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The Field Guide — Free Sample

Chapter 1: Nobody Owns the Price

This sample contains 7 pages from the full workbook.

Source PDF pages 15–21; complete Chapter 1, including worksheets 1 and 2.

Use the fillable fields to try the work with your own numbers.

The complete workbook contains 39 worksheets and is sold separately.

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Nobody Owns the Price

Chapter 1 of the book. Price is the fastest profit lever a CEO has, and in most companies nobody is holding it. Instruments: worksheets 1 and 2.

Before anyone fixes a price, the leadership team has to see two things on paper. The first is what a single point of price (1 percent more on what you collect, at the same volume) is worth to your company, in dollars. The second is who is setting your prices right now. Most teams can recite the EBITDA margin to a decimal (EBITDA means earnings before interest, taxes, depreciation and amortization — operating profit, the figure a buyer pays a multiple of) and still can't tell you who decided the last discount on their best item.

These two worksheets take an afternoon and a week of short conversations. Worksheet 1 is arithmetic: one point of price set beside the new volume and the overhead cuts that would earn the same money. Worksheet 2 is a census: twenty invoices, the dates your price rules last moved, and one question put to five leaders in five separate rooms.

Skip them and the pricing work starts with a hunch and no urgency behind it. I would rather you start with a number that quiets the room and a list of answers that doesn't agree with itself. Neither costs a dollar, and both fit inside a week.

WHAT IT LOOKS LIKE WHEN IT IS MISSING

- Reps quote from a price list last revised before some of them were hired.
- A general increase went out two years running, and nobody can say how much of it reached the invoices.
- Reps and managers each have a discount limit, and nobody adds up what they give away under it.
- The labor rate, the freight rule and the dealer tiers were each set by somebody who has since moved on, or forgotten.
- Five leaders asked who owns price give five answers, and one of them is "the market."
- Price appears on the leadership agenda after the safety report and the new hires, if it appears at all.

The tell is a team that knows its EBITDA margin to the decimal and can't say what one point of price is worth in dollars.

IN THE BOOK

Chapter 1 argues that a company without a pricing method sets its prices four ways at once — by habit, by a markup somebody chose years ago, by the competitor's number as the reps heard it, and by whatever closed the order — and that none of the four weighs what the item is worth to the buyer. It then does the sum that ought to end the debate: divide one point by your EBITDA margin and you have the share of profit a point of price moves, while the same dollars from volume or cost take far longer and cost far more. The two instruments here make that concrete. The one-point test puts price, volume and cost side by side for the same dollar, and the census, Who sets our prices today, shows who is really holding the price. The rule behind both: compute your own number, never borrow a study's. At Millrace one point came to \$0.94 million, a tenth of EBITDA, and five leaders gave five different answers about who owned price.

Its Do This list, as a checklist:

- Take the twenty most recent invoices for your top item and name, beside each, whoever set that price
- Work out your one-point number, 1 percent of revenue, and the share of EBITDA it represents
- Work out the new revenue, at your contribution margin, that would earn the same dollars
- Date the last change to the list, the labor rate, the freight rule, the discount schedule and the dealer tiers
- Ask five leaders, one at a time, who owns price, and set their answers next to each other
- Make price the opening item on the next leadership agenda

