Value-Based Pricing with Dr. Michael Tatonetti

Leading Learning Podcast Transcript for Episode 317

Michael Tatonetti: [00:00:00] I think it's a buzzword, *value*, we throw around, but you can quantify value and then attach a price to that and be able to justify a price against value in ROI.

Celisa Steele: [00:00:16] I'm Celisa Steele.

Jeff Cobb: [00:00:18] I'm Jeff Cobb, and this is the Leading Learning Podcast.

Celisa Steele: [00:00:26] Welcome to episode 317, which features a conversation with Dr. Michael Tatonetti. Michael is founder and CEO at Pricing for Associations, and he speaks, trains, and consults on value-based pricing. Michael is also a certified association executive and a certified pricing professional. Jeff and Michael talk about value-based pricing, including approaches and tools to use; sponsorship; value propositions; pricing online offerings; addressing cannibalization concerns; and much more. Pricing plays a fundamental role in the success of all learning businesses, and this conversation offers much food for thought and insights for action. Jeff and Michael spoke in June 2022.

Jeff Cobb: [00:01:19] Can you tell us a little bit more about the work that Pricing for Associations does and the role you play in doing that work?

Michael Tatonetti: [00:01:26] Absolutely. So we are a consulting firm. I'm the founder and CEO at Pricing for Associations, and we work specifically with associations. But a lot of what we'll talk about today also applies to learning organizations in general. But we work with them across their products, whether it is events or digital education. It could also be membership, sponsorship. The type of work that we do is value analysis and pricing analysis, ensuring that the value that's being served to the audience is what the audience needs and then determining what is the fair share of the price that the organization should be taking in for the value that they deliver.

Jeff Cobb: [00:02:08] And does that tend to be different for associations? I know you're dealing with members versus traditional customers. What's different about pricing in that association world?

Michael Tatonetti: [00:02:18] Yeah. So there are some principles, of course, that are consistent, whether it's a for-profit organization or even a different type of nonprofit organization. But then there are some things that are a little bit different. One thing I would say that is slightly different is when we're analyzing value and measuring value, we tend to stick to those people who are already in the database when we're working with associations versus for-profit organizations are typically doing generalized market research across the board and moving beyond just the current and past customer base of the organization. And the other thing is that there are some unique nuances to the goal of the pricing strategy. For for-profits, their main goal is typically profitability at whatever cost. Of course, they can be mission-driven and be an intentional organization, but, at the end of the day, they typically have shareholders of some sort. For an association or even a nonprofit organization, there is more of a delicate balance of fulfilling the mission versus that profitability. The way that I like to typically say it in the nonprofit space is that, for our organization, our mission is to help these associations with financial sustainability. Sometimes there are decisions made of, hey, we could charge this price, but we're going to put it here to serve more people. But, at the end of the day, are we ensuring that we're financially sustainable so that in the 50, 100 years to come, we can continue to fulfill the mission? And we know that recessions come about every 10 years. We clearly just went through a global pandemic and are kind of coming out of it, and who knows what else will happen. So the whole idea of being financial sustainability for those hard times so that the mission doesn't die out. So there are some differences, I think, in how the work is approached, but a lot of things do translate very well into the work with with nonprofits.

Jeff Cobb: [00:04:10] Well, pricing is obviously such a universal issue, and I would say a universal concern for people. We have, for example, some information on our site around pricing of educational products, and that's some of the highest-traffic content on on our site. People are obviously wrestling with pricing. And I'm wondering, from the perspective of somebody like you who's engaged with this day in and day out, what do you find are the two to three things that people most often either get wrong or just misunderstand about pricing that probably leads to a lot of this consternation that's out there around it?

Michael Tatonetti: [00:04:44] Yeah. So two things immediately pop up. One is that pricing is about greed. I think that a lot of people are afraid to even talk about it, especially again if they're nonprofits, even if they're for-profit, but they're very mission-driven, which I would say just about any learning organization is. So the issue is that for me, again, it's not about greed. It's about that financial sustainability and changing that mindset. When we think that it's greed, I think we tiptoe around it. We just pick a price. We might listen to the board or listen to a few squeaky wheels, but we're not doing it the right way. We just want to get it over with. The other misconception or misunderstanding, I would say, is I think that a lot of organizations believe that their competitors matter way more than what they actually do. So I use an approach called value-based pricing. I think it's the right approach because, of course, why stick to it? But having studied different pricing methodologies, for me, the problem with just looking at competitors is you don't always really know. You might hear the value promise or brand promise of what they're offering, but unless your audience has also partaken in their product, and enough have to give a very strong comparison of the value delivered, you don't know where you sit.

