PRICING POWER: HOW CEOS UNLOCK 3–5% EBIT WITHIN 12 MONTHS

Introduction

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CPM Group | CEO Briefing Note

Dear CEO,
when growth slows, volumes become volatile, and cost inflation eats away at margins, most organisations instinctively look for efficiency programs, restructuring, or cost cutting.
Yet the fastest and most powerful EBIT lever is usually hiding in plain sight.

Pricing.

Not as a tactical sales topic.
But as a structural management discipline.

Across industries, we repeatedly see companies unlock 3–5 percentage points of EBIT within 12 months — not through radical transformation, but by fixing how pricing decisions are made, governed, and executed.

1. Why Pricing Power Is a CEO Topic

Pricing is one of the few levers that:

- impacts EBIT immediately
- compounds across the entire P&L
- requires no additional volume, capex, or headcount

Still, in many organisations pricing is:

- fragmented across sales, finance, and product
- driven by negotiation skills instead of logic
- hidden in Excel sheets and exceptions
- discussed only when margins disappoint

As a result, margin erosion does not happen in big steps — it happens quietly, deal by deal.

Few Topics Reveal Structural Weakness Faster Than Pricing

If pricing discipline is weak, you will typically observe the following patterns:

- Similar customers receive wildly different prices
- Discounts are granted “to close the deal” without transparency
- Approval rules exist on paper but are bypassed in reality
- Sales focuses on revenue, not contribution margin
- Management discussions revolve around anecdotes, not patterns

Every unnecessary discount point equals direct EBIT erosion.
And once discount culture is established, it becomes self-reinforcing.

Ask yourself:

- Do you have full transparency on prices, discounts, and margins by customer and product?
- Can you explain why certain customers pay more than others — with data, not stories?
- Do your sales managers actively steer pricing, or merely react to negotiations?
- Is pricing treated as a strategic capability — or as a sales concession tool?
- If these questions trigger uncertainty, the issue is not people.
- It is structure.

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2. The Typical Root Causes

In most organisations, pricing leakage is not caused by “weak negotiators” but by systemic gaps:

- No clear pricing corridors or guardrails
- Missing linkage between CRM, pricing, and finance data
- Lack of customer-level profitability visibility
- Unclear approval logic and accountability
- No feedback loop from lost deals into pricing strategy

In other words: pricing decisions are emotional, not analytical.

Structural Fix: How CEOs Regain Pricing Control

Companies that achieve rapid EBIT uplift typically implement five structural moves:

1**. Create Pricing Transparency**

Link sales, pricing, and finance data. Make margin visible at customer, product, and deal level. What becomes visible becomes manageable.

2. Define Pricing Governance

Clarify who decides prices, who approves deviations, and where escalation is required. Discipline does not slow down sales — chaos does.

3. Segment Willingness to Pay

Different customers value different outcomes. Value-based pricing replaces average pricing and protects margin where it matters most.

4. Enable the Organisation

Sales teams need tools, logic, and confidence — not just targets. Pricing capability is a skill that can be trained and systemised.

5. Institutionalise Pricing Rhythm

Pricing must live in management routines: deal reviews, pipeline steering, and forecasting — not just annual strategy decks.

Get in touch with our CPM Pricing Lab and pricing software department

3. What This Means for CEOs

Pricing Power is not about pushing prices indiscriminately.

It is about regaining control over one of the most powerful profit levers you have.

CEOs who address pricing structurally typically see:

- measurable EBIT impact within 6–12 months
- reduced dependency on volume growth
- more predictable forecasts
- stronger negotiation positions
- higher enterprise value

Pricing is strategy made operational.
And like any strategic capability, it requires visibility, system, and rhythm — not heroics.

If you suspect margin leakage in your organisation, a focused pricing diagnostic often reveals where EBIT is silently lost — and which two or three moves will deliver the fastest impact.

Because in the end, pricing is not a sales issue.
It is a CEO issue.

Best regards,
Ronald Schuster
CEO & Founder, CPM Group