

The Pricing Operating Model Simplified and Transformation Demystified

A 7-Step View of Operating Model Maturity and What It Takes to Be Best in Class

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Overview

Many organizations encounter a familiar pattern when launching a new product or service. Product development delivers on plan. A clear go to market strategy is defined. Target regions are established. Channels are aligned. Competitive positioning is understood. There is a clear point of view on the value being delivered and what customers should be charged across different scenarios. At a strategic level, pricing intent is well articulated.

The challenge begins when that intent moves into execution.

At this point, pricing must operate within real world conditions that vary significantly across markets. Competitive dynamics differ by geography and channel. Distributor and partner agreements introduce non standard price structures and constraints. Volume based rebates, incentives, and programs add additional layers of logic. New competitors emerge faster than pricing benchmarks can be refreshed. What started as a manageable set of pricing decisions quickly expands into hundreds or thousands of combinations that must be calculated, approved, governed, and maintained.

In many organizations, this complexity overwhelms the execution model. Pricing teams fall back on spreadsheets and manual processes to apply rules that are static, fragmented, and difficult to govern. Each exception adds another layer of workaround. Each market change increases the gap between pricing intent and pricing reality. A strategy designed to maximize return on product investment is forced through tools and processes that were never designed to support dynamic, multi dimensional pricing at scale. The outcome is rarely surprising. Pricing execution becomes manual and reactive. Decisions are rushed to meet commercial deadlines. The volume of prices to manage grows faster than governance mechanisms can control. Monitoring, correction, and rework become ongoing operational burdens. When pricing should adjust systematically to changing market conditions, it often cannot not because the pricing logic is unclear, but because the execution capability required to apply that logic consistently does not exist.

This problem is not about a lack of pricing strategy. In many organizations, the strategy is sound. The failure occurs at the point where strategy must be operationalized across regions, channels, partners, contracts, and programs using execution models that cannot scale.

This whitepaper is written for that reality. Its purpose is to help organizations rethink pricing not as a series of individual transactions, but as an enterprise capability. It presents a structured way to connect pricing intent to execution through disciplined operating models, clear governance, and scalable workflows. The objective is to move pricing from being a constraint on growth and value realization to becoming an enabler one that allows teams to focus on delivering and capturing value in the market, rather than compensating for execution gaps with manual tools and brittle processes that were never designed for modern pricing.

As you read this whitepaper keep in mind that pricing transformation is not about reaching an abstract end state. It is about progressively removing the constraints that prevent pricing from delivering its intended value. With the right framework, the right focus, and the right enablers, pricing becomes not just manageable—but a durable source of competitive advantage.

The Fundamentals of Pricing

Before examining how pricing is designed and executed, it is necessary to establish a shared understanding of what pricing actually is. While pricing is often treated as intuitive, many organizations operate with inconsistent definitions, assumptions, and decision rights across functions. This lack of alignment is not theoretical. It directly undermines execution. Revisiting the fundamentals is not about relearning basic concepts. It is about creating clarity and consistency in how pricing decisions are defined, governed, and applied. Without a common foundation, even well designed pricing strategies break down as they move into execution.

What is pricing?

Pricing is the discipline of translating business strategy into economic value. It defines how value is exchanged and realized in the market, not simply what a product or service costs. At its core, pricing connects three things: what a company offers, how customers perceive and value that offering, and how the business converts that value into revenue, margin, and long term enterprise performance. Pricing is where strategic intent becomes a financial outcome.

Why Pricing Matters

Pricing is the most direct mechanism through which strategy becomes financial performance. While product, sales, and operations determine what a business can deliver, pricing determines how that value is captured across customers, products, channels, and time.

Because pricing decisions compound, their impact is both immediate and durable. Small choices made repeatedly can outweigh large one time initiatives in volume or cost.

Pricing matters because:

- Pricing affects growth and profitability more directly than most volume or cost actions
- Pricing influences customer behavior, shaping mix, adoption, retention, and lifetime value
- Pricing exposes alignment or friction across functions, revealing gaps between strategy and execution

Few disciplines offer as much leverage or tolerate as little error.

The Evolution of Pricing

Pre 1900s: Pricing as Exchange

Pricing was primarily the result of negotiation and market forces. Value was established through scarcity, bargaining, and supply and demand, rather than formal internal decision making.

Early to Mid 1900s: Pricing as Cost and Control

Pricing became an internal management activity centered on cost based models, standardized price lists, and financial controls. Decisions were largely siloed, with limited coordination across functions.

Late 1900s: Pricing as Strategy

Organizations began treating pricing as a strategic lever. Segmentation, discount governance, and value based approaches emerged to support competitive positioning, growth, and margin management.

Early 2000s: Pricing as Systems and Process

As scale and complexity increased, pricing logic was embedded into systems, rules, and workflows, often within ERPs and spreadsheets. This enabled broader execution but also introduced rigidity and operational friction.