Michael Tatonetti: [00:06:00] And so you might look at just the marketing and sales page and make a determination. But what if your product delivers so much more value in ROI, and you're leaving money on the table? And you might think, well, how can we charge more? Well, you communicate it. But that's why you need to analyze the value. Or what if you're not offering? What if you make promises, but maybe they're over-delivering in ways that you don't even realize? And, again, then you're possibly overcharging. So looking at your competitors, I think, is an easy way. It's an old-school CPA way of looking at things, doing cost plus and competitive-based. For me, I think that's a huge misunderstanding, but people don't know how to measure value. And I think it's a buzzword, *value*, we throw around. But you can quantify value and then attach a price to that and be able to justify a price against value in ROI. So I think those are probably the two big things: that it's about greed, so let's just rip the Band-Aid off and pick something and throw spaghetti at the wall, or let's look at all of our competitors and just pick a price right below them, almost like *Price Is Right*, or right above them and hope it works.

Jeff Cobb: [00:07:09] Yeah, we definitely share that preference for value-based pricing. We see the value in that and are constantly telling people not to pay so much attention to competitors and certainly not to do just the cost-plus thing because you could be leaving so much value on the table. But people, organizations really do wrestle with figuring out what their value is and then communicating that, and I know you place a lot of emphasis on value propositions, a lot of emphasis on communicating value. What do you typically tell organizations about how to craft that really effective value proposition, how to really communicate value in a way that you're going to be able to charge in a way that reflects that value?

Michael Tatonetti: [00:07:52] Yeah. So the main thing there, it's a complex question and a very good one. I do rely a lot on communicating value and creating a good marketing plan around that value prop or multiple value props. Typically, when we do a project for a product, we might write as many as 20 to 40 value propositions that an org can use, which sounds like a lot, but it's usually segmented, and so who are you speaking to and what is the value level for them? It's not just one or two or even three big value props. So understanding that, again, segments, all that can be buzzwords, but I think, at the end of the day, the big thing for people to understand about value-based pricing and communicating value is you have to talk to your audience. It's not done by sitting around a table in a boardroom or on a Zoom or whatever and the staff or even the board coming up with it. It's done through surveys, through focus groups, through interviews, through asking the right questions and then extrapolating those answers. Typically, the value props are just reworkings of exactly what members or lapsed members or learners or alumni have told us, and we just polish it up a little bit, but we use the voice of the customer and determine where that fits. What segment and at what point might this be used in the sales and marketing process? Understanding to really get the voice of the customer, what did they get from it, and not just quantitative value props but qualitative.

Michael Tatonetti: [00:09:20] And, depending on the product, you might do a different ratio of the two. But those qualitative being, I typically like to say align them with Maslow's hierarchy of needs, and hit on different needs that people have. And then the quantitative are typically the easier ones. You reduce turnover, retention by having this learning product or training product in place, things like that. But those qualitative stories of how someone did their job better or how they got the promotion, how they got the raise, how they looked better in front of their boss, their boss trusted that they could go find the right answer in an LMS or in some kind of a resource hub because they're a part of your organization or have access to those materials. Those are some of the value stories that you want to share so that they can put themselves in those shoes. Really selling the value of the transformation. And, again, I feel like those are all buzzwords, but getting it through intentional work with your audience, extrapolating that, and using that as your as your value props and in marketing and in sales, for me, it sounds simple, but it's the way to do it. That's how you know the value of what you're providing.

Celisa Steele: [00:10:35] At Tagoras, we're experts in the global business of lifelong learning, and we use our expertise to help clients better understand their markets, connect with new customers, make the right investment decisions, and grow their learning businesses. We achieve these goals through expert market assessment, strategy formulation, and platform selection services. If you are looking for a partner to help your learning business achieve greater reach, revenue, and impact, learn more at tagoras.com/services.

