

# BUILDING RM CULTURE IN YOUR ORGANISATION

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**PriceTech Solutions**  
Optimising Performance Through Pricing

# A bit of background

- 3 RM culture building endeavours
  - Airline (RM concepts in place, not embraced)
  - Ferry (RM implementation)
  - Car rental (RM implementation)
- Lessons learned
  - Easy in theory, not in practice
  - Very important to success of RM program
  - Follow a plan

# Contents

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- The importance of an RM culture within the organisation
- Guidelines and Experiences
  - Needs Assessment
  - SWOT analysis
  - Internal Marketing Plan
- Conclusion

# RM works – we know it does...

- It increases revenue and ROI can be huge
- It targets market segments to increase customer satisfaction
- Based on sound economic principles
- Market info/expertise
- Customer behaviour info/expertise
- ST/LT capacity and labour planning
- revenue forecasting
- Proactive promotional/advertising behaviour

# So why can it be so damn hard to get off the ground

- RM (concepts and benefits) not widely understood across many organisations/industries – can seem complex.
- A new way of thinking about pricing
- Perceived to be unfair to customers
- Perceived to be confusing to customers
- If it ain't broke why fix it?
- Other companies don't do it – “we are not an airline!”
- Perceived high implementation costs
- Results sometimes difficult to prove
- Organisational politics – others feel threatened
- Rev Mgrs are not necessarily sales people or self promoters
- Rev Mgrs can be insular in their outlook

# Therefore,

We need to sell the value of RM effectively to the organisation to build a culture that embraces RM as a 'must have' business solution – thereby ensuring RM success in an ongoing way.

Obvious, but not easy and often underestimated by RM professionals.

# The 'snowball' effect

Building Organisational Value for RM program



Creating/Embracing RM culture in organisation

budgets



support

Attraction/Retention of top RM talent



Ongoing success of RM program

# Building the value/culture

- i. Assess the RM culture and understanding within the organisation
- ii. Perform a basic SWOT analysis of RM to the organisation – what does RM bring to the organisation?
- iii. Create an ongoing internal marketing plan for RM within the organisation.

# Assess the culture/understanding

- Wide ranging across organisations and industries
- Set some measureables and targets
  - Don't get too hung up on it – use as a basis for improvement
- Do some formal/informal surveying within organisation
- Set time allocation for culture building based upon need – between 10% and 40%.
- Reassess quarterly

# Do a SWOT analysis

## Strengths

- Increased revenue
- Increased customer satisfaction
- High ROI
- ST capacity/resource planning
- LT capacity/resource planning
- Advertising/Promotion planning
- Market information/expertise
- Consumer Behaviour info/expertise
- Financial forecasting

## Weaknesses

- Difficult to measure results
- Hard to explain
- Analytical and boring
- Cost prohibitive – perceived
- Messing with pricing is too risky
- Perceived to be unfair by customers?
- Perceived to be confusing to customers
- Perceived not to apply to this industry?
- Making something simple very difficult.
- Perceived to be too academic – not practical
- Hard to position in company

## Opportunities

- Improved decision making across all areas of business
- Forecasting techniques applied to other areas of business
- Optimisation techniques applied to other areas of business
- Continuous improvement

## Threats

- Internal Politics
- Resource allocation too small
- New management/decision makers
- Market downturns blamed on RM
- Technical issues within business affecting RM

## Create an ongoing internal marketing plan

- Understand target markets – benefits + ongoing education
- Organisational positioning
- RM image (branding)
- Communication/Reporting methods
- Have a continuous improvement plan with budgets and expected results
- Promote, promote, promote

# Target different stakeholders with different methods

- Different education techniques to different groups
- Different benefits to different groups

Stakeholder	Education	Benefits
Customer	Explain pricing clearly	Choice, pricing to suit needs
CEO, Senior Mgmt	Use business lingo, be concise/clear, discuss risk/return, analytical	Increased revenue, ROI, market info, rev forecasting, cost savings
Sales and Marketing	Exp as sales technique, customers point of view, descriptive language, risk/return, price key part of mix	Customer/Market info, increased revenue, mktg ops
Strategy and Planning	Using forecasts to understand market and business, explain big picture benefits	ST/LT resource – labour and capacity planning
Finance	Explain forecasting and optimisation techniques, how it makes revenue, risk/return	Increased revenue, cost savings, detailed reporting, detailed revenue budgeting
Operations	Broad concepts	Resource planning
IT	Technical aspects	Technical skill enhancement

# Organisational Positioning

- RM department?! Part of Sales and Mktg? Other? – have a clear plan on this!
- Ensure RM staff and organisation as a whole are clear on where RM sits.
- Ensure clear communication paths between RM and other stakeholder groups in organisation.
- Ensure regular communication and contact with decision makers in business – and become one yourself!

# RM image - branding

How do you want RM to be seen by the organisation? Have a clear identity!

Professional      Cutting Edge      Upbeat  
Human      Customer Focussed      Results oriented  
Forward thinking

**Create the RM Brand!!!**

# Communication and Reporting

- Ensure revenue benefits of RM are clear, measureable and attributed to RM – agree upon a measurement system
- Tailor reports to stakeholders interests
- Use easy-to-understand language – analytical and descriptive where appropriate
- Share market knowledge and expertise formally and informally
- Use the human touch – fun and engaging!
- Building market profiles are a hit – no-one knows the market like the RM department – share it – IT'S GOLD!!!!

# Have a continuous improvement plan

- Be cutting edge – RM are the forward thinkers.
- Think of organisational value adds – RM concepts can be applied across many areas
- Assign time to think of ideas and involve other areas of the business in these processes

# Promote, Promote, Promote

Ensure that RM is promoted within organisation at every opportunity – in a professional way. A bit of PR goes a long way.

# Conclusion

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- Whether embarking on an RM program – or seeking to improve an existing program – promoting RM effectively within an organisation is key to its success.
- Taking the time to plan this effectively is (literally) worth its weight in gold!!