Today: Pricing as Value Over Time

Pricing has evolved into a cross functional, data driven capability focused on managing how value is exchanged across the customer lifecycle. Modern pricing must balance transactional outcomes with longer term objectives such as customer lifetime value, program economics, and portfolio performance. This requires pricing to operate at speed, adapting continuously to changes in markets, customers, and competition without losing governance or strategic intent.

The Persistent Gap

Despite modern tools and analytics, many organizations still operate pricing as if it were a series of isolated negotiations. Prices are effectively discovered at the point of sale through discounts, exceptions, and approvals, driven by individual judgment rather than a structured capability. Consistency is limited. Institutional memory is weak. The long term impact of today's decisions is rarely visible.

This is why pricing must be viewed through time. As businesses scale, pricing decisions accumulate across customers, contracts, incentives, and years. Informal approaches cannot manage this compounding effect. Without a modern pricing operating model designed for today's complexity, organizations remain anchored to outdated practices, even as the cost and risk of those practices continue to increase.

Pricing Operating Model: Core Dimensions

Why Operating Models Matter

A pricing operating model can only execute what pricing strategy makes explicit. It cannot invent segmentation logic, define customer value, or resolve strategic trade offs. When forced to do so, it defaults to what it can enforce mechanically: rules, approvals, and constraints.

This is why pricing transformation is not primarily a tooling or data problem. It starts with making pricing strategy complete enough to be executed and then designing an operating model capable of expressing that intent consistently and repeatedly over time. In practical terms:

Strategy defines what should happen  The operating model determines what actually happens.

People

Roles and Organization: How pricing responsibilities, skills, and accountabilities are structured across pricing, sales, finance, and IT. This includes where pricing expertise resides, how it scales, and how it is insulated from short term commercial pressure.

Decision Ownership and Governance: Who has authority to set, change, and approve prices. This includes defined decision rights, guardrails, escalation paths, and how pricing policies evolve over time. Governance is not approval volume. It is clarity of ownership and enforceable boundaries.

Systems

Tools and Systems: The platforms used to design, govern, and execute pricing decisions. Systems should express pricing logic explicitly and centrally, rather than embedding it implicitly across spreadsheets and transactional applications.

Integration Architecture: How pricing systems connect to ERP, CRM, CPQ, billing, and reporting platforms. Integration determines whether pricing logic is reused consistently or reimplemented repeatedly with variation and risk.

Process

Pricing Workflow: The end to end flow from pricing intent through design, approval, execution, and review. The workflow defines where judgment is applied, where automation is enforced, and where feedback loops exist.

Pricing Logic and Rules: The structured mechanisms that translate pricing decisions into repeatable outcomes. This includes how rules encode trade offs between margin, growth, customer lifetime value, and risk, and how those rules are maintained over time.

Execution Mechanisms: How pricing decisions are applied consistently across transactions, contracts, and programs. Execution mechanisms ensure pricing intent is enforced in daily operations rather than reinterpreted at the point of sale.

Data

Data Inputs: The internal and external data used to inform pricing decisions, including costs, customer behavior, market signals, and performance history. Data relevance and usability matter more than volume.

Monitoring and Measurement: How pricing performance is tracked, analyzed, and fed back into decision making. Measurement closes the loop between intent and outcome, making it possible to detect leakage, bias, and unintended behavior over time.

The Pricing Workflow in a Modern Operating Model

A modern pricing operating model treats pricing as a continuous, governed capability rather than a sequence of disconnected decisions. In practice, this is as much a cultural challenge as a technical one. Pricing decisions sit at the intersection of finance, sales, and leadership priorities, where politics, incentives, and power dynamics can lead to less favorable outcomes than intended.

The workflow below serves as a practical reference for what a complete, end to end pricing operating model looks like in practice. It illustrates how pricing intent is defined, enforced, and refined over time, the value this discipline creates, and the risks it mitigates by reducing misalignment between intent and execution, unmanaged exceptions, and informal decision making when governance weakens.

1. Setting Strategy & Intent

Define how pricing should behave by setting clear priorities, trade-offs, and boundaries before execution begins.

2. Price Design and Modeling

Translate strategy and intent into structured pricing logic by designing prices, testing scenarios, and understanding the impact of trade-offs.

3. Governance and Approval

Review and approve pricing decisions against defined guardrails to ensure alignment with strategy and manage risk deliberately.

4. Execution and Deployment

Deploy approved prices and rules consistently into execution systems so what was decided is exactly what goes live.

5. Transactional Application

Apply prices consistently at the point of sale with controlled flexibility, preventing erosion while enabling commercial execution.

6. Monitoring and Performance Measurement

Measure pricing outcomes to understand margin, leakage, exceptions, and behavioral impact.

7. Learning and Adjustment Over Time

Use performance insights to refine pricing direction, rules, and governance as markets and customer behavior change.