Jeff Cobb: [00:11:10] I don't want you to give away any trade secrets here or anything, but that process of extrapolating from those discussions to ultimately arrive at a price—because ultimately you've got to say it's X dollars or whatever—and I know that it is notoriously difficult/misleading to ask people directly about price. You can't just say, "What will you pay for this?" or "Will you pay X for this?" and expect a reliable answer from that. How do you actually move from these conversations about value, even crafting the value propositions, to translating that into it's going to cost X?

Michael Tatonetti: [00:11:43] Yeah, there's a few methods. It depends on the product. I'm always willing to give away my secret sauce. That never bothers me. I want everyone to get pricing right. I don't care if you work with us or someone else, doesn't bother me. But there are a few ways. The quick high level, for the sake of timing, once you've done, I always do value analysis before a pricing analysis. So, once you've figured out value and adjustments, a few ways you can go about it. One is you can explicitly say, "Hey, we've heard you. These are the adjustments that we're looking at making," and you can take an open or closed approach—open being, if we make these adjustments, effectively what would that do to your willingness to pay? Now, you word it in a certain way. Of course, we have a series of questions that we ask. There's different models. I'm sure you're familiar with Van Westendorp and others. We customize our own way, and it depends on the product and the size of the population and all that. So we customize the approach, but we can ask open-ended. The other way is we can ask closed, where we work with the organization and say, "Here's the adjustments. What might that do to your costs?" And therefore what we want it to be. So not cost-based pricing, but having some kind of a determination and then, from there, saying, "Okay, audience, we've heard you. We can make these changes, and here's what that would do to the price." So conjoint analysis. "Would you rather keep the current price and value, or would you be willing to move?" And then a determination of do we have tiers and offer an upgraded value experience? Do we only move everyone to the new experience, or we do a combination? Most of the time we'll start with open and then maybe, through a survey and then in focus groups, we might move to closed and trying to get a good idea of the potential price. So it depends, again, on the product, the size of the population that we're able to speak with, the quality of the feedback we've been getting through surveys and initial work. Do we think we'll get a lot of good answers or not? And then, based on that, we customize the approach. But I'm all for asking directly. I think that if you phrase it as, especially if you're a mission-based organization, so whether you're an association, whether you're a nonprofit education, for-profit education, I think that if you word it as "Help us figure out the best way to serve you, and what does this look like? And we're a community," I think people are willing to give feedback.

Michael Tatonetti: [00:13:53] I think the other magic of it is, as someone who knows pricing like yourself, knowing how to read it, because, of course, people might skew down, so you start looking at the trends. Are people overstating what they're willing to pay? Are they understating? What is the migration from the old to the new price and value? Do we think it's going to catch, or are we missing the mark a bit? If only 20 percent of people pick the new price and value, we're not hitting the mark. If we've got 80 percent, we're good. If we're at 60 percent, is that okay? And then that ties into the pricing strategy and the goals of the organization, the objectives. So that's where it all gets customized. And it's not always a black and white answer, but, in general, that's some of the thoughts that we have in the approach to the work that we do.

Jeff Cobb: [00:14:38] Right. And thanks for mentioning some of those tools like conjoint analysis and Van Westendorp. Obviously we can't get into a deep technical discussion around those sorts of things right here, but I think a lot of folks aren't even aware that there are some very specific tools, approaches you can use for getting at some of these questions. And we can try to link to at least some resources or some definitions in the show notes. But I think where probably the rubber really hits the road for our audience, because these are people who are focused on continuing education, professional development, other types of lifelong learning, and they have to price courses, events, those sorts of things. And that's become, I think, even more complex over the past couple of years. A lot of organizations were forced to either get online for the first time or move a whole lot more online than they had ever done in the past. And they were always worried about cannibalizing with online and offline and that sort of thing. So they're really wrestling now with this question of online versus in-person versus hybrid at this point and getting that price right. So I'd love to hear any insights you can offer into pricing educational programing and events.

