

Pricing as the forcing function.

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Why pricing alignment matters

Why it matters

Pricing is more than a monetization lever. It is the clearest, most concrete statement of your company's strategy in the market. The moment you set a price, you're forced to answer questions most teams try to avoid: Who exactly are we building for? What outcome do we promise? How do we expect customers to buy?

That's why we call pricing the forcing function. It doesn't let you hide behind broad aspirations or vague mission statements. It forces clarity. The packages on your website, the value messaging on your pricing page, the way your sales team discounts, the KPIs your finance team tracks — these are the real expression of your strategy.

	Misaligned Pricing	Aligned Pricing
Product	 Build for the wrong users, lack of focus on needle-moving features	 Build high ROI features for correct segment
Sales	 Chase bad fit customers, heavy discounts	 Know which deals to pursue
Marketing	 Generic value messaging, articulating features, muddled narrative	 Targeted value messaging, articulating benefits, clear narrative
Growth	 Low CLTV, low customer satisfaction, expansion stagnates	 Effortless, word of mouth, customers expand organically
Finance	 Unpredictable margins, ACVs, volume	 Predictability and confidence in forecasts

Why it matters

When pricing is aligned, the entire system compounds. Product invests in the features that truly drive outcomes. Sales knows which deals to pursue and which to walk away from. Customers expand organically as they experience more value. Finance sees predictable margins. Growth feels effortless.

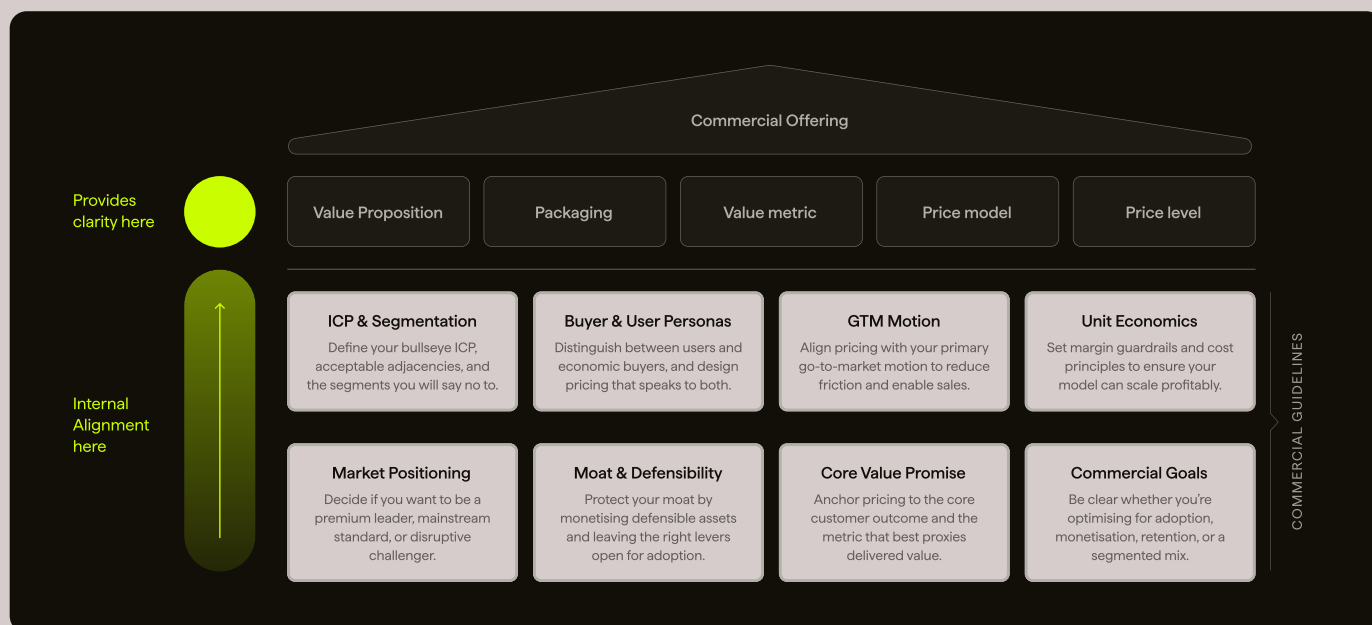
When pricing is misaligned, the opposite happens: product builds for the wrong users, sales runs in circles chasing bad-fit customers, discounting spirals out of control, and expansion stagnates. Misaligned pricing is not just a commercial issue — it's an organizational one.

Founder prompt

- If our pricing stayed as-is for the next 12 months, which customers would we win, and which would we lose? Are these the customers we want?

The commercial foundation for pricing alignment

Before you can design packaging or value metrics, your leadership team must align on the foundations. Think of these as the big bricks your pricing house rests on. If the bricks are misaligned or missing, everything you build on top will crack. Pricing design only works if the foundation beneath it is strong.



Vision & Ambition

What is our long-term mission — the “why” that guides our company?

Are we optimizing for adoption and market share, for monetization depth, for retention strength, or for a deliberate mix?

This brick sets the tone for every other decision.