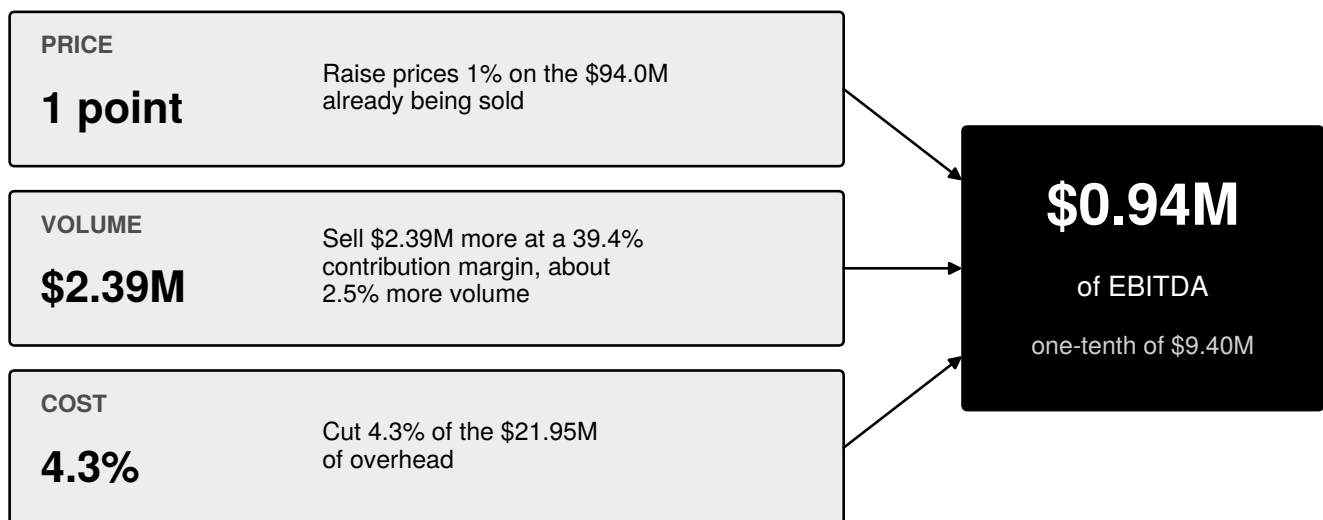
WORKED EXAMPLE

Millrace Water Systems closed its fiscal year on 30 June 2025 with revenue of \$94.0 million (equipment \$38.0 million, consumables and parts \$33.0 million, service \$23.0 million) and EBITDA of \$9.40 million, 10.0 percent of sales. Claire Obermann had been CEO since Monday 2 June. At her first Board meeting, on Tuesday 8 July, she told the directors they would see a pricing plan in November, and then she went to find out what the plan would have to fix.

The census came first, and it said a great deal. Nobody had fully revised the consumables list since 2019. The 3 percent increase of 2022 and the 4 percent of 2023 had landed on the invoices only partly. Sixty-one percent of consumables-and-parts lines were discounted, by 24.8 percent on average where a discount was given, and the ERP (enterprise resource planning, the system holding every order, price and invoice) held 1,146 special prices, each overriding the list for one customer, with no end date. Labor had billed at \$118 an hour since January 2022, after-hours included. Free shipping above \$500 dated from 2016. Fifty-eight of 140 dealers held tiers they had stopped earning. Reps were paid 100 percent on revenue. And the 6 percent tariff surcharge added in May 2025 had been waived on 41 percent of orders. When Claire asked five leaders, separately, who owned price, she got five answers, and no two matched.

Then she worked the one-point test by hand. One point of price is 1 percent of revenue at the same volume: \$0.94 million. Divide it by EBITDA of \$9.40 million and you get a tenth. For volume she needed the contribution margin: the share of a sales dollar left once you pay the costs that move with every order — material, freight, commission. Across the three lines it blended to 39.4 percent, so \$0.94 million divided by 0.394 came to \$2.39 million of new revenue, roughly 2.5 percent more of everything, sold, built, shipped and collected. For cost, \$0.94 million against \$21.95 million of overhead (payroll, rent and systems, the costs that stay put whatever you sell) was 4.3 percent of it. And at the nine times EBITDA her owners used to value the company, one point held for good was worth about \$8.5 million.

Read the three results the way her directors would. The price line is a decision about orders already in the building. The volume line is 2.5 percent more cartridges, skids and service calls, each one won by a rep who has to go and find it. The cost line is mostly people, found one job at a time. Same dollar, three very different amounts of work. She put Day 1 on the calendar for Tuesday 2 September.



At nine times EBITDA, one point of price is worth about \$8.5M of value.

Fig. 01-01: At Millrace, one point of price earned \$0.94 million of EBITDA on orders already in hand. The same dollars would have taken \$2.39 million of new revenue, or 4.3 percent of overhead.

WORKSHEETS

Two worksheets carry this chapter: the arithmetic first, then the census.

WORKSHEET 1

The one-point test

Sets one point of price beside the volume and the cost cuts that would earn the same dollars. The CFO (chief financial officer) fills it in, and the CEO reads it to the leadership team.

Company or business unit

Twelve months ended

Revenue

EBITDA

EBITDA margin, %

From price. One point is 1 percent of revenue, with volume unchanged.

One point of price, in dollars

As a share of EBITDA (one point ÷ EBITDA)

From volume. New revenue needed = one point ÷ contribution margin.

Contribution margin, %

New revenue needed to earn the same dollars

As a share of today's revenue

From cost.

Overhead (everything between gross margin and EBITDA)

One point as a share of overhead

At the exit.