Michael Tatonetti: [00:15:51] Yeah. So I think, of course, everyone kneejerk reaction to free for virtual, and then now they're figuring it out, and a lot of people are saying, "We don't think we can charge as much as in-person for virtual," but then others are like, "The heck we can't! They're getting the education." I think, again, it does depend a bit on your audience, your industry, what you're doing, but in general—so these are very generalized terms. There are times where I deviate quite a bit. If this were a bell curve, there are times where I move to either end. But, in general, I would say that I think that virtual events should never be less than 60 to 80 percent of in-person. That's just me. I think the bulk of what people are coming for is education and networking. And we know no matter how hard we try, we can't replicate networking as well for digital. We just can't. I think we'll make headway there over the next five to ten years, but it is what it is. But what that tells me is, as far as cannibalization, the people who want to network are going to show up for in-person. Yes, your in-person numbers might go down a little bit, and then you might more than make up for that with virtual, and you have a higher ROI on virtual, better profit margin.

Michael Tatonetti: [00:16:59] So, again, what's your objective as an organization? Is it do you want to serve more people? Do you want more people in person? Are you afraid of sponsor dollars going down if everyone moves to online? Because we know sponsors aren't as happy with online formats as well. So it depends on your unique goals. How important is each thing? But I think that, in general, it's very easy to justify charging for virtual the same way as in-person. So, again, at least to me, 60 to 80 percent, maybe the same, maybe even a little bit more, or a little more if there is an add-on for in-person that they then get access to all of the materials after, especially if you run multiple joint or concurrent sessions. If one client normally had a few breakouts in the morning and then afternoon, they would have four tracks with four sessions per track. That's 16 different learning opportunities, but people could only go to four. If all of a sudden—and that's over two days—so now, all of a sudden, instead of going to eight, if I can now have access to 32, to me that almost four Xs the amount of my ticket for that component.

Michael Tatonetti: [00:18:04] So, yes, I'm losing out on some networking, but I can watch it. I can rewatch it, revisit six months later when maybe I really need to revisit that topic because maybe it's a budget cycle, or maybe it's time to hire or onboard or whatever the training was on. So there's a lot of value to me in that education. I think the other consideration, though, long term, that I don't think we're quite hitting at yet—it might be an interesting topic to even hear your thoughts on at some point—is what happens...I think there's a lot of repetitiveness at events in topics, and so the uniqueness tends to be slight. Let's say evolutions of the content and who's presenting it. But the more that we move things to online, are you going to be able to differentiate the content year over year enough as well to continue the value? Right? Because it's more accessible to more people. So they might, instead of coming every year, say, "I can go every other year." So all of those are long-term things I think to consider and the value and the cycle of acquiring members or customers or whatever the term is for the organization.

Michael Tatonetti: [00:19:06] But, in general, I'm a fan of pricing digital at about the same as in-person. I think it's justifiable with value. I think if we just do cost-plus—that's when we say, oh, it's 20 percent of the cost versus in-person, we can charge 50 percent and still make more money. But, if you're leaving money on the table, how much more can you do? Can you hire better speakers, get better technology, do more events, or hire more support staff? Scale it? Because instead of 500 in person or 5,000 in person, you might move to 10,000 virtual. Or you're going to need more infrastructure. So how do you do it in a way that's scalable and, again, getting your fair share of the price? So those are my ramblings and musings of some considerations around pricing things, especially as we move more and more digital. I think the beautiful thing is we were already moving to digital, like LMSes, AMSes, whether you're association learning or whatever, but I think COVID fast-tracked a lot of us who were dipping our toes in, were like, "Okay, time to jump without a life vest and just figure it out." And now we're learning to swim.

