorate.

Pricing Automation: Sequence Matters

Technology enables scale, but it does not replace strategy. As other functions, automating a flawed pricing process only accelerates poor outcomes. The correct sequence is:

Strategy → Model → Governance → Automation

The automation readiness questions

Automation should be driven by business need, not technological enthusiasm. Relevant questions should be raised before any investment is assessed and approved, for example:

- How many SKUs and transactions require pricing decisions monthly?
- How much time are commercial teams spending on pricing administration versus value-added activities?
- Where are the costliest sources of pricing inconsistency?

CPQ: The commercial workflow engine

Configure, Price, Quote (CPQ) systems streamline the commercial workflow by ensuring valid product configurations, applying correct pricing and discount rules, and generating consistent, professional quotations. For complex offerings, CPQ reduces errors, shortens sales cycles, and enforces pricing discipline at the point of interaction.

AI in Pricing: Capability and caution

As of September 2026, Artificial intelligence enhances pricing through elasticity modeling, dynamic pricing, pattern detection, and margin simulation. However, AI is only as effective as the data and objectives behind it. AI supports decisions, it does not replace accountability.

Governance principle

AI informs and recommends. With strategy, governance and commercial context, humans must decide and remain accountable. Without these elements and human oversight, AI introduces commercial and reputational risks, which can even lead to government regulations (e.g., the Ticketmaster/Oasis concert pricing failure in 2023).

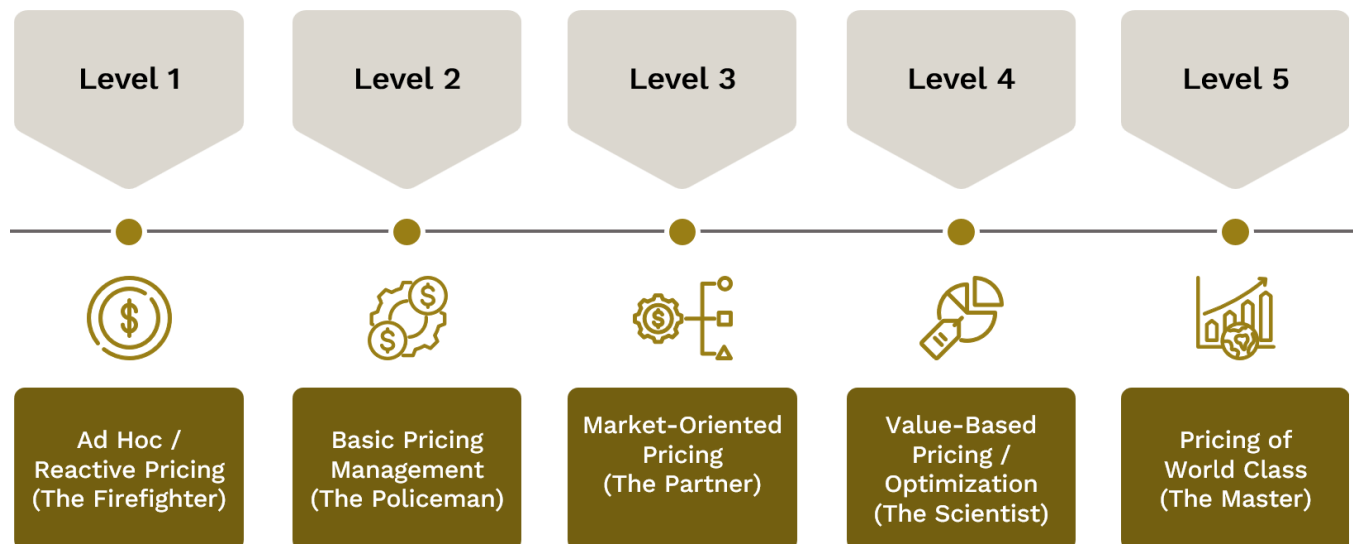
The Human Factor in Pricing

Pricing is executed through human interaction. Analytical precision must be complemented by behavioral understanding.

