Category

Commercial Excellence

Pricing Strategy & Price Realization Playbook (Value-Based, Dynamic)

A price-realization waterfall and value-based pricing methodology that closes the gap between list price and what you actually collect.

- Executive
- Advanced
- Template Included

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- 7 minute(s)

Overview

Move from cost-plus to value-based pricing, install discount governance and a deal desk, and track the list-to-pocket price waterfall to recover margin that discounting is quietly giving away.

What's the difference between invoice price and pocket price?

Invoice price is list price minus the visible, negotiated discount. Pocket price goes further — it's what you actually collect after every additional concession, including extended payment terms, implementation credits, bundled free add-ons, and rebates, many of which never appear as a line-item "discount" but erode margin just as much.

How do we research willingness-to-pay without just asking customers "what would you pay?"

Direct price questions produce unreliable answers. Structured methods like Van Westendorp price sensitivity surveys (four indirect price-perception questions) or conjoint analysis (having customers trade off feature bundles against price) produce far more reliable willingness-to-pay data than asking directly.

What discount threshold should trigger mandatory deal desk review?

There's no universal number — it depends on your typical deal size and margin structure — but most B2B companies set the threshold somewhere between 15-25% off list price, calibrated so it catches genuinely unusual deals without triggering review on routine, already-approved discount ranges.

Won't a stricter discount governance model slow down deal velocity?

It can if designed poorly. The fix is a fast deal desk SLA (same-day or 24-hour turnaround) rather than a multi-day committee process — the goal is catching margin-eroding deals, not adding bureaucracy to normal ones that fall within standard thresholds.

How often should list prices themselves change, versus discount governance?

List prices and packaging tiers should be relatively stable, typically revisited annually or after a major product change, since frequent list-price changes confuse the market and complicate sales conversations. Discount governance and price realization, by contrast, need continuous monthly monitoring because that's where drift actually happens.

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