Jeff Cobb: [00:20:12] I think this just relates, it's so deeply rooted, obviously, in this question of value and really examining the value because I think historically organizations have probably not taken a close enough, really analytical look at what value do we actually deliver and in person that's distinctive to in-person that really makes that stand out versus what value do we really deliver online that's distinctive to online. And how can we start to separate that out in our communications, and how can we add to the value in each of those areas? Because the way you can add value online is going to be different from the way you can add value face to face. So really starting to dig in to those questions. And I think what you mentioned about a lot of the content being repetitive is very interesting too because one of the things we've seen is that, as all of these annual meetings have had to go online, so suddenly your annual conference is a virtual conference, you're capturing all these sessions and putting them online that are basically the same thing you were already doing with your Webinars before. So suddenly you have complete duplicates. It might be a different speaker, but it's the same topic, and you have digital versions of both, and they're positioned, they may be priced completely differently. One might be free, even though it's essentially the same thing, and you've got this one that you're trying to charge for over here. And I think a lot of organizations—well, suddenly the events people and the education people, which are often separate, have had to start talking, and it's like we have to have some coordination. We have to have a plan here.

Michael Tatonetti: [00:21:36] Yes. And I think the other unique thing there is, so I'm going to speak, this might be a little more for the association audience, but I bet the principle is absolutely going to apply to any learning org. When you also have such close, I don't want to say competitors, but adjacent orgs, and what I saw specifically that alarmed me was you typically have associations that are national, and then they have their local state chapters. Let's use the SAEs, for example. You have all the state SAEs moving online, the society for association executives. You have Georgia and Texas and all the states. Same thing for CPAs, for anything. They're all almost offering the same content. So now, if you were in a state that maybe didn't have the best content, without naming names, and now a bigger state that has better content you might want to pay to go to theirs where you normally would never travel to a different state. And then if national was offering things for free, which some, I saw across different organizations, but states are charging, then people would say, "Well, I'll just go to the national for free and not pay my state." But that hurt the smaller local org, and I think it's the same for learning orgs, no matter what. You're going to have competitors, of course, but even adjacent or partner orgs. Sometimes it's your own sponsors. They'll offer, they offer a tech product or whatever, and now they're offering free education and summits, and they're competing with you as a nonprofit or more of a mission-based organization. And it kind of hurt the landscape a bit. And that's something I also am watching to see how that, what opportunities might exist and threats over the coming years.

Jeff Cobb: [00:23:09] Yeah, fascinating areas. Those geographic borders matter less and less. That changes the pricing landscape, and it applies to international as well because really any local organization can now be an international organization pretty easily. And we've been tracking for years—in fact, we have another site completely dedicated to this idea—that the subject matter experts that so many organizations, whether associations or training firms or whatever, so many learning businesses rely upon these subject matter experts to create and deliver the training that they're going to sell. Well, those same SMEs no longer really need those organizations to reach their audience. And there's been this just huge revolution in "I'll go get myself a cheap LMS platform, put my courses up there, and I'm good to go." And so they're now competing with the organizations that they used to be channels for them basically. It's very, very interesting. Now, you mentioned somewhere in there sponsorships as part of all of this, charging for sponsorships, potentially competing with sponsors. I know that's another area that organizations have really been wrestling with, particularly with the move online and just knowing how to price sponsorships these days, how to even come at that question of "How do you price things for sponsors?" I assume you give a lot of guidance around that. I know I've seen you write things about that. What are your thoughts there?

Michael Tatonetti: [00:24:30] Yeah. It is different, pricing and value strategy for sponsors than for customers, members, whatever the other constituents are for your organization. Typically, your members or customers are more B-to-C. They might be B-to-B but typically not the same budget size unless you're doing a big training, connecting your LMS to another one and all that. In general, your sponsors are a higher-ticket item, but they're much more B-to-B focused, meaning you're working with an individual, it is about the relationship, but it's not their money. They're protective over it. They typically have a higher willingness to pay. But the unique thing is you're not selling them on the value of transformation. You're selling them on the value of reaching their marketing goals and their sales goals. And so I think speaking that language, reframing how we look at value. So it's nothing new to what we should have been doing before COVID, but I think that we had a lot of partnerships that were just set up on autopilot, and, because the landscape hadn't been disrupted yet, everyone was offering the same thing. You get the banners and the logos and the wifi password and the logo on the lanyard and all these things, e-mail blasts, all that.

