

Is there a career in pricing? An insider's view of the pricing profession



As little as 10 or 15 years ago, most prices were set by salespeople, marketers, or product managers as part of their overall responsibilities. Today, however, more and more companies are treating pricing as a job in its own right. For good reason: A strong pricing capability, one that uses the multitude of new pricing technologies and tools developed over the past couple of decades, can be a powerful way to bolster a company's stock price and its bottom line.¹ And the time and attention needed to get modern pricing right often means dedicating full-time resources to the job.

But despite the growing recognition of its value, pricing as a profession still suffers from something of an image problem. Many outside the field view pricing as a niche specialty without the status of longer-established functions such as finance or operations. Even some pricing specialists we've spoken with wonder if pricing can give them the same professional opportunities that they might find in other fields.

The question of whether there is a career in pricing – and, if so, what rewards and challenges it holds – should concern employers as well as individuals. Companies seeking to build a world-class pricing capability would do well to understand what attracts pricing professionals to the field, what they like and dislike about their jobs, and what employers could do to better find, keep, and motivate them.

To explore these issues, Deloitte surveyed 317 pricing professionals about their past experiences, current jobs, and future expectations. The results were revealing. Pricing, far from being a dead-end job, can not only be a satisfying career in itself but also provide a springboard to positions in other fields.

Figure 1. Base salary ranges by role

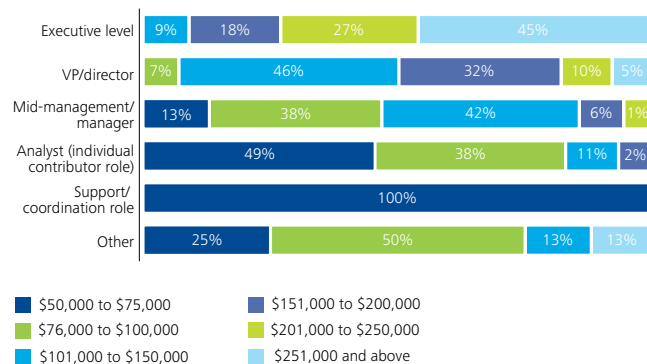
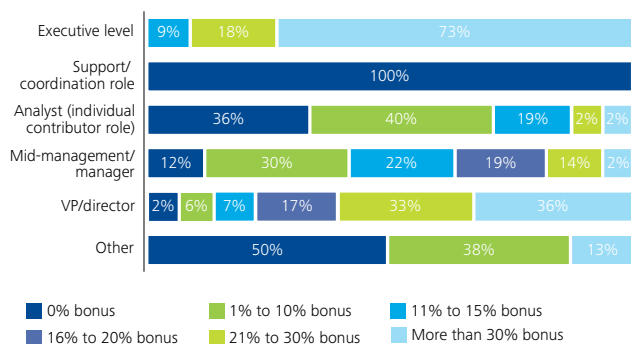


Figure 2. Bonus eligibility ranges by role

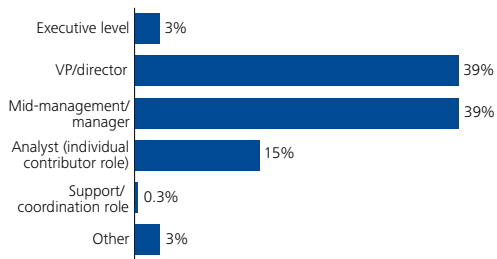


¹ "Clear and Present Value," Deloitte Development LLC, 2008

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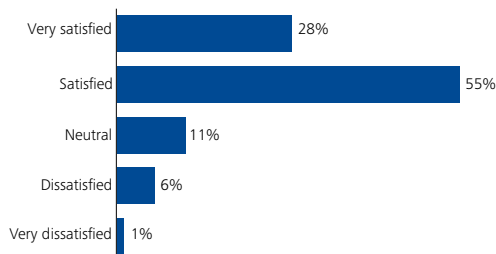
Our results show that many pricing professionals have moderate to substantial organizational status and influence. Eighty-one percent of our respondents were in middle management or above; 42 percent were VPs, Directors, or C-executives (Figure 3). Admittedly, the pricing career ladder rarely reaches as high as the C-suite: Only 8 percent of our respondents reported that their company had a Chief Pricing Officer or equivalent.

Figure 3. Distribution of pricing roles



We also found that the pricing professionals in our survey enjoyed high job satisfaction. The vast majority of respondents – 83 percent – reported that they were “very satisfied” or “satisfied” with their current jobs (Figure 4).