Maturity Level

	Level 1 Executing	Level 2 Planning	Level 3 Optimizing	Level 4 Strategizing	Level 5 Maximizing
1. Setting Strategy & Intent	Pricing intent is implicit and fragmented, driven by immediate needs and manual decisions.	Pricing intent is documented but inconsistently applied across products, customers, and channels.	Pricing intent is explicit and translated into standardized rules and guardrails.	Pricing strategy is aligned to growth, margin, and portfolio objectives and consistently executed.	Pricing strategy continuously evolves based on lifecycle economics and outcome-based learning, while remaining governed.
2. Price Design and Modeling	Pricing is managed manually in spreadsheets with limited structure or scalability.	Structured price lists and models exist, but scenario analysis and simulation are limited.	Rule-based pricing models enable version control, scenario testing, and consistent execution.	Strategic price structures reflect competitive positioning, segmentation, and margin objectives.	Advanced analytics and AI-assisted simulations support pricing adjustments within defined governance guardrails.
3. Governance and Approval	Approvals are informal, inconsistent, or frequently bypassed, increasing risk and errors.	Approval workflows are defined but inconsistently enforced across teams or regions.	Structured, auditable governance frameworks ensure consistent enforcement with controlled exceptions.	Governance balances speed and control, enabling faster execution for low-risk decisions.	Risk-based governance dynamically adjusts controls to balance agility, compliance, and margin protection.
4. Execution and Deployment	Pricing changes are entered manually into downstream systems, creating errors and delays.	Partial automation exists, but execution still relies on manual intervention and workarounds.	Approved pricing is consistently executed through governed workflows without re-interpretation.	Pricing decisions are synchronized across channels, regions, and systems.	Rapid, controlled deployment supports near real-time adjustments across integrated systems.
5. Transactional Application	Pricing is negotiated deal by deal, resulting in inconsistent outcomes and margin leakage.	Guided pricing rules exist, but leakage and overrides remain common.	Transactions follow defined pricing rules with flexibility managed through governance.	Transaction behavior reinforces strategic pricing objectives and prioritization.	Pricing is managed to maximize customer lifetime value and deal economics, not just individual transactions.
6. Monitoring and Performance Measurement	Reporting is after-the-fact, limited in visibility, and largely manual.	Basic reports exist, but insights are backward-looking and fragmented.	Regular monitoring identifies leakage, exceptions, and performance gaps.	Insights inform strategic decisions across functions, not just pricing teams.	Predictive insights support proactive decision-making and continuous performance improvement.
7. Learning and Adjustment Over Time	No systematic learning; the same issues recur after each pricing cycle.	Adjustments are periodic and reactive, not structured or repeatable.	Structured improvement cycles refine rules, processes, and outcomes.	Learning directly informs strategy updates and execution improvements.	Continuous learning from outcomes and market signals sustains pricing as a competitive advantage.

1. Setting Strategy and Intent

Setting strategy and intent is where pricing direction is defined and made executable. This step establishes how pricing should behave when objectives conflict and decisions must be made under pressure. It exists to resolve trade-offs before pricing reaches design, governance, or execution. When this step is weak, pricing decisions default to negotiation dynamics, local priorities, and short-term incentives rather than deliberate business intent.

Primary deliverables

<p>1. Pricing Strategy Direction</p> <p>Clear articulation of where pricing competes and what it optimizes for</p> <ul style="list-style-type: none"> • Explicit positioning across growth, margin, share, and differentiation • Alignment with overall business and portfolio strategy 	<p>2. Pricing Intent and Priorities</p> <p>Explicit resolution of key pricing trade-offs</p> <ul style="list-style-type: none"> • Clear priorities across customer segments, products, channels, and geographies • Defined short- and long-term economic objectives 	<p>3. Pricing Guardrails</p> <p>Defined non-negotiables (e.g., price floors, discount boundaries)</p> <ul style="list-style-type: none"> • Clear boundaries for flexibility versus discipline • Situations where exceptions are limited or prohibited
<p>4. Decision Ownership and Governance Principles</p> <p>Clear ownership for defining and updating pricing intent</p> <ul style="list-style-type: none"> • Defined escalation principles for conflicts or ambiguity • Separation between strategic direction and deal-level decisions 	<p>5. Strategic Reference Documentation</p> <p>Shared reference materials defining pricing direction and intent</p> <ul style="list-style-type: none"> • Consistent language and definitions used across the organization • Clear versioning and visibility of current intent 	<p>6. Strategic Success Measures</p> <p>Clear definition of what success looks like for pricing</p> <ul style="list-style-type: none"> • Target economic outcomes by segment, portfolio, or channel • Signals that indicate when intent needs to be revisited