Michael Tatonetti: [00:25:40] And I think, number one, we have to honor and give some space that sponsor markets were disrupted as well, and they're figuring out what are their objectives and where does their spend go. So some of it is they need some time to recuperate and figure this out. It doesn't mean that they're not sponsoring. It just means even now, in 2022, as we record this, I bet you that in 2024 and 2025 it will have evolved a bit further. It will have matured, I would like to say. So understanding and asking, year by year semiannually, what are your marketing objectives? How can we meet them? And then think to the best that you can outside of the box. And, again, that sounds cliche, but a quote that I always love to use when I'm training on value and value props is Ford said, "If I would have asked people what they wanted, they would have said a faster horse." Right? But, no, he made the Model T. He invented the car. So understanding where they're trying to go, but then you figuring out as an organization how might you get them there? And some of it might be borrowing ideas from other orgs that you see. Don't be afraid to ask "What are you doing elsewhere? What seems to be working?" Maybe we can do that, try things, innovate, and know that you're going to fail, and some things are going to work out well.

Michael Tatonetti: [00:26:51] I think some things that I've seen in the learning space that, from my experience, have worked well, may not for others, but sponsors, again, the thought-leadership thing. I think we slept on a lot before COVID, but I've seen where sponsors have successfully sponsored digital learning, where they're teaching a course, and it's not a Webinar. It's not sales, and it's not a 30-minute. It's maybe a three-hour, and they have learning objectives and the actual material that they're teaching, and then they sponsor maybe 100 seats for free as a part of that package. And then maybe they work with the organization to target who's invited. So we want these types of orgs or this size or these titles of the staff invited for free seats. The first 100 get a free seat "brought to you by," and I've seen literally sponsors pay almost what they would pay for an event, a whole event, to do that because then they're guaranteed to get in front of these 100 people compared to them walking by the booth randomly. So I think really having that discussion, try things. I think we're still in a phase of experimenting with sponsors and reimagining, but we've got to align to their marketing goals.

Michael Tatonetti: [00:27:57] We need to understand what is the ROI that you need to keep getting approval, and how can we best do that and try some things out? I think we just have to keep having relationship and conversation with them. They still have sponsor dollars to spend.

Yes, some have less. Some have more. Some are going to try new things or new orgs or move their money to where they're seeing the ROI. That's why asking "What else is working, and what might we be able to do?" But then the flip side of that is not allowing them to undersell the value that you provide and saying, well, they're willing to do it for this. If you know the ROI that you're giving, being able to say, okay, got you, but you know that we do this for you, and this is the price to justify that. So it's a fun game of negotiation and innovation, but I think we're in a fun place with sponsors that probably annoys most people. But I think that now's the time to be ahead of the curve as we see where sponsorships settle over the next few years.

Jeff Cobb: [00:28:51] A question I want to be sure to ask, because I think it's an area of so much fear in pricing and one that I feel most organizations need to tackle more than they realize, and that's raising prices. I have this theory, particularly in our world, meaning education, professional development, those sorts of things, that most learning businesses are underpricing what they offer, but they are scared to death of raising prices. What are your thoughts on that?

Michael Tatonetti: [00:29:20] Yeah. And, specifically for sponsorship, I think that ties into sales and marketing goals and understanding what it does for them. I'm not afraid to ask those questions of, okay, are you looking to get how many leads? And then, when you get that number of leads, how many typically convert, and what is that worth for you? So, hey, if we know that we can get you in front of those 100 people, you can probably close one of them in the next six months and maybe you closing one is a $20,000 or $30,000 deal. Maybe it's big or more or less. So then you getting in front of them is worth $10,000 because you should be able to two to three X that within six months. And you might do more. You might do less. It's that crapshoot. But having those conversations of what what do you need, who are the people to get in front of, and then raising the price based on that. I find that if there is a three, maybe up to five X ROI, it's easy to justify. Two X feels tight. Three X feels comfortable. Anything above five X to me feels like you're leaving money on the table. It kind of depends, but understanding what is your goal. And, of course, the goal isn't just sales for sponsors. It's visibility. It's maybe looking like the biggest kid on the block against competitors. And a lot of times it's values-based.

