



A CAPABILITY FRAMEWORK FOR PRICING TEAMS

Information to Drive Profitability and Build
Pricing Capabilities

Taylor Wells Pty Ltd
Level 8, 65 York Street
Sydney 2000, Australia

team@taylorwells.com.au
taylorwells.com.au
(+61) 2 91994523 /
(+61) 2 95418434

TAYLOR WELLS



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The impact of pricing skills gaps are huge:

1. Daily price operations get overly complicated and price management practices get chaotic
2. Price rise programmes are unstructured and poorly implemented and you'll find the business is losing customers, volume and margin
3. Price improvement programmes will lose momentum and project costs spiral out of control with zero margin gains



Our research finds that...

... when business do not identify their pricing skills gaps properly and/or have no method of closing them, price improvement programmes and cultural change lose momentum, EBIT growth is minimal and teams lose confidence in themselves and the pricing project.

A framework for pricing teams can help to regain control of price management and performance

Expecting teams to address their skills gaps on their own rarely works. People often don't have insight into their blind spots and areas for development.

Actively addressing the problem by providing them with a comprehensive framework on best practice pricing and revenue management behaviours and skills can help them self assess against the framework, and start their learning journey.

WHY YOUR BUSINESS NEED A PRICING TEAM FRAMEWORK?

A framework for pricing teams is a roadmap to accelerate profitable revenue growth

A pricing team planning framework gives you clarity on high performance pricing so you can close any skills gaps quickly and address problems in the best way possible.

You also get customised job analysis and descriptions to ensure roles are focused on the right goals and tasks.

By using this framework, you can build a targeted capability program that is focused on capitalizing on team strengths and filling skills gaps in the best way possible.

PROJECT RISKS: If you don't have or use a framework for pricing teams, then you risk:

- **Margin, revenue and volume loss**
- **Talent churn**
- **Bad hires**

Give your teams a roadmap to improve their pricing skills and pinpoint their gaps



What is a framework for pricing teams?

A framework for pricing teams is a strategic functional planning tool which helps you to clarify the role pricing and revenue management in your business.

A pricing team framework is role-specific and customised to your industry. It includes: definitions, competencies, behavioural descriptors and proficiency levels.

A pricing team frameworks provide each member of the pricing team with a baseline that tells them what is expected of them, what skill gaps exist and what development activities are needed.

The framework and all competencies, behaviours and descriptor are developed from working with over 100 companies.



Our research shows that dedicated pricing professionals tend to be very passionate about pricing and are motivated to learn how they can achieve price mastery.

Unlock the profit potential of your pricing team

According to an Accenture study, among companies currently facing or anticipating a skills shortage:

- 66% anticipate a loss of business to competitors
- 64% face a loss of revenue
- 59% face eroding customer satisfaction
- 53% say they will face a delay in developing new products or services

A framework for your pricing team can close skill gaps quickly, increase engagement, and drive retention