	Level 1 to 2 Executing to Planning	Level 2-3 Planning to Optimizing	Level 3-4 Optimizing to Strategizing	Level 4 - 5 Strategizing to Maximizing
People	<p>Identify a clear pricing owner for strategic direction</p> <p>Reduce reliance on informal or implicit pricing guidance</p>	<p>Establish clear decision ownership for pricing intent</p> <p>Involve finance and commercial leadership in structured discussions</p>	<p>Position pricing leadership as a strategic contributor</p> <p>Involve pricing in portfolio and growth discussions</p>	<p>Treat pricing as a strategic capability, not a functional role</p> <p>Encourage proactive refinement of pricing intent</p>
Process	<p>Explicitly state pricing strategy, even if imperfect</p> <p>Begin documenting recurring pricing trade-offs</p>	<p>Resolve key trade-offs explicitly before execution</p> <p>Translate strategy into clear priorities and guardrails</p>	<p>Align pricing intent directly to business strategy and segmentation</p> <p>Update intent as strategy evolves</p>	<p>Continuously evolve pricing intent based on learning and market change</p> <p>Resolve trade-offs dynamically, not just in planning cycles</p>
Systems	<p>Capture pricing direction in shared documents</p> <p>Reduce dependence on slide decks and emails as the source of truth</p>	<p>Maintain a single, visible reference for pricing intent</p> <p>Ensure downstream teams can access current direction easily</p>	<p>Support structured updates and versioning of pricing intent</p> <p>Ensure intent changes propagate downstream consistently</p>	<p>Enable rapid updates to pricing intent without disruption</p> <p>Maintain continuous alignment with downstream pricing decisions</p>
Data	<p>Use basic market, cost, and performance inputs</p> <p>Establish consistent definitions for segments and products</p>	<p>Validate intent using historical pricing outcomes</p> <p>Use data to challenge assumptions, not justify decisions after the fact</p>	<p>Use segment-level and portfolio performance to shape intent</p> <p>Incorporate competitive and value signals into direction-setting</p>	<p>Use behavioral and lifecycle data to inform intent</p> <p>Continuously refresh benchmarks and strategic assumptions</p>

2. Price Design and Modeling

Price design and modeling is where pricing intent is translated into structures, rules, and calculations that can be executed at scale. Because this work produces tangible outputs—price lists, formulas, tiers, and scenarios—it is often the first area where organizations attempt to professionalize pricing. As a result, maturity progression here is more visible and easier to manage deliberately.

Primary deliverables

<p>1. Pricing Structures</p> <p>Clear definition of how prices are constructed and differentiated</p> <ul style="list-style-type: none"> • Defined price architectures (lists, tiers, formulas, bundles) • Segment, channel, or geographic differentiation where intentional • Consistent pricing units and scope definitions 	<p>2. Pricing Logic and Rules</p> <p>Explicit logic that makes pricing repeatable and executable.</p> <ul style="list-style-type: none"> • Documented pricing rules and calculations • Clear precedence when multiple rules apply • Direct linkage between pricing intent and rules 	<p>3. Scenario and Trade-Off Analysis</p> <p>Structured evaluation of options before approval.</p> <ul style="list-style-type: none"> • Scenario comparisons across margin, volume, and mix • Sensitivity analysis for key drivers • Recommended approach with documented rationale
<p>4. Assumptions and Inputs</p> <p>Transparency into what pricing is built on.</p> <ul style="list-style-type: none"> • Documented cost inputs and key assumptions • Defined validity period and known limitations 	<p>5. Approved Pricing Outputs</p> <p>Controlled connection between design and execution.</p> <ul style="list-style-type: none"> • Versioned pricing with effective dates and scope • Change history tied to approval decisions • Execution-ready pricing outputs for downstream systems 	<p>6. Performance Expectations</p> <p>Clarity on what pricing is expected to deliver..</p> <ul style="list-style-type: none"> • Target economic outcomes (e.g., margin ranges) • Early warning indicators for underperformance

	Level 1 to 2 Executing to Planning	Level 2 -3 Planning to Optimizing	Level 3 -4 Optimizing to Strategizing	Level 4 - 5 Strategizing to Maximizing
People	Assign clear ownership for standard price structures Shift pricing effort from deal support to upfront design	Establish joint ownership between pricing and finance for modeling outcomes Reduce dependency on individual model builders	Involve pricing in portfolio and growth discussions Shift modeling focus from accuracy to strategic impact	Shift analyst effort from rebuilding models to learning from outcomes Encourage continuous refinement rather than periodic redesign
Process	Define standard price structures (lists, tiers, fences, formulas) Stop recreating pricing logic for each situation Establish a basic review step before prices are approved	Require scenario modeling before approvals Document assumptions and trade-offs explicitly Introduce formal validation and sign-off	Align price structures to segmentation and positioning Design models to support strategic priorities explicitly	Establish continuous review and adjustment cycles Allow controlled updates without full redesign
Systems	Consolidate spreadsheets into a small number of shared models Introduce version control, even if manually managed	Move pricing logic into centralized modeling environments Enable auditable versions of rules and calculations	Enable differentiated pricing logic by segment, channel, or region Support scenario comparisons tied to strategic objectives	Support rapid recalculation and controlled changes Maintain alignment between design and execution automatically
Data	Standardize cost inputs and assumptions Ensure consistent segment and product definitions	Incorporate sensitivity and impact analysis Track expected versus realized outcomes.	Integrate competitive and value-based signals Use segment-level performance data to shape structures	Feed performance, behavioral, and lifecycle data back into models Adjust assumptions based on observed outcomes

3. Governance and Approval

Governance and approval ensure that pricing decisions are made consistently, transparently, and in alignment with pricing strategy and intent. This step exists to deliberately introduce control only where value, risk, or policy exposure justifies it. When governance is weak, pricing intent erodes through unmanaged exceptions, bypassed approvals, and informal decision-making under pressure.