Some of the key principles:

- Anchoring: First price sets the reference point
- Middle-option effect: Customers gravitate toward balanced choices
- Price precision: Exact prices reduce negotiation pressure
- Pre-selection: Opt-out structures increase value capture
- Framing: Presentation shapes perception

The Five Stages of the Pricing Journey



The pricing journey is a structured progression of capability:

- **Level 1 - The Firefighter**

Reactive, unstructured, and driven by emergencies. Pricing lacks ownership and discipline.

- **Level 2 - The Policeman**

Basic controls emerge, such as price lists, approvals, and policies. Focus remains internal and cost driven.

- **Level 3 - The Partner**

Pricing becomes market-oriented and strategically relevant. Most organizations achieve significant gains at this stage.

- **Level 4 - The Scientist**

Advanced analytics and value-based pricing are embedded. Decisions are data-driven and scalable.

- **Level 5 - The Master**

Pricing is fully integrated, automated, and strategic. It becomes a core organizational capability.

Do You Need to Reach Level 5?

Not necessarily. Many organizations achieve strong profitability at Level 3. The real question is not the destination, but the commitment to continuous improvement. Standing still is not neutral; as competitors evolve, stagnation becomes decline.

Dismantling the Myths that Hold Organizations Back

Pricing transformation is frequently slowed by widely held beliefs that are demonstrably false. Addressing them directly is a prerequisite for organizational progress, here are some of the myths:

Myth: A price list is sufficient. **Reality:** The price list is one of the starting points. Without governance, discount policy, and execution discipline, it is just a document rather than a commercial tool.

Myth: In commodity markets, price is the only thing that matters. **Reality:** Even in commodity markets, differentiation through service, reliability, technical support, payment terms and other features creates pricing flexibility. Customers rarely buy on price alone.

Myth: Market share drives profitability. **Reality:** There is no direct correlation between market share and profit margin. Companies obsessed with share (such as GE under Welch's era, link: [3 Hidden Weaknesses That Strangled General Electric](#)) systematically sacrificed profitability for volume. Value-based growth is more sustainable than share-based growth.

Myth: Software will solve the problem. **Reality:** Implementing pricing software on a poorly designed strategy and governance structure produces incorrect answers at greater speed. Strategy first, technology second.

Myth: Attending a pricing course is enough. **Reality:** Education is the beginning of the journey. Sustainable transformation requires CEO sponsorship, cross-functional alignment, and the disciplined execution of a multi-year roadmap.

The Journey

The organizations that build enduring pricing capability share a common pattern. They begin with an honest, data-driven assessment of where they stand today. They identify two or three high-impact quick wins that demonstrate early commercial results. They build governance structures that make improvements visible and accountable. They communicate progress in the language of business outcomes such as margin improvement, win rates, price realization. And they do not stop. Pricing maturity is built gradually, and it can erode gradually if not maintained. The commercial environment is constantly changing. Competitors are adapting. Customer expectations are evolving.

We hope you have found valuable input with the 5 whitepapers; and remember, the journey is continuous.

"A strategy that is sufficiently good and well executed is worth more than an excellent strategy that is unrealistic to implement."

- Jorge Olivares, Vesper Commercial Excellence

This is the fifth and final whitepaper in the Pricing for Profitable Growth series by **Vesper Commercial Excellence**. We invite you to contact us to discuss how these principles apply to your organization's specific commercial context, email: info@Vesper-ce.com.

ABOUT THE AUTHOR

Jorge Olivares is a Certified Pricing Professional (CPP) with 18 years of experience in pricing, many of them at DHL Express where his last role was as Sr. Director of Customer Pricing for EMEA. He holds an Industrial Engineering degree from IPN Mexico and a Master's in Project Management from Keller Graduate School of Management. He has also held other roles at DHL, and worked for companies such as PwC, marchFIRST, TSYS, and Banamex. Jorge is currently a Senior External Advisor at Vesper Commercial Excellence, based in the Netherlands, where he helps B2B organizations build sustainable pricing capabilities that drive profitability.

[Jorge Olivares | LinkedIn](#)

Vesper Commercial Excellence | +31 (0) 853 039 482 | info@Vesper-ce.com | www.Vesper-ce.com