** A proven pricing framework helps a pricing team to self direct and develop in the right areas.*

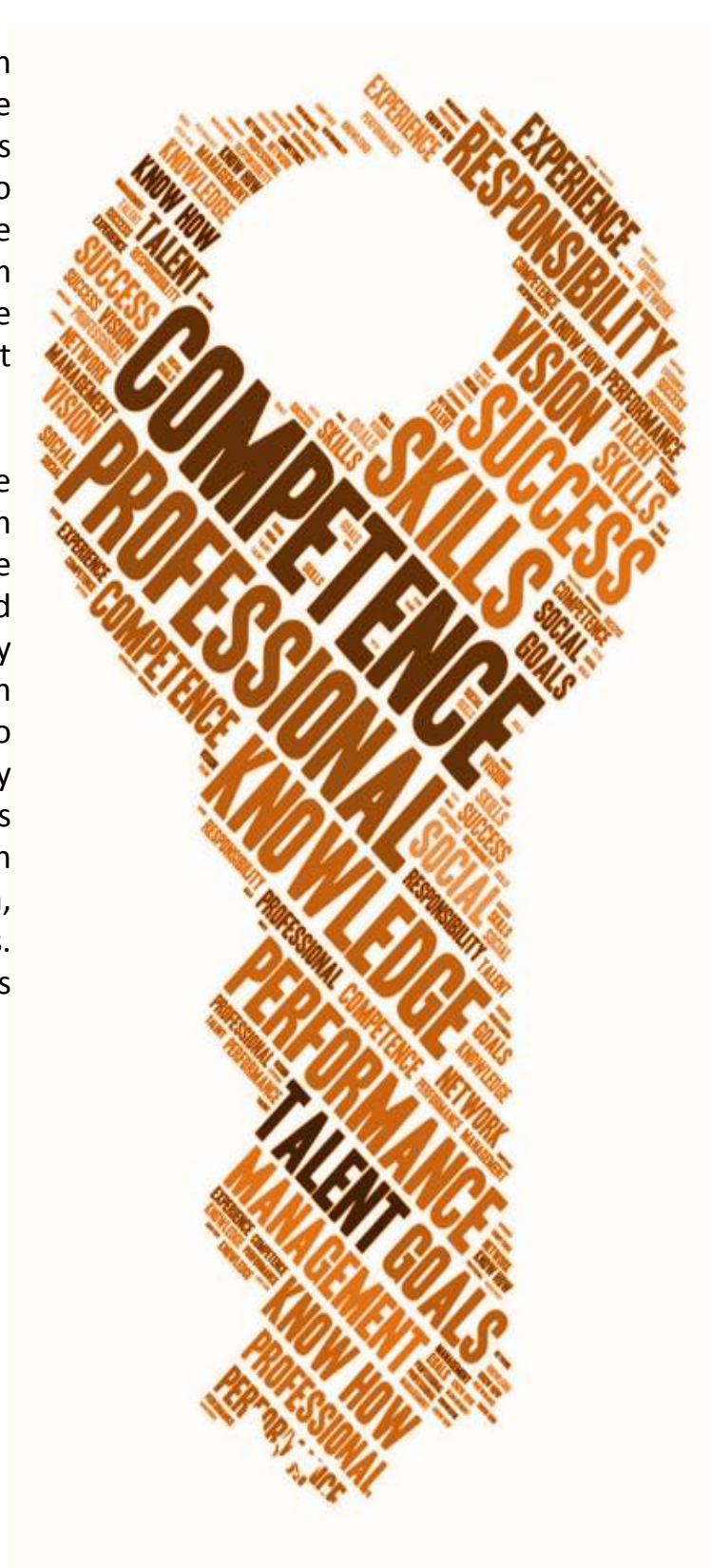


Competency models provide each person with a road map for how to be great. The road map must identify the various levels of proficiency that separate someone who is adequate in that role from someone who is adequate in that role from someone who is at the top end of the scale, so they can create a picture of what great looks like.

In the Accenture study, 87% believe that a skills gap increases stress on existing employees who need to cope with new challenges without the required skills. If you cannot easily specifically pinpoint your gaps and be presented with how to close them, this stress leads to disengagement. At that point, you may consider looking for opportunities elsewhere. Competency models, when people can self-assess against them, enable people to pinpoint their gaps. Personalized learning is what identifies how to close them.

If you don't use them, you risk:

- A disconnect between learning investments and corporate strategy
- Learning programs that don't close the right skill gaps
- Frustrated and disengaged employees



WHY COMPETENCY MODELS ARE IMPORTANT

If you think about the many jobs and functions of an organization, and break down all of the possible skills associated with those jobs, you could end up with an overwhelming list of hundreds of things to develop, measure and manage.

Let's think of a specific example: your Pricing team alone may have skills such as developing complex pricing models that reflect margins for promotional and seasonal pricing based on competitor, market, and customer data.

As your organization grows and evolves in today's change-friendly landscape, additional skills may be needed and current skills may become outdated. While it's important to track and manage skills specific to key jobs over time, organizations will need to focus on competencies – qualities that can help individuals grow in their careers beyond the current job. In other words, both skills and competencies are important.

Many say that skills and competencies are one in the same, and in fact, sometimes there isn't a "black and white" distinction between the two. But the way I see it:

Competencies:

- Represents broader combinations of knowledge, skills and abilities that help predict superior performance in organizations
- Express in observable, behavioral terms
- Can be developed over many years
- May be transferable between jobs
- Frequently increase from one career level to another

Skill Requirements:

- Demonstrate more specific, learned activities relevant to a specific job
- Sometimes expressed as non-observable capabilities
- Can be developed over a shorter period of time often through specialized training or certification
- May be less likely to be transferable between jobs
- Do not necessarily increase across career level



Competencies have long been used as a framework to help focus employees' behavior on things that matter most to an organization and help drive success. They can provide a common way to harmonize, select and develop talent. The benefits are clear for employees and managers, and ultimately, the organization.

As an organization grows, a focus on skills without looking at the broader competencies will not be enough to develop leaders and drive career development for employees. There are various approaches that large organizations use to develop a new competency model or refresh an outdated one, including consultant-led working sessions, in-depth interviews with leaders, and focus groups with employees and stakeholder participation. But for smaller and some mid-size organizations, facing time, budget and resource constraints, a simpler, streamlined approach may be in order.