Primary deliverables

<p>1. Decision Rights and Authority</p> <p>Clear definition of who has authority to approve pricing decisions</p> <ul style="list-style-type: none"> • Explicit escalation paths for higher-risk or out-of-policy decisions • Separation between recommendation and final approval where appropriate 	<p>2. Approval Thresholds and Policies</p> <p>Defined approval thresholds based on value, risk, or deviation from intent</p> <ul style="list-style-type: none"> • Clear policies governing discounts, exceptions, and special terms • Alignment between approval requirements and pricing intent 	<p>3. Approval Workflows</p> <p>Structured workflows for submitting, reviewing, and approving pricing decisions</p> <ul style="list-style-type: none"> • Consistent handling of standard approvals versus exceptions • Defined timelines and service expectations for approvals
<p>4. Exception Management</p> <p>Clear definition of what constitutes an exception</p> <ul style="list-style-type: none"> • Required justification and rationale for exceptions • Visibility into exception frequency and patterns 	<p>5. Approval Records and Traceability</p> <p>Documented approval decisions with rationale</p> <ul style="list-style-type: none"> • Traceability from pricing intent to approval outcome • Historical record of approvals and exceptions 	<p>6. Governance Performance Indicators</p> <p>Visibility into approval volumes, cycle times, and escalation rates</p> <ul style="list-style-type: none"> • Tracking of exception rates and repeat behaviors • Signals indicating governance breakdown or over-control

	Level 1 to 2 Executing to Planning	Level 2 -3 Planning to Optimizing	Level 3 -4 Optimizing to Strategizing	Level 4 - 5 Strategizing to Maximizing
People	Identify a clear pricing authority Reduce reliance on informal or relationship-based approvals	Enforce pricing authority consistently Reduce discretionary overrides by sales leadership	Shift governance mindset from control to intent protection Empower pricing authority to enable speed where risk is low	Governance ownership focuses on risk management, not transaction volume Pricing authority intervenes selectively, not routinely based on risk signals
Process	Define basic approval thresholds Establish what requires approval versus what does not	Standardize approval workflows Require justification for exceptions Introduce auditability into governance	Differentiate low-risk and high-risk decisions Streamline approvals where intent is clearly protected	Governance adapts dynamically to market and performance conditions Approval intensity adjusts based on observed risk
Systems	Track approvals manually but consistently Create basic visibility into who approved what	Implement structured approval workflows Maintain approval history and traceability	Automate approvals within defined guardrails Support parallel and conditional approvals	Support risk-based, adaptive governance Enable real-time visibility into approvals and exceptions
Data	Begin recording exceptions and approval outcomes Capture basic rationale for decisions	Analyze exception patterns and approval behavior Identify recurring causes of escalation	Use performance data to refine thresholds Monitor governance impact on speed and outcomes	Predictive signals identify where governance needs to tighten or loosen Continuous feedback improves governance effectiveness

4. Execution and Deployment

Execution and deployment are where approved pricing decisions are translated into live transactional systems. This step ensures that what was designed and approved is implemented accurately, consistently, and on time across products, customers, channels, and geographies. When execution is weak, pricing intent erodes silently through manual entry errors, system drift, and local reinterpretation.

Primary deliverables

<p>1. Deployment Scope and Definitions</p> <p>Clear definition of where approved pricing applies</p> <ul style="list-style-type: none"> • Defined scope by product, customer, channel, geography, and effective date • Explicit handling of overlaps with existing pricing 	<p>2. Execution-Ready Pricing Inputs</p> <p>Approved prices, rules, and parameters prepared for deployment</p> <ul style="list-style-type: none"> • Clear mapping between pricing logic and transactional system inputs • Validation rules to ensure completeness and accuracy 	<p>3. Deployment Workflows</p> <p>Defined steps for deploying pricing into execution systems</p> <ul style="list-style-type: none"> • Clear handoffs between pricing, IT, and commercial operations • Controlled timing and sequencing of deployments
<p>4. Synchronization Across Systems</p> <p>Alignment of pricing across ERP, CPQ, contract, and billing systems</p> <ul style="list-style-type: none"> • Prevention of conflicting or duplicated pricing logic • Clear ownership for cross-system consistency 	<p>5. Deployment Confirmation/Auditability</p> <p>Confirmation that pricing has been deployed as approved</p> <ul style="list-style-type: none"> • Visibility into deployment status and timing • Traceability between approved pricing and system implementation 	<p>6. Deployment Performance Indicators</p> <p>Visibility into deployment cycle times</p> <ul style="list-style-type: none"> • Identification of deployment errors or rework • Signals indicating execution breakdown or system drift