The multiple buyers pay for companies like yours

One point, held, times that multiple

What the leadership team said when it first saw these numbers

Millrace's version

Twelve months ended 30 June 2025. Revenue \$94.0 million, EBITDA \$9.40 million, 10.0 percent of sales. One point came to \$0.94 million, or 10 percent of EBITDA. Volume would have had to supply \$2.39 million of new revenue at a 39.4 percent blended contribution margin, about 2.5 percent more of everything. Cost would have meant a 4.3 percent cut in overhead of \$21.95 million. Valued at nine times, one point held was worth about \$8.5 million.

Route	Base	Rate	Result
Price	Revenue, \$94.0M	One point	\$0.94M of EBITDA
Volume	Contribution margin	39.4 percent	\$2.39M new revenue
Cost	Overhead, \$21.95M	4.3 percent	\$0.94M cut

WORKSHEET 2

Who sets our prices today

A census of how prices really get set: twenty invoices, the dates your rules last changed, and one question put to five leaders. An analyst pulls the invoices, and the CEO asks the question.

Twenty invoices for your top-selling item, most recent first. Where nobody can name who set a price, leave the cell blank. The blank is the finding.

Invoice	Customer	Price	% of list	Who set it

Invoice	Customer	Price	% of list	Who set it

Different prices among the twenty

Prices with no name beside them

When each price rule last changed.

Price element	Last changed	Set by	Still fits?

Who owns price here? Ask five leaders one at a time, and write each answer down as it was said.

Leader	Role	Answer

What the five answers have in common

Millrace’s version
 Claire asked her five leaders separately in her first weeks. Ellen Park, the CFO, said sales owned price. Ben Ashby, the product manager, said the consumables list was his and everything after it belonged to the field. Rosa Delgado, VP Service, said the labor rate hadn’t come up with her since 2022. Walt Hennessy, VP Sales, said the market did. Maya Sorensen, the senior FP&A analyst, said whatever sat in the system. Reps could give 25 percent off list and managers 35, and nobody tracked it.

Price element	Last changed	Still fits?
Consumables list	2019	61 percent of lines discounted
Service labor rate, \$118	January 2022	After-hours at the same rate
Free freight above \$500	2016	Never revisited
Dealer tiers	Years before	58 of 140 dealers no longer earn them
Tariff surcharge, 6 percent	May 2025	Waived on 41 percent of orders

RUNNING IT WITH THE TEAM

Keep the room small: the CEO, the CFO, the sales leader, the service leader, the product manager and the person you expect to name as price owner. Give it ninety minutes, once, in the weeks before Day 1. The analyst brings the twenty invoices printed, one per page. The CFO brings Worksheet 1 already filled in.

Do the five interviews first, alone and in the same week, and share no answer until the meeting. Then run the meeting in three parts: the invoices on the table, the arithmetic on the wall, the five answers read aloud. That order matters. People argue with a percentage. They don't argue with a stack of invoices in their own company's letterhead.

As CEO, open with one sentence: nobody here is on trial, and we are looking at how our prices get set and what they are worth. Close with two decisions. Price goes first on the next leadership agenda, and Day 1 goes on the calendar with a date beside it.

The person you expect to name as price owner reads the invoices aloud, one at a time, and keeps the list of rules and dates. Every blank gets written down as a blank. Nobody fills one in from memory during the meeting.

In a \$15 million company the room is three people: the owner, the controller and whoever runs sales. The invoices come out of the accounting system in an hour, and the five interviews become three. The arithmetic is identical, and so is the silence when the one-point figure goes on the wall.

What goes wrong the first time? Someone says the twenty invoices aren't typical. Pull twenty more (it takes an hour, and they won't be typical either). Someone runs the volume sum on gross margin instead of contribution margin. Stop it there, because the answer comes out wrong, and the first wrong number in a room is the one everybody remembers. And the sales leader hears the census as blame. It isn't. The design put the price in the hands of sales, and leadership chose the design.

THREE QUESTIONS FOR MONDAY

1. What is one point of price worth to your company in dollars, and what share of EBITDA is that?

2. Which of your price rules has not moved in three years or more, and who would have to agree to change it?

3. If you asked your sales leader and your CFO, separately, who owns price, would you get the same name back?

BEFORE YOU MOVE ON

You should now have, on paper:

Worksheet 1 — one point of price in dollars, beside the volume and the overhead cut that would earn the same

What one point is worth at your owners' multiple

Worksheet 2 — twenty invoices, with a name or a blank beside each price

The date each price rule last changed

Five leaders' answers to who owns price, written down as they were said

Price at the top of the next leadership agenda, and a date for Day 1