VALUE OF A COMPETENCY MODEL

A competency model defines what separates “good” from “great.” Not everything a person does in a role should be part of the competency model.

For example, any engineer must be able to perform engineering design functions, but a great engineer can work with other R&D engineers to troubleshoot design issues before they reach manufacturing. In essence, the value of a competency model is that it identifies what skills each person in the company must be able to do to be “great.”

If everyone performs at the “great” level, then company strategy is achieved, and a company is likely to have a competitive advantage. (Assuming, of course, that the CEO’s strategy was appropriate!)

Companies have always needed to create competitive advantage. So, a competency model has always had value. Here’s what is different today:

- The pace of change has accelerated and with it, the skills required to be successful continue to change.

- To survive today, companies must continuously innovate, which only increases the changing skills required.
- People stay in the same job for less time and, therefore, people need to be able to become “great” sooner without as much experience as they had in the past.
- New workers entering the workforce want to be able to make an impact more quickly; they want to know how to be “great” right away and are motivated to get there.

If you don’t know what skills are required to be “great” (that is, you don’t have a competency model for each job), how can you innovate, keep up with a changing global environment, maximize your human capital, and motivate employees to stay?

What’s more, competency models drive intrinsic motivation to succeed. Research shows that the desire for competence makes people want to own their development. You need only show them what it looks like to be competent in their role... and that’s a granular, actionable competency model.

HAVING NO COMPETENCY MODEL IS A STRATEGY GAP

If you have no competency models for the roles in your organization, or you have only high level organizational competencies that don't specify the skills required at each job role, here is what you may expect to see.

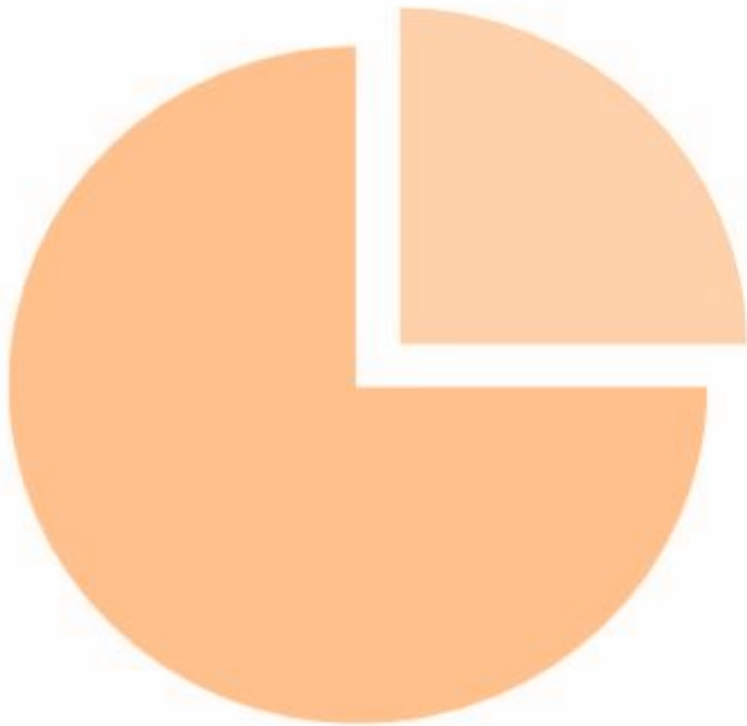
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You create learning that doesn't transfer

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In a Deloitte study, less than 25% of Line Managers believed their Learning & Development (L&D) departments were critical to achieving their business goals. That is not surprising given related findings on learner disengagement. It is cause and effect.

- If the employee doesn't believe that the content is relevant to their job and their needs, they will be disengaged in any learning.
- If the employee is disengaged in the learning process, then L&D efforts are mitigated – any learning opportunities will have minimal effect.
- If minimal effect occurs, then skill levels do not improve.
- If skill levels do not improve, then business results do not improve.
- If employees participate in training programs, and positive business results do not follow, then Line Managers are likely to lose faith in the ability of L&D to contribute.



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Anyone who has ever taught a class in person knows that in a traditional one-size-fits-all methodology, about 2/3 of the people in attendance shouldn't be there. We all come to our roles with different skills and experiences. One-size-fits-all as a strategy is extremely detrimental because it:

- Disengages learners who want to learn
- Discourages them from participating in future learning opportunities

The solution is to use personalized learning, which requires role-based competency models.

If your goal is to close skill gaps to accelerate learning transfer and learner engagement, one-size-fits-all is a sure way to derail those plans. Ultimately, competency models connect the dots and ensure that learning opportunities provided by L&D create relevance that drives learner engagement and accelerates learning transfer.

