

## Exercises - A

---

All Groups: Discuss the following formula for calculating a reservation price. Come up with your view of the appropriate premium for the transfer of each risk element.

<b>Hours x Rate = 200 x \$200/hr</b>	
Fixed price premium	\$40,000.00
Change orders premium	_____%
Service guarantee premium	_____%
Price guarantee premium	_____%
Payment terms premium	_____%
Unlimited access premium	_____%
Price sensitivity components premium	_____%
Total premium	_____%
Reservation Price	\$_____



## Exercises - B

---

All Groups: You are in Vancouver en route to the Queen Charlotte Islands to embark on a fabulous 4 day ocean fishing excursion. It is 2am and your cell phone rings. You answer, and on the line is one of your customers. He has been apprehended by the police for impaired driving and is sitting in the cell block with the police questioning him and gathering evidence. This call is the one call he is entitled to. Your customer is a successful international businessman with operations valued at \$20M USD in several countries. You both understand that a criminal conviction arising out of these circumstances would prevent him from traveling abroad. After 15 minutes of conversation you have developed a strategy which you think will avoid a criminal conviction.

1. At what price would this service be so expensive the customer would not consider buying it?
2. What is your home run price?
3. What price would you hope for?
4. What is your reservation price?
5. At what price does your service become so inexpensive the customer would question its value?
6. What price would be the most acceptable price to pay?



## Exercises - C

---

Group 1: Imagine you are the Value Pricing Strategist for your firm having your first meeting with a valuable customer (one of the Pareto 20%). Prepare a list of questions you would ask to determine her value drivers and just where on the value curve she is located.

Group 2: Imagine you are the Value Pricing Strategist for your firm having now determined the key value drivers for your customer. Prepare a list of questions you would ask before establishing a price.

Group 3: Imagine you are the Value Pricing Strategist for your firm having determined your customer's value drivers. What are the factors of price sensitivity you can identify and what questions should you pose about each? What questions would you ask to analyze the price sensitivity of the customer?

Group 4: Imagine you are the Value Pricing Strategist for your accounting firm having determined your customers value drivers. Position the list of criteria that you could use to offer different levels of options to your customers and put together 3 such bundles of these services for the customer; silver, gold, and platinum.

Group 5: Imagine you are the Value Pricing Strategist for your firm having completed the engagement. You are preparing to conduct the feedback loop for the engagement. What questions would you ask?

## Exercises - D

---

All Groups: How much do you believe you could increase the prices in Exercises A) and B) above if you focused solely on the questions in C) above?