Michael Tatonetti: [00:30:30] Maybe they're specifically interested in promoting diversity, and so they want to be a part of an initiative there with you, etc. But understanding, in their totality, what is the ROI? What are you helping them drive forward? And, again, then what's your fair share of that price? So I think with sponsors it's okay if one leaves. They'll probably be back. If what you offer is valuable, let them dip their toe in other pools and spend money. And, if you're not doing a good job, they're not going to come back, and then you couldn't justify the price anyway. But sometimes, to me, it's okay to let them walk and come back, and then the price is probably gone up a little bit more, and they're going to have to stick with that because they understand the value that you provide. I wouldn't be too afraid. I'm not saying everyone should raise their sponsorship prices. That's a blind statement for me to make. Or I shouldn't say blind statement. That's not appropriate. I would say it's a generalized statement. But I would say that we shouldn't be afraid to raise prices even right now, even with everything that's going on. Most of the times we probably can. It's just are we doing it the right way to justify it and with the right intention and communicating it the right way with value in what we're doing?

Jeff Cobb: [00:31:46] I'm wondering if you have specific experience or, if not, what your general thoughts might be for organizations that are in a competitive continuing education market. I'm thinking like continuing medical education, continuing legal education, continuing CPE in the accounting market, where courses tend to get commodified quickly. There's a race to the bottom on all-you-can-eat pricing. If you're an organization in that atmosphere, what do you do?

Michael Tatonetti: [00:32:13] Yeah. So I would say that, with that, it is hard. And, again, this goes back to the earlier point in the conversation where people or organizations are competing sometimes against adjacent partners, all that. I think that you have to know, again, I want to say the word "unique value proposition," but why are people coming to you over others? And how do you promote that as the justification for why they should continue to be with you? So if it's, let's say, a local bar association—I worked with one of those about a year ago. And, of course, there's other bar associations, locals they can go to and national and then for-profit education and other entities. But, if they know that this is their community, and they're supporting their local bar, and it's making their city better, their community better, they're directly, let's say, connected with the judges, with the law firms, with the different service providers, then, for me, that becomes a value prop of you're supporting your local community by taking your continuing education with us. Not that you have to take all of it with us, but consider us first because you're supporting what you need here in your community. That's a unique value proposition for them. For national, it might be something different. It's "We have a diverse set of content at scale, depending on the size of your law firm, the area of practice, etc., etc."

Michael Tatonetti: [00:33:42] Maybe you can scale it and get more bang for the buck. That might be a consideration. What I'm saying is this competing on price is a race to the bottom, and I think anyone who knows pricing knows that. Then you get into a price war, and you're just going down and killing profits, and it's not a good thing. So going off, "Why would someone choose you?" You don't need everyone to choose you. Every lawyer, every CPA, every whatever, medical professional, nurse, doctor does not need to choose you. But why do the people that choose you choose you? And how do you not only get them to stay, but keep getting like-minded people who share those values to be a customer, if you will, of your organization? And that's why, again, I think getting the voice of the customer, understanding the value from their voice and repurposing that, to me that's the best method to justify why they should shop with you, why they should pay the price, why they should be a part of what value are you offering. I think one thing for me that I would love to see—so here's actually a value ask, anyone from the SAEs or for the association side, but one thing, if anyone else is a CAE, I know one thing that I hate is the disconnectedness of national versus state keeping track of all of my credits.

Michael Tatonetti: [00:35:01] I would love if there was even a separate entity that would say, "Hey, we will connect, API to your state SAE or national SAE, any other providers, pull it all in, and upload it for renewal every two or three years." I would be willing to pay a premium for that. That's something I would be willing to pay for. That doesn't exist right now. I have to pull everything. It's a renewal year for me, and, to renew my continuing ed, I have to go back and pull all the certificates and upload all of it and write the dates and all that. It's a pain in the butt. So if you're local or if you're an org that maybe keeps a clear report and you say, "Hey, one-stop shop. You get all the credits that you need, and then you can just upload this." Ease, things like that are a value. That's qualitative value. It's not just on paying this much per credit, but it's easier. So I might be willing to pay a little bit more because I'm saving time, and I'm a busy professional. So I think that those are all ways, basically, that you can justify "Pick us." Why are they picking you, and how do you continue to do that? Well, and I'll say this too. When we talk secret sauce for value, there's always three general questions that we're asking.