You disconnect learning from strategy



Corporate strategy gets translated from the top so that each person, in each department, has a role they will play to execute it. The role of Talent, Learning & Development is to ensure that people in the organization have the skills to be able to execute their role. The competency model is the translation of the skills required to execute. Without competency models, you can expect a disconnect between learning investments and corporate strategy.

You alienate frustrated employees who can't do their jobs

In the Deloitte study on Human Capital Trends in 2015¹⁰, skill gaps and employee engagement problems are at the top of mind of 87% of the leaders in HR and executive management. In another Deloitte study, only 14% of the L&D leaders believe business leaders view them as strategic partners, with 52% seen as mediocre partners or worse. If learners are not engaged, managers don't believe in L&D's ability, and skill gaps continue to increase, then L&D's perceived value to the executive leadership will continue to erode at a time when it should become more strategic.

The percentage of leaders
in HR and executive
management for who
skills gaps and employee
engagement problems are
most pressing
87%

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You risk a knowledge drain from those who leave

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Baby Boomers are retiring. Some of them may have been with your organization for 20+ years and know how to get things done in ways that have never been documented.

Unless you find a way to drive engagement and provide Millennials with the ability to easily grow and move into new roles, they may learn to be great and then stay with you for only a few years.

As your most experienced or valuable employees leave, they take years of invaluable experience and best practices with them. Enabling them to participate in competency model workshops to build or improve your models mitigates the knowledge drain from those who leave.



CONCLUSION

There is tremendous value in having role-based competency models in your organization.

- A competency model is the roadmap to greatness.
- It ensures you can execute strategy effectively.
- Competency models can close skill gaps, increase engagement, and drive retention.
- Competency models enable you to implement personalized, competency-based learning. You can get competency models for the roles in your organization easily and quickly.

If you would like to learn how to recruit a world-class pricing team in the best way possible, then download our free pricing recruitment guide or e-book.

Alternatively, subscribe to Taylor Wells pricing channel now and get an update as soon as a new video is released.

Check out all your options at:

taylorwells.com.au





Joanna Wells

Director
BA / MA Psychology
University of Cambridge

“My passion is building world class pricing teams because **they can generate 5X- 10X more profit than any other team** when they are set up correctly.

My mission is to maximise and combine the power of pricing and HR to help leaders drive profitable revenue growth without the usual pain of change.”



Joanna Wells is the founder and director of Taylor Wells Advisory, a specialist pricing firm that advises Fortune 500, private Equity and ASX Listed companies in organisation design, talent strategy, capability building and specialist recruitment for the revenue, pricing and commercial management functions within a business.

A Cambridge University qualified psychologist with over 10 years' consulting experience and several years' experience practicing advanced pricing and revenue management across B2B and B2C markets in Australia, Joanna's sole focus and specialisation is helping business leaders build world class pricing and commercial management teams and functions.

ACHIEVE HIGH PERFORMANCE TEAMS & CULTURE

Over the past 10 years', Joanna has studied talent and performance in the specialised field of pricing, commercial management and analytics to address and answer the following questions:

- How can we build high performance teams and culture without disrupting business as usual operations?
- How can we hire the absolute best pricing team for our business?
- Why are some teams better at getting results than others?
- Why do we often find ourselves spending so much on our teams, but see little benefit?
- How can we build a high-performance team in a relatively short time frame to drive more complex business outcomes?

Our experience and research show that building high performance teams and culture does not have to be onerous, disruptive or unsettling for the rest of the business.

How you set up and recruit your teams are key determinants of how fast you can accelerate earnings growth. With the right team and strategy implementation in place, incremental earnings gains can begin to occur in less than 12 weeks. After 6-12 months, the team is often able to find additional earnings gains as they identify more complex and previously unrealised opportunities, efficiencies and risks.

FIND THE RIGHT PEOPLE FOR PRICING & REVENUE MANAGEMENT ROLES

Taylor Wells is a talent advisory firm that has developed a next generation search, evaluation and capability programme in the field of pricing, finance, commercial and analytics. Our business was started after identifying weaknesses in the traditional agency recruitment model.

Our purpose is to support business leaders and our HR partners to eliminate the risk of bad hires and underperforming teams. Our workshops and programmes ensure pricing or commercial management teams are highly competent and deeply engaged with the strategic objectives of the business to achieve greater levels of margin and earnings growth. We have developed our own digital assessment platform, proprietary longitudinal research and people analytics to identify, evaluate and benchmark talent quickly and objectively. We have a high calibre consulting team and extensive partnerships and networks to ensure you get the best support and outcomes.

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