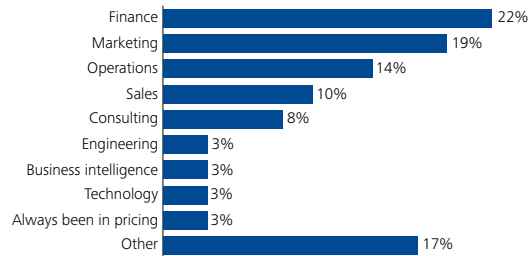
Figure 4. To what extent are you satisfied with your current job?



The path to pricing

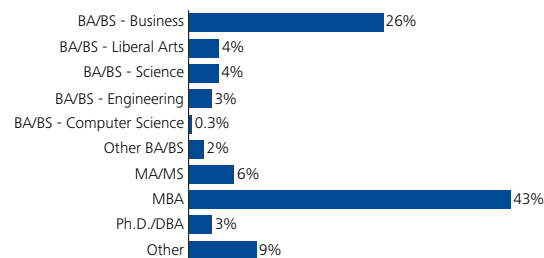
Where do pricing professionals typically come from? Our results suggest that the vast majority come to pricing from other fields. Among our respondents, 22 percent reported that they had previously been in finance, while 19 percent reported that they had come to pricing from marketing (Figure 5). Many also reported pre-pricing job experience in operations, sales, and consulting. Only three percent reported that they had always been in pricing.

Figure 5. Function prior to coming into the pricing profession



With respect to their formal education, most of our respondents reported having taken the business track. Forty-three percent held MBAs, while an additional 26 percent held a BA or BS in business (Figure 6). A business education, however, was by no means universal: other respondents reported educational backgrounds in areas as far-flung as mathematics, hospitality, education, and auto mechanics.

Figure 6. Respondent educational background



When asked what they themselves thought was the “best” background to bring to pricing, 25 percent of respondents chose finance, with marketing a close second at 22 percent. Notably, of the 15 percent of respondents who chose “other” as the best background for pricing, most of these thought the best preparation for pricing was “a combination of backgrounds,” usually including finance and marketing.

The long-term prospects

Our survey suggests that the pricing profession holds career advancement opportunities similar to those available in other fields. The strong representation of high-level roles among our respondents indicates that the pricing profession has room for business leaders as well as for middle managers and individual contributors. Additionally, many of our respondents (34 percent) had been in pricing for 10 years or more (Figure 7), and half of our respondents intended to stay in the field for at least six more years (Figure 8). This indicates that pricing can have enough of an attraction to keep people in it for a respectable length of time.

Figure 7. How long have you been in pricing?

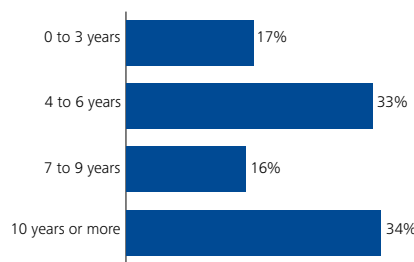
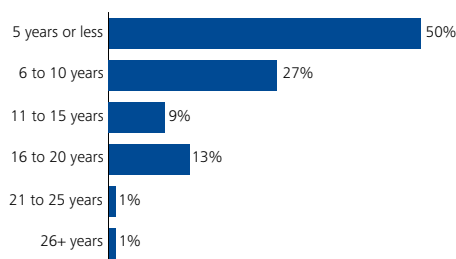


Figure 8. How much longer do you intend to stay in the pricing field?



Respondents also had a very positive view of pricing’s role in their careers. Eighty-five percent agreed or strongly agreed that their current pricing role was a “very strong” career enhancer (Figure 9). This positive view held true even among respondents who planned to leave pricing after five years or less, 80 percent of whom agreed or strongly agreed that their pricing role was a very strong career enhancer. Taken together, our results suggest that pricing can not only offer a path to advancement within the field itself, but that it can be a valuable springboard to roles in other business areas.

Figure 9. Indicate your level of agreement with the statement: “I consider my pricing role to be a very strong career enhancer.”

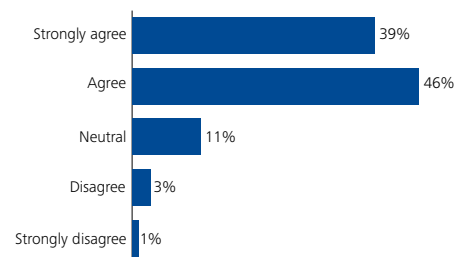
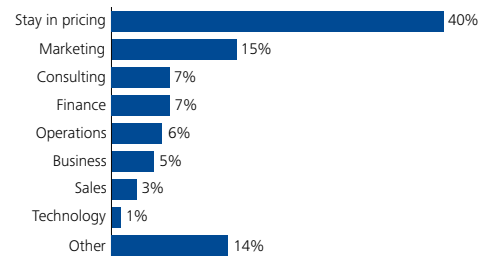


Figure 10. Where do you plan to go next with your career?