Founder prompt

- If we hold our pricing steady for the next 12 months, are we intentionally optimizing for adoption, monetization, or retention — and does the leadership team agree on the mission behind that choice?

Market & Positioning

Target Segments & ICP

Who is our bullseye ICP — the customers who experience outsized value, have budget, and buy in the way we sell?

Which adjacencies are acceptable, and which segments do we deliberately exclude?

The best segmentation blends firmographics (size, vertical) with behavioural traits (digital maturity, jobs-to-be-done).

Positioning

Where do we want to sit in the market?

- Premium leader: commanding top prices and defending through brand and quality.
- Mainstream standard: balancing breadth and affordability.
- Disruptive challenger: undercutting incumbents, leaning on promotions and scale.

Moat & Differentiation

What makes us defensible — network effects, proprietary data, switching costs, integrations?

Your moat determines which parts of the product must be monetised and which should stay open to drive adoption.

Customer & Value

Buyer vs. User Roles

Who uses and who pays? A developer may adopt your tool bottom-up, but a VP signs the contract.

Pricing must balance the needs of both: transparency and elasticity for the user, ROI logic and predictability for the buyer.

Some products even have multiple economic buyers — understanding this is critical for packaging.

Core Value Promise

What is the core outcome we deliver, and what candidate metric best reflects it?

If your promise is “reduce time-to-hire,” do you charge per recruiter seat, per job posting, or per hire?

You don’t need the final answer yet, but you do need a working thesis.

GTM Motion

What is our primary go-to-market model — product-led growth, enterprise sales, hybrid, or partner-led?

Pricing must support this motion, not contradict it.

- PLG requires transparent entry points, usage elasticity, and upgrade triggers.
- Enterprise sales requires flexibility, ROI calculators, and discount discipline.
- Most scale-ups blend motions over time, but one should clearly lead.

Economics

Every foundation sits on economic ground truth.

What margin guardrails must we respect? Especially in AI, infra, or fintech where variable costs are material, clarity on minimum viable margins and passthrough rules is essential.

Without it, you risk scaling unprofitably.

Founder prompt

- If I asked the leadership team to sketch our commercial foundation, would we all build the same version — or completely different ones?

**Choosing your path:
rabbits vs. whales**

One of the earliest trade-offs every founder faces is whether to chase rabbits (thousands of small customers) or whales (a few large enterprises). Your product DNA and team culture should determine the path — not what your peers are doing.

Rabbits: If users can get value within minutes, you're built for velocity. Think Figma in the early days — single-player mode works, viral growth compounds. Pricing must be transparent, simple, and aligned to self-serve adoption.

Whales: If value only appears once you integrate across an organisation, you're built for whales. Workday and Palantir require enterprise commitment before ROI emerges. Pricing must support large, negotiated deals with ROI proof and flexibility.

Few companies succeed at both paths early on. The quickest way to fail is trying to serve everyone — optimizing for rabbits and whales simultaneously. That usually ends in muddle: confusing packages, mixed signals, and wasted resources.

Choosing your path: rabbits vs. whales

Successful rabbit-first companies often add enterprise sales when they reach \$20–30M ARR, while whale-first companies rarely succeed at PLG unless they find an actual single-player use case. Optimizing packaging and pricing is one of the key levers in bridging the transition, where your differentiated offerings can speak to differentiated value to both sides of the market.

Founder prompt

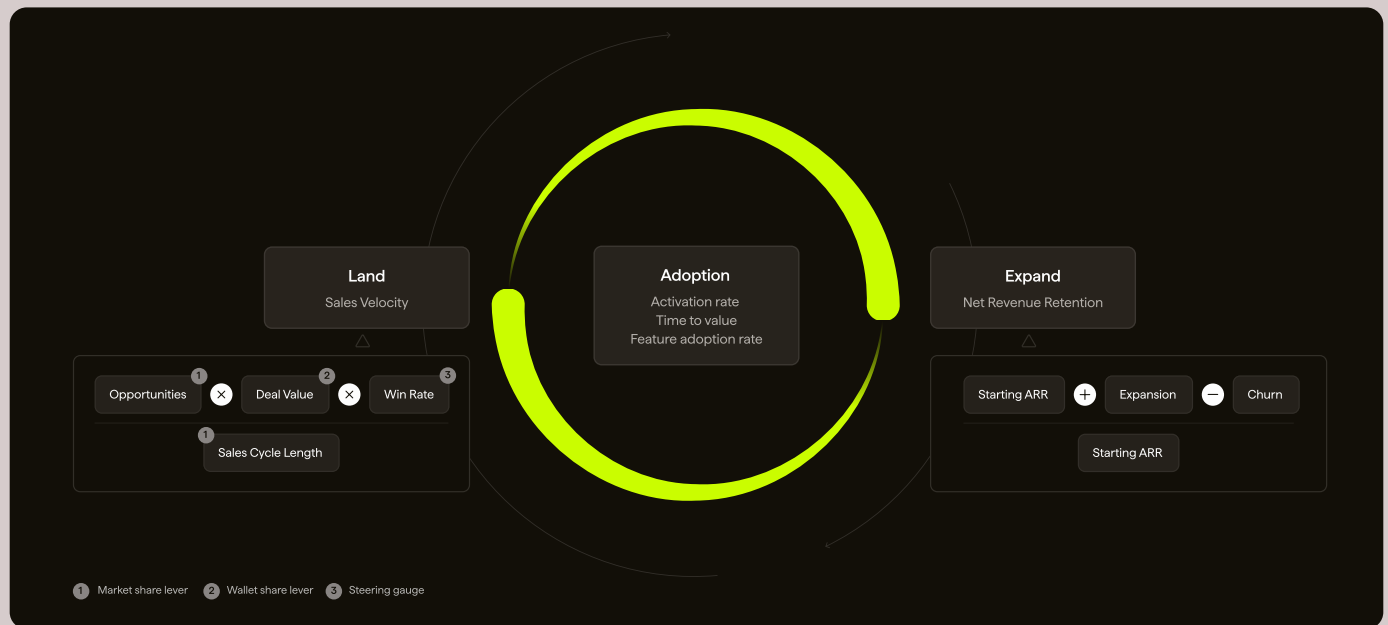
- Does our team get more energy from closing a \$500k whale or from watching a funnel convert 1,000 self-serve signups? Which approach matches our product and company DNA?