	Level 1 to 2 Executing to Planning	Level 2-3 Planning to Optimizing	Level 3-4 Optimizing to Strategizing	Level 4-5 Strategizing to Maximizing
People	Identify clear ownership for pricing deployment Reduce reliance on ad hoc coordination between teams	Establish clear handoffs between pricing, IT, and operations Reduce dependence on individual system experts	Coordinate deployment across channels and regions Treat execution as a strategic enabler, not a back-office task	Enable rapid response to market or strategic changes without bypassing governance Shift focus from fixing deployments to managing execution risk
Process	Document basic deployment steps Clarify who deploys what, and when	Standardize deployment workflows Ensure deployments follow approvals exactly	Synchronize deployments across systems and markets Align deployment timing with commercial strategy	Support controlled, frequent updates without disruption Adjust deployment rigor based on risk and impact
Systems	Reduce manual price entry where possible Introduce basic validation checks	Automate deployment of approved pricing where possible Maintain version alignment between pricing and execution systems	Establish a central source of truth for pricing execution Prevent local overrides and configuration drift	Enable near-real-time propagation of approved pricing Maintain continuous alignment between pricing design and execution
Data	Track deployment completion manually Record basic deployment errors	Track deployment timing and accuracy Compare approved versus deployed pricing	Measure execution impact on commercial outcomes Identify patterns where execution limits strategy	Use signals to trigger proactive deployment changes Monitor execution health continuously

5. Transactional Application

Transactional application is where pricing decisions are applied at the point of quoting, ordering, contracting, and billing. This step determines how pricing intent is realized in individual transactions, balancing controlled flexibility with discipline. When transactional application is weak, pricing erodes deal by deal through unmanaged discounts, inconsistent exceptions, and misaligned incentives—even when upstream pricing decisions are sound.

<p>1. Transactional Pricing Rules</p> <p>Clear definition of how approved prices are applied in transactions</p> <ul style="list-style-type: none"> • Defined rules for discounts, incentives, and adjustments • Explicit boundaries for allowable flexibility 	<p>2. Discount and Incentive Controls</p> <p>Defined discount limits by product, segment, or deal type</p> <ul style="list-style-type: none"> • Clear linkage between incentives and pricing intent • Consistent handling of promotional or special pricing 	<p>3. Exception Handling at Transaction</p> <p>Clear definition of what constitutes a transactional exception</p> <ul style="list-style-type: none"> • Required justification and reason codes for exceptions • Visibility into exception frequency and drivers
<p>4. Pricing Application Consistency</p> <p>Consistent pricing behavior across channels and regions</p> <ul style="list-style-type: none"> • Alignment between quoted, ordered, and billed prices • Prevention of local reinterpretation at the point of sale 	<p>5. Transaction Records and Traceability</p> <p>Capture of executed prices at the transaction level</p> <ul style="list-style-type: none"> • Visibility into applied discounts, incentives, and overrides • Traceability from approved pricing to realized price 	<p>6. Transactional Performance Indicators</p> <p>Visibility into price realization and leakage</p> <ul style="list-style-type: none"> • Tracking of discount depth and frequency • Signals indicating behavioral erosion or misalignment

	Level 1 to 2 Executing to Planning	Level 2 -3 Planning to Optimizing	Level 3 -4 Optimizing to Strategizing	Level 4 - 5 Strategizing to Maximizing
People	<p>Train sales and operations on basic pricing rules</p> <p>Reduce reliance on individual negotiation discretion</p>	<p>Establish accountability for discounting behavior</p> <p>Align sales leadership with pricing guardrails</p>	<p>Align sales incentives with pricing intent</p> <p>Shift mindset from deal maximization to value protection</p>	<p>Empower teams to optimize for long-term customer value</p> <p>Reduce focus on one-off deal outcomes</p>
Process	<p>Define standard discount limits</p> <p>Clarify when escalation is required</p>	<p>Apply consistent rules for discounts and incentives</p> <p>Require justification for exceptions</p>	<p>Design transactional rules to reinforce strategic priorities</p> <p>Differentiate flexibility by segment or deal type</p>	<p>Allow controlled, dynamic adjustments within guardrails</p> <p>Adapt transactional behavior based on observed outcomes</p>
Systems	<p>Capture executed prices manually but consistently</p> <p>Reduce uncontrolled overrides where possible</p>	<p>Enforce pricing rules within transactional systems</p> <p>Prevent overrides outside defined limits</p>	<p>Enable context-aware pricing at transaction</p> <p>Support differentiated behavior without manual intervention</p>	<p>Support real-time decisioning within defined boundaries</p> <p>Maintain continuous alignment with upstream pricing decisions</p>
Data	<p>Begin tracking discounts and exceptions</p> <p>Capture basic transaction-level pricing data</p>	<p>Identify patterns of leakage and erosion</p> <p>Compare approved pricing to realized pricing</p>	<p>Track segment-level pricing behavior</p> <p>Analyze impact of transactional behavior on strategy</p>	<p>Use behavioral and lifecycle data to guide pricing at transaction</p> <p>Continuously monitor price realization health</p>

6. Monitoring and Performance

Monitoring and performance measurement provide visibility into how pricing decisions perform once they are executed in the market. This step ensures that pricing outcomes are understood, deviations are detected early, and structural issues are identified before they become embedded. When monitoring is weak, pricing performance is assessed too late, problems repeat, and learning is replaced by after-the-fact explanations.