Michael Tatonetti: [00:36:10] One is "What are we doing that we should amplify?" So keep going. "What are we doing that we should stop?" Now we look at that by segment because different segments will say stop different things. That just means it's not a value to them. If it's across the board, then maybe you kill it. And then the third thing is "What are we not doing that we should be doing?" And so we'll usually ask questions around "What other orgs are you a member of? What are they doing well that we can learn from?" Things like that, but that's where you might get those next innovative things. That's where you're not looking at competitors, but you're saying, "No one's really doing this, and we could, and here's how we can go about it and maybe create even more value and ease." So those are considerations around maybe competing, again, breaking down walls and silos geographically, and just keep serving in the way that makes the most sense to your audience. And it will grow. And you'll, if you do a good job of the values there, it will, over time, grow. If not, if you just stay stagnant and keep it where it is and just try to raise the price without ever assessing value, then, over time, you'll be obsolete.

Jeff Cobb: [00:37:10] We are, of course, a podcast that's focused on learning, on the business of learning. So I do always like to take advantage of the opportunity for any guest who's on the show to ask about your own learning habits. And that can be formal. For example, you're involved with the C designation and have to do continuing education for that. You're involved with the Professional Pricing Society. You could talk about those as part of what you do, but also just habits, practices, things that just keep you up to speed on a daily, weekly, yearly basis.

Michael Tatonetti: [00:37:42] Yeah. So there's a lot of things I do for continuing education. I really believe in it. Of course I do continuing ed for my CAE around association education, around my CPP, so pricing education. I typically try to take at least four pricing classes every year. New things just to learn. I typically am going to conferences all the time. I'm speaking, but then I also attend sessions. I think we need like 40 or 30 every three years for our CAE. I probably earn at least 100 every three years. So I excel there. And then other things that I do, though, I subscribe to certain publications, and I read those. I try to take time once a month. I compile and let them pile up on my desk and go through and flip through, read things. What are other thought leaders saying? Sometimes, even for my own content, I might think of a rebuttal or an adjacent thought that I can create content around. But also just to hear what else are people doing and how might it impact my work or for my clients. So those are things that I love to do. I have Google Alerts on for certain keywords to pull in digital new pieces and filter which ones are worth me reading when I sit down once a month.

Michael Tatonetti: [00:38:46] Pretty much every month I actually set a learning goal. It's just part of my routine monthly planning. Usually the first Monday of every month I block out about two hours for some routine financial tasks like bookkeeping, approving that and for my accountant. And then learning is a part of that and saying, okay, this month, what's my goal? Outside of reading the articles. Is there a class I'm going to take? Is there a conference? What's the thing? Some months it might only be an hour or two. Other months it might be four, ten hours. It depends on how busy I am with clients, the time of year, what opportunities are before me. But I'm very big—I have my doctorate—I'm very big on learning at all times and trying to keep abreast and just increasing the education. And the same for my team. I require the same of them to say, "What are you learning? What resources do you need, and what other value can you bring to our firm so that our clients benefit from it?"

Celisa Steele: [00:39:42] Dr. Michael Tatonetti is founder and CEO of Pricing for Associations. You can find links to the Pricing for Associations Web site and Michael's profile on LinkedIn in the show notes for this episode at leadinglearning.com/episode 317. The Pricing for Associations blog is chockfull of great and free resources, so we do encourage you to check that out.

Jeff Cobb: [00:40:05] At leadinglearning.com/episode 317, you'll also see options for subscribing to the podcast, and we'd be grateful if you would subscribe if you haven't yet, as those subscriptions give us some data on the impact of the podcast.

Celisa Steele: [00:40:18] We'd also be grateful if you would rate us on Apple Podcasts, especially if you find the Leading Learning Podcast valuable. Jeff and I personally would appreciate it, and reviews and ratings help us show up when people search for content on leading a learning business. Go to leadinglearning.com/apple to leave a rating.

Jeff Cobb: [00:40:37] Lastly, please spread the word about Leading Learning. At leadinglearning.com/episode 317, there are links to find Leading Learning on Twitter, LinkedIn, and Facebook.

Celisa Steele: [00:40:48] Thanks again, and see you next time on the Leading Learning Podcast.

[music for this episode by DanoSongs, www.danosongs.com]