Balancing market share and wallet share

Once you've chosen your path — rabbits or whales — the next challenge is how to balance **market share** (logos, velocity) and **wallet share** (depth of monetization per customer).

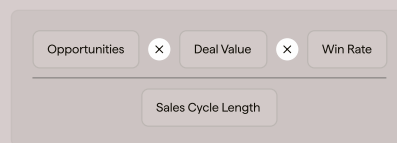
- For rabbit-first companies, the temptation is to underprice for maximum adoption. You flood the funnel, but risk anchoring too low. The \$20/user entry point many AI tools chose is a perfect example: great for market share, but when they later tried to move to \$200/user, customers saw it as a 10× price hike rather than a natural step up in value.
- For whale-first companies, the opposite risk applies. You can win large ACVs from the start, but if cycles are too long and opportunities too scarce, your flywheel never spins. Growth stalls before NRR can compound.

In today's AI-driven world, this balance has become even more critical. Usage- and outcome-based models shift risk from the buyer to the vendor. Shelfware is no longer tolerated — if the product isn't used, the vendor doesn't get paid. That raises the bar: adoption must be continuous and expanding, because only usage creates monetization.



Sales velocity: Finding the mix

The balance shows up in sales velocity — the formula that determines how fast revenue grows:



- Opportunities + cycle length → Market share levers
- ACV → Mallet share lever
- Win rate → the gauge. If your ambition is out of sync with your ICP, you'll feel it here.

Optimizing velocity is not about maximising any one lever, but finding the mix that maximises revenue per unit of time.

- Lean too far into market share, and you anchor deals too low, making future expansion implausible.
- Lean too far into wallet share, and you slow velocity so much the flywheel never builds momentum.

The anchoring effect

The ACV you land at doesn't just define today's revenue — it sets the ceiling for tomorrow's expansion.

- A \$1k land growing to \$100k is a 100× leap. Even if you deliver the value, buyers see it as a price hike.
- A \$10k land growing to \$100k is a 10× journey. Still ambitious, but credible when tied to adoption, broader usage, or added modules.

And remember: share of wallet is always relative. Landing at \$10k in a \$1M budget leaves plenty of headroom. Landing at \$10k in a \$15k budget means you're already close to the ceiling.

Expansion must be designed in

Neither logos nor ACV matter if customers don't expand. The only way to balance market share and wallet share over time is to design expansion paths from day one: usage ceilings, premium features, add-ons. Without them, you risk either:

- A broad but shallow base of customers that never grows, or
- A few big deals with no natural upsell triggers.

In usage-based and AI-driven models, expansion is no longer optional. Continuous adoption is the fuel that keeps monetization flowing. Pricing should encourage early value capture while setting up credible, fair ramps for growth.

Connecting back to the flywheel

Sales velocity fuels the front end of your monetization flywheel — how fast new revenue comes in. NRR determines whether those wins compound. In AI-driven markets, adoption is the gear in the middle: if usage stalls, the flywheel breaks.

The balance you strike at landing — how much of the wallet you capture upfront, and how credible your expansion path is — sets the pace and power of the entire system.

Founder prompt

- Are we capturing enough value at landing to make expansion credible, while keeping velocity high enough to spin the flywheel?

What “aligned” looks like

Outcome

When alignment is achieved, your organisation tells one coherent story:

- Everyone can articulate the ICP and value promise in one sentence.
- Pricing pages, sales decks, and contracts reinforce the same narrative.
- Sales, product, and finance pull in the same direction.
- Customers move through the flywheel naturally — and your metrics reflect it.

That's when you're ready to move on to Playbook 2 — **Design** — where these strategic guardrails translate into packaging, price models, value metrics, and price levels.

Ready to stop guessing?
Start owning your pricing
and grow with confidence.

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