

Confessions of the Pricing Man

What is the book about?

In all walks of life, we constantly make decisions about whether something is worth our money or our time, or try to convince others to part with their money or their time. That is the essence of pricing. Price is the place where value and money meet. It is the most powerful and pervasive economic force in our day-to-day lives, and one of the least understood.

The recipe for successful pricing often sounds like an exotic cocktail. It is psychology, economics, strategy, tools, and incentives stirred up together, usually with just enough math to sour the taste. That leads managers to water down the drink with hunches and rules of thumb, or leave out the parts with which they don't feel comfortable. While this makes for a sweeter drink, it frequently lacks the punch it needs to have an impact on the customer, or on the business.

It doesn't have to be that way, though, as Hermann Simon will show you in story after story in this collection of wisdom and common sense on pricing. Simon has devoted over four decades to figuring how to make that pricing cocktail more powerful, more practical, and more pleasurable for managers and executives in any industry.

A world-renown speaker on pricing and a trusted advisor to Fortune 500 executives, Hermann Simon knows exactly what he is confessing about. He has seen it all when it comes to pricing. His lifelong journey has taken him from rural farmers' markets, to a distinguished academic career, to a long second career as an entrepreneur and management consultant to companies large and small throughout the world.

Along the way he learned from Nobel Prize winners and leading management gurus. He has helped countless managers and executives use pricing as a way to create new markets, grow their businesses, and gain a sustained competitive advantage. He also learned some tough personal lessons about value, how people perceive it, and how people profit from it.

Confessions of the Pricing Man puts his best lessons and wisdom into an easy-to-read collection that leaves nothing out of the pricing cocktail, but still makes it go down smoothly and leaves you wanting to learn more and do more. You will never look at pricing the same way again.

What is its USP and competitive advantages?

In contrast to previous books on pricing, ***Confessions of the Pricing Man*** offers two advantages:

- It is a "how to think about it" book, not a "how to" book, in that it treats pricing holistically rather than focusing on one aspect of it

- It is from an author whose has a distinguished career as a professor (Harvard, Stanford, MIT) **and** as a management consultant (founder of Simon-Kucher & Partners; see testimonial below) **and** as a widely sought after speaker/columnist/writer on the topic

To understand those two competitive advantages, we need to step back and understand why the “pricing” sub-genre has never had a mainstream bestseller. None of the recent books helps a manager think about pricing in a holistic way without getting bogged down into way too much detail. Many of them take too narrow a focus:

- **Psychology:** *Priceless: The Myth of Fair Value* (William Poundstone) and *Cheap: The High Cost of Discount Culture* (Ellen Ruppel Shell)
- **Tools:** *The Price Advantage* (three McKinsey authors) focuses on one tool called the “price waterfall”; *The Art of Pricing* (Rafi Mohammed) is general but also pushes a tool
- **Incentives and tactics:** *Pricing with Confidence* (Reed Holden, Mark Burton) is about business to business negotiations
- **Industry-specific:** *Smart Pricing: How Google, Priceline, and Leading Businesses Use Pricing Innovation for Profitability* (two Wharton professors) focuses on an important area (high-tech, Internet), but this makes the results harder to extrapolate to other industries

Furthermore, the background of all these authors is specialized, ranging from writer/journalist (Poundstone, Shell) to management consulting (McKinsey, Mohammed, Holden, Burton) to academia (the two Wharton professors). Hermann Simon, *The Pricing Man*, has all three of those backgrounds and earned a formidable reputation in each.

Just ask Peter Drucker, who had this to say about Simon and his firm, Simon-Kucher & Partners: *“In pricing you offer something nobody else does.”*

Or ask William Poundstone: *“No firm has spearheaded the professionalization of pricing more than Simon-Kucher & Partners”*

Or ask Philip Kotler (Professor, Northwestern University): *“Hermann Simon is author of one of the best theoretical and practical books on pricing.”*

Who are the target readers?

Broadly speaking, any manager or executive with a product to sell is a target reader. The confessions and lessons come from – and apply to – any profit-making business.

Who is “The Pricing Man”?

Hermann Simon is chairman of Simon-Kucher & Partners Strategy & Marketing Consultants, which has 27 offices in 22 countries. He is the world’s leading authority on pricing.

Hermann’s academic career and credentials:

Hermann was a professor of business administration and marketing at the Universities of Mainz (1989-1995) and Bielefeld (1979-1989). He was also a visiting professor at Harvard Business School, Stanford, London Business School, INSEAD, Keio University in Tokyo, and the Massachusetts Institute of Technology.

He studied economics and business administration at the universities of Bonn and Cologne. He received his diploma (1973) and his doctorate (1976) from the University of Bonn. He has received numerous international awards and honorary doctorates. He was voted the most influential management thinker in German-speaking countries after the late Peter Drucker.

Hermann’s consulting career and credentials:

Hermann founded Simon-Kucher & Partners in 1985 together with two of his doctoral students. From its modest beginnings in Germany, the firm now has 720 full-time associates in 27 offices in 22 countries. As William Poundstone said in his book *Priceless: “No firm has spearheaded the professionalization of pricing more than Simon-Kucher & Partners”*.

After advising the firm for a decade, Hermann left his academic career in 1995 to assume the full-time role as CEO of Simon-Kucher & Partners, where he led the firm’s international expansion. When he left that role in 2009, Simon-Kucher & Partners had become the world’s largest pricing consulting practice, active in all major industries. The firm has consulted with almost 100 members of the Fortune 500, some in decades-long relationships.

Hermann’s career and credentials as thought leader in pricing

Hermann has published over 30 books in 26 languages, including the worldwide bestsellers *Power Pricing* (Free Press, 1997), *Manage for Profit, Not for Market Share* (Harvard Business School Press, 2006), *Hidden Champions* (Harvard Business School Press, 1996), and *Hidden Champions of the 21st Century* (Springer New York, 2009).

He has served on the editorial boards of numerous business journals, including the *International Journal of Research in Marketing*, *Management Science*, *Recherche et Applications en Marketing*, *Décisions Marketing*, *European Management Journal* as well as several German journals. Since 1988 he has been a columnist for the business monthly *Manager Magazin*. He is also a board member of numerous foundations and corporations.

Chapter Titles:

Chapter 1: My first painful encounters with prices

Chapter 2: Everything revolves around price

Chapter 3: The strange psychology of pricing

Chapter 4: Price positioning: High or low

Chapter 5: Prices and profit

Chapter 6: Prices and decisions

Chapter 7: Price differentiation: the high art

Chapter 8: Innovations in pricing

Chapter 9: Crises and price wars

Chapter 10: What the CEO needs to do