



Pricing Coaching Session

Sustainable Growth - Optimizing Business Operations

January 13, 2025



Your Optimizing Business Operations Cohort



STREET COMPANY



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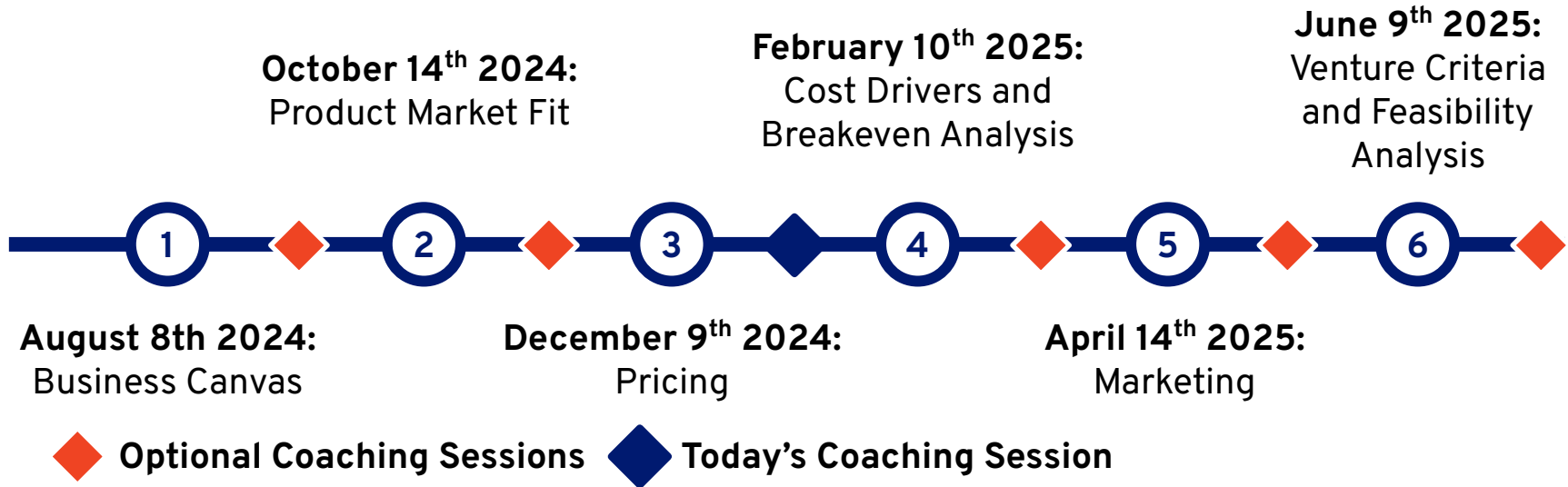
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MERISTEM



Sustainable Growth: Optimizing Business Operations Timeline



Community Agreements

- Stay engaged - please keep your camera on if you can
- Listen to understand
- Take space, make space
- Nobody knows everything, but together we know a lot
- Challenge assumptions
- Expect and accept non-closure
- Center participant workers
- Embrace diversity in all of its forms
- Create a safer space for sharing / refrain from attribution



Check-in Reflection

When is the last time a sale caused you to buy something?
What was it about the sale that influenced your decision?

Please put your thoughts in the chat.



Recap: What is Pricing Strategy?

Pricing strategy is how a business determines the ideal price of a product or service, informed by a range of factors such as business costs, competition, and customer value.



Why is Pricing Strategy Important?

An effective pricing strategy enables an employment social enterprise to:

- Protect profits by ensuring that **prices sufficiently cover production costs**
- Remain competitive by **responding to changing market conditions**
- Capture untapped value by **considering customer need and willingness-to-pay**

What's Different in an ESE Context?

Pricing is especially difficult for social enterprises because **costs are higher due to programming and transitional workforce training costs**. There is additional value to the product or service from being mission-based that can come into play in pricing.

However, not all of your costs can be reflected in your pricing strategy. **For most ESEs, contributed revenue (ie. donations or grants) is a critical part of business plans.**



What Goes Into My Pricing Strategy?

Businesses use three strategies when determining their prices:

- **Cost-plus** pricing
 - Cost of your product + Markup = Price
- **Competition-based** pricing
 - Competitors' Prices = Price
- **Value-based** pricing
 - Perceived Customer Value = Price



Iterative Pricing

It's important to **regularly assess if your pricing is meeting the needs of your ESE.**

That means things change over time. Here are a few tactics to encourage specific customer behaviors....

*Don't forget: **All the tactics can be used in all the strategies.***



Pricing Tactics Tool

In addition to the pricing strategies concepts we discussed in the session, some businesses employ targeted tactics to encourage customer behavior in specific situations. ***Use these strategically!***

- Discount products/services to **drive sales and move inventory**
- Bundle multiple products/services to **provide greater value to the customer and encourage larger order sizes**
- Deploy variable pricing, which **adjusts prices based on known changes in demand for products or services**



Individual Reflection

Make a copy of the tool and then spend some time filling out a line or two. If you want to start with a fresh copy, that works. If you already have a couple lines filled in, consider adding a couple more. *Which tactics are you already trying? What is one tactic you might change?*

5 minutes of individual writing time



Collaboration

Discuss what you added to your tool with the group. Share ideas that might strengthen each others' work. Then, ask each other:

- **Which tactic has/has not worked so far for your org? What would you change?**
- **How does the price of your good/service contribute to your product market fit?**
- **What other information do you need to make an informed decision on pricing? What's the next step for your ESE?**

We will get into cost in the next session. Use this as an opportunity to brainstorm and reflect together.

17 minutes of small group conversation



Stretch Break

Use 5 minutes to move around and take care of yourself.



Individual Reflection

How does/could your ESE use tactics strategically over the course of a year? How might different seasons, events or needs use tactics to change price over a year? Use the tool. Draw a timeline. Use the space above the timeline to give a reason and the space below to name a tactic you'd use. Here's an example . . .

5 minutes of individual writing time



June-July

We want to increase foot traffic in the coffee shop

January

We want to decrease our holiday coffee and mug surplus

Discount Products

We can count daily transactions over a week to see if this discount drives up foot traffic

Bundle Products

We can bundle a pound of coffee with a mug and then compare sales before and after the bundle.



Collaboration

Discuss your timeline with the group. Share ideas that might strengthen each others' work. Then, ask each other:

- **Imagine you are a customer. How does this timeline impact your understanding of the ESE?**
 - **What does the frequency of/types of tactics do to your perception of the ESE? Does it feel stable?**
 - **Which of the tactics would you feel compelled to respond to/take advantage of? Or not?**

After receiving feedback, consider changes you might make to your timeline of tactics.

17 minutes of small group conversation



Check-out Reflection

What's something you're taking away from your collaboration conversations today that will impact your ESE?

Please put your thoughts in the chat.



What's Next

- Keep thinking about **pricing strategies and tactics that can support your ESE.**
- Join us for our next **session on Cost Drivers and Breakeven Analysis on Feb 10th from 11am-12:30pm PST.**
- **Responsive Technical Assistance on Pricing is available!**



Feedback Survey

Please take a few minutes to fill out our Survey on this session.

<https://bit.ly/SGTOptimizeAll>

This feedback helps us improve your experience and plan adjustments to make moving forward.