Primary deliverables

<p>1. Pricing Performance Metrics</p> <p>Clear definition of core pricing performance measures</p> <ul style="list-style-type: none"> • Metrics covering margin, volume, mix, and price realization • Alignment of metrics to pricing intent and objectives 	<p>2. Price Realization and Leakage Visibility</p> <p>Visibility into the difference between approved and realized prices</p> <ul style="list-style-type: none"> • Identification of leakage from discounts, incentives, or execution gaps • Consistent calculation of realization across products and channels 	<p>3. Exception and Deviation Tracking</p> <p>Tracking of pricing exceptions and deviations from intent</p> <ul style="list-style-type: none"> • Visibility into frequency, magnitude, and drivers of exceptions • Differentiation between intentional and unintentional deviations
<p>4. Performance Reporting and Dashboards</p> <p>Standardized reporting views for pricing performance</p> <ul style="list-style-type: none"> • Regular cadence for reviewing results • Consistent definitions to avoid conflicting interpretations 	<p>5. Diagnostic Insights</p> <p>Identification of structural pricing issues versus isolated events</p> <ul style="list-style-type: none"> • Insight into behavioral patterns driving performance outcomes • Clear linkage between pricing rules, execution, and results 	<p>6. Performance Signals and Thresholds</p> <p>Defined thresholds that indicate when pricing is underperforming</p> <ul style="list-style-type: none"> • Early warning signals for erosion, drift, or misalignment • Triggers for review or intervention

	Level 1 to 2 Executing to Planning	Level 2 -3 Planning to Optimizing	Level 3 -4 Optimizing to Strategizing	Level 4 - 5 Strategizing to Maximizing
People	Assign ownership for pricing performance reporting Move responsibility beyond finance-only reporting	Establish accountability for addressing performance issues Involve pricing and commercial leaders in reviews	Use insights to inform strategic pricing discussions Shift focus from reporting results to understanding drivers	Develop a predictive mindset toward pricing performance Act proactively rather than reactively
Process	Define a basic set of pricing performance metrics Establish a regular review cadence	Regularly review leakage and exceptions Link performance outcomes to specific pricing rules or behaviors	Integrate pricing performance into business decision making Prioritize issues based on strategic impact	Intervene early based on performance signals Continuously refine pricing rules and guardrails
Systems	Produce standard reports manually Ensure consistent data pulls across periods	Implement dashboards for recurring analysis Reduce reliance on ad hoc reporting	Enable deeper analysis by segment, product, or channel Support cross-functional visibility into pricing outcomes	Support predictive analytics and alerts Enable near-real-time visibility into pricing health
Data	Gain basic visibility into historical pricing performance Identify obvious gaps or anomalies	Track performance trends over time Compare expected versus realized outcomes	Analyze performance at segment and behavior level Identify patterns where pricing limits or reinforces strategy	Use forward-looking indicators and behavioral signals Continuously update benchmarks and expectations

7. Learning and Adjustment Over Time

Learning and adjustment over time ensure that pricing improves as markets, customers, and competitive conditions change. This step closes the loop between pricing intent, execution, and outcomes, preventing the same pricing issues from recurring. When learning is weak, organizations repeat the same pricing mistakes, rely on periodic resets, and fail to compound the value of experience.

Primary deliverables

<p>1. Pricing Review Cadence</p> <p>Defined cadence for reviewing pricing performance and outcomes</p> <ul style="list-style-type: none"> • Clear ownership for initiating reviews and follow-up actions • Alignment of review cycles with business rhythms 	<p>2. Identified Improvement Opportunities</p> <p>Documented insights from performance analysis</p> <ul style="list-style-type: none"> • Clear distinction between structural issues and isolated events • Prioritized list of pricing improvements 	<p>3. Pricing Adjustments and Refinements</p> <p>Defined changes to pricing intent, rules, or structures</p> <ul style="list-style-type: none"> • Clear rationale for adjustments based on observed outcomes • Controlled scope and timing of changes
<p>4. Change Tracking and Visibility</p> <p>Visibility into what pricing changes were made and why</p> <ul style="list-style-type: none"> • Traceability between insights, decisions, and adjustments • Historical record of pricing evolution over time 	<p>5. Feedback Loops to Upstream Steps</p> <p>Clear linkage between learning and pricing strategy, design, and governance</p> <ul style="list-style-type: none"> • Updates to guardrails, rules, or thresholds based on evidence • Reinforcement of behaviors that deliver desired outcomes 	<p>6. Learning Effectiveness Indicators</p> <p>Visibility into whether adjustments improve outcomes</p> <ul style="list-style-type: none"> • Measurement of repeated issues versus resolved issues • Signals indicating whether learning is embedded or ad hoc