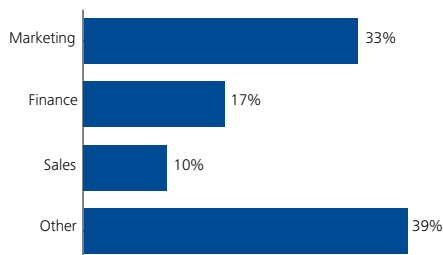
Sixty percent of respondents reported that they planned to enter a field other than pricing as their next career move (Figure 10). Marketing, consulting, and finance were the most popular destinations. Among the 40 respondents who chose “other” as their preferred field after pricing, four planned to pursue executive management roles – evidence that at least some pricing professionals believe that pricing can offer a path into the C-suite, as a CPO or otherwise.

The work environment

Our respondents’ views of their work environment provide a glimpse into the day-to-day experience of working in the pricing field.

Our results indicate that many companies still see pricing as part of a larger corporate function – but that there is no widespread agreement on which function. Many of our respondents’ pricing organizations reported to marketing, but a good many others reported to finance or sales, and still others to areas as disparate as corporate strategy, risk management, and IT – as well as directly to business management or a C-level executive (Figure 11). This may be one reason so many of our respondents viewed their pricing jobs as an entry to nonpricing roles: for most, a move to a role outside pricing could take place without their having to leave the broader function, which would be a bigger organizational leap.

Figure 11. The pricing function in my organization reports to:



With respect to decision-making power, our results indicate that only a minority of companies give the pricing organization final say in pricing decisions (Figure 12). Many respondents reported that final pricing decisions were made collaboratively among functions, while others reported that decision-making authority varied with the particular division, product line, location, or transaction size. On the other hand, 81 percent of respondents reported that they personally were always or often part of the decision-making process for pricing (Figure 13).

Figure 12. All final decisions on pricing in my organization reside with:

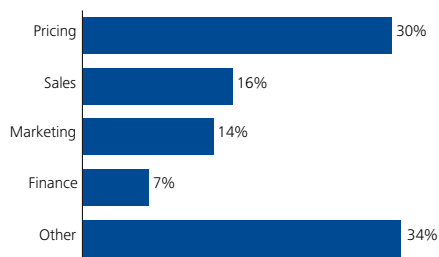
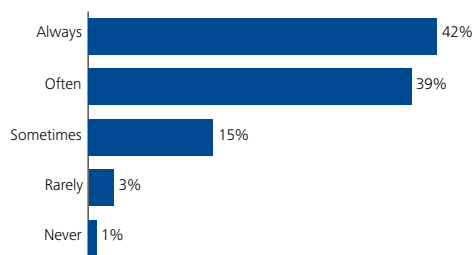
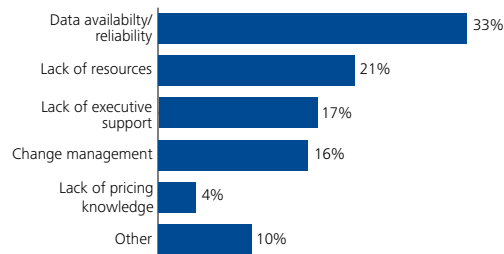


Figure 13. I am part of the decision-making process for pricing:



Finally, when we asked respondents to identify the single most challenging aspect of their jobs, “Data availability/reliability” topped the list, with 33 percent of respondents selecting it as their biggest challenge (Figure 14). This result is consistent with our long-standing impression, based on our field experience, that data collection, management, and integrity issues are often one of the most significant bottlenecks to pricing improvement.

Figure 14. What is the most challenging aspect of your job?



Boosting pricing’s attractions

Our findings point to several strategies companies may wish to explore to effectively find, keep, and motivate its pricing professionals. First, the diversity of backgrounds among our respondents suggests that companies can find potential pricing talent in many more places than they might think. Prior pricing job experience is not essential to being effective in a pricing role – provided that the company can train “imports” from other fields on any pricing-specific skills they may need, either through formal training programs or through on-the-job experience. Tactics might include recruiting pricing candidates from a variety of organizational functions and considering a wide range of educational and professional backgrounds for pricing positions.