	Level 1 to 2 Executing to Planning	Level 2 -3 Planning to Optimizing	Level 3 -4 Optimizing to Strategizing	Level 4 - 5 Strategizing to Maximizing
People	Assign ownership for reviewing pricing outcomes Move learning beyond informal conversations	Hold teams accountable for addressing known pricing issues Involve pricing and finance in structured reviews	Use learning to inform strategic pricing discussions Shift focus from fixing problems to improving decisions	Embed continuous learning into pricing culture Encourage proactive refinement rather than periodic resets
Process	Introduce periodic pricing reviews Capture lessons learned informally	Establish structured improvement cycles Prioritize issues based on impact	Integrate learning into strategy, design, and governance updates Refine pricing intent based on evidence	Continuously adjust pricing based on performance and market change Reinforce successful pricing behaviors systematically
Systems	Track pricing changes manually Maintain basic visibility into what changed	Track pricing changes and decisions consistently Link adjustments to identified issues	Support visibility across pricing changes and outcomes Enable collaboration across pricing, finance, and commercial teams	Support continuous feedback loops across the pricing workflow Enable rapid incorporation of learning into execution
Data	Review historical performance after the fact Identify obvious recurring issues	Compare performance before and after changes Validate whether adjustments delivered expected results	Identify patterns across segments, products, or behaviors Distinguish structural issues from situational ones	Use behavioral and lifecycle data to guide refinements Continuously update benchmarks and expectations

How to Begin a Pricing Transformation

Pricing transformation does not begin with technology, organizational redesign, or sweeping change programs. It begins with clarity—understanding how pricing works today, where it creates value, and where it quietly constrains the business. Most organizations attempt to improve pricing everywhere at once, only to discover that effort is diluted and results are inconsistent.

Effective transformation starts by taking pricing one step at a time, anchored in a clear understanding of the pricing workflow and operating model. This means identifying which steps of the workflow are limiting performance today, which operating model dimensions are causing friction, and where incremental improvement will deliver the greatest return.

Not every part of pricing needs to be advanced simultaneously. Some steps may already perform well, while others act as bottlenecks that cap overall impact. The goal is not uniform maturity, but targeted progress where it matters most.

Setting a Practical Plan for Change

A practical pricing transformation plan answers four questions before any action is taken:

- Which step of the pricing workflow is constraining results today?
(Strategy, design, governance, execution, transaction, monitoring, or learning)
- Which operating model dimensions are limiting that step?
(People, process, systems, data)
- Where does improvement create peak value versus diminishing returns?
Not every improvement produces the same impact; some changes unlock scale, while others deliver marginal gains.
- What is the smallest meaningful step forward?
Progress should reduce friction, not introduce complexity.

By framing transformation this way, organizations avoid over-engineering and focus on removing the constraints that prevent pricing from operating as intended. Success comes from sequencing improvements deliberately, ensuring each step builds on the last.

Understanding Where Value Is Created and Lost

Pricing creates value when intent translates cleanly into execution. It loses value when decisions are reinterpreted, delayed, or overridden under pressure. This loss rarely happens in one dramatic failure; it accumulates gradually across manual processes, inconsistent rules, fragmented systems, and unclear ownership.

As organizations grow across products, geographies, channels, and customer segments pricing complexity increases naturally. What once worked informally becomes fragile at scale. Recognizing this shift is critical: pricing does not fail because people lack skill, but because the operating environment has changed faster than the operating model.

Transformation succeeds when organizations acknowledge this reality and design pricing capabilities that scale with complexity rather than fight it.

The Role of Systems in Modern Pricing

Modern pricing systems are not the solution on their own—but they are an essential enabler. Pricing has become complex because markets, customers, and commercial models have become complex. Global footprints, differentiated channels, dynamic competition, and customer-specific programs cannot be managed sustainably through spreadsheets, manual workflows, or systems designed for a different era.

The right system does not replace strategy or judgment. Instead, it:

- Automates repeatable work
- Enforces consistency across workflows
- Preserves pricing intent through execution
- Reduces manual intervention and error
- Enables speed without sacrificing control

Without system support, even well-designed pricing models collapse under operational pressure. With the right system in place, pricing teams regain bandwidth to focus on decisions that matter rather than mechanics that consume time.

Why IMA360 Is the Right Enabler

Our Vision is to make pricing and commercial programs run seamlessly—freeing people from complexity so they can focus on strategy and innovation, driving businesses to achieve stronger, measurable results.

Our Mission is to provide the leading solution for pricing and commercial programs—simplifying complexity, expanding capabilities, and delivering a modular, system-agnostic experience while remaining highly flexible to meet our customers' needs.

What Differentiates IMA360

Results

We define success through our customers' success. Every solution, workflow, and decision is designed to move organizations closer to their goals in ways that are measurable, meaningful, and tangible.

Flexibility

We meet customers where they are. Every organization has its own pace, constraints, and priorities. IMA360 adapts to that reality—allowing companies to evolve pricing capabilities step by step, without forcing disruption or rigid transformation paths.

Simplicity

We design for clarity. By removing friction and reducing operational burden, IMA360 allows pricing teams to focus on strategy, insight, and value creation rather than administrative effort.

Trust

We are more than a vendor—we are a long-term partner. Through consistency, transparency, and support, we build the confidence that pricing leaders need to drive lasting change across their organizations.