Additionally, because many pricing professionals appear to value pricing as a career enhancer – whether or not they plan to stay in the field – companies seeking to attract candidates to pricing jobs may want to promote the idea that pricing can prepare an individual for careers in a variety of other areas as well as offer a satisfying career in itself. Besides encouraging a steady influx of talent to pricing, this angle can be useful in thinning out the ranks of professionals angling for top-level positions within the pricing organization proper, lowering the risk of morale issues due to perceived bottlenecks to advancement. One effective approach for many companies may be to have people rotate in and out of certain pricing jobs in order for them to gain experience viewed as valuable in their anticipated future roles.

Finally, establishing formal career paths around pricing can go a long way toward making pricing more visible, and hence more attractive, within the company. In keeping with pricing’s value as a stepping-stone to other fields, these paths should include both those that pass through pricing and those that negotiate their way upward within the profession. We find that many pricing professionals today need to forge their own career path without the benefit of structured organizational support; companies that implement such supports may gain a valuable advantage in the search for pricing talent.

We believe that our survey results are highly encouraging for the pricing profession. Current and aspiring pricing professionals can take heart that our survey supports the position that there is, indeed, a career in pricing for those who want it – and that it can provide valuable career benefits even to those who don’t. Companies that can capitalize on the pricing attractions indicated by our survey and recruit talented people to the field should be well placed to reap the benefits that a skilled pricing organization can deliver.

Appendix: Demographics

Figure 15. Respondent location

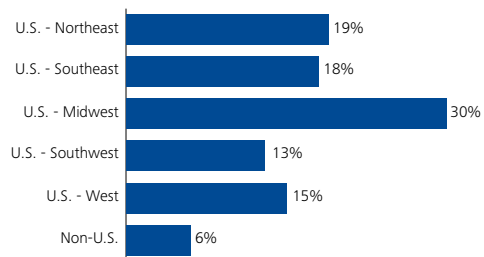


Figure 17. Respondent company revenue

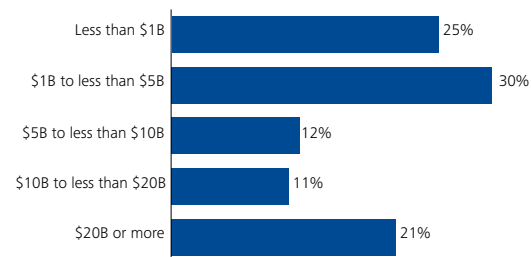
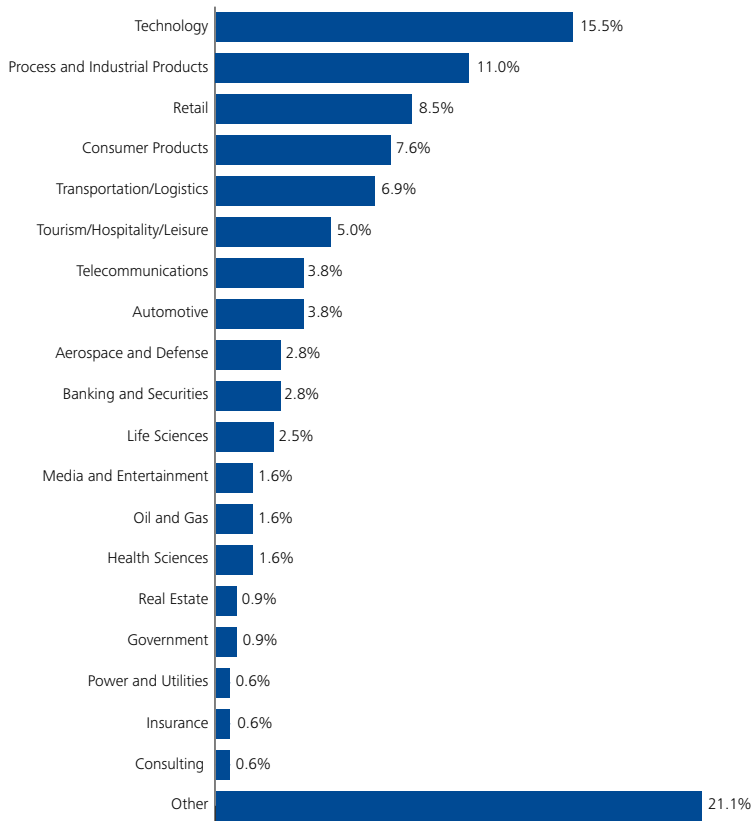


Figure 16. Respondent industry



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