
DEVELOPING A SUCCESSFUL PRICING STRATEGY OF IT SERVICES COMPANY¹

Teaching Note

CASE SYNOPSIS

Mark Kowalski, the owner of ABC, a small IT services firm that caters to schools and educational institutions in Poland, is contemplating a new pricing strategy in March 2023. Despite the steady progress and positive feedback from satisfied clients, he understands the importance of maintaining a competitive pricing structure in the industry. Mark realizes the need to research customer structure and his competitors' pricing tactics to come up with a new pricing strategy. He understands that changing the pricing structure is risky, as some customers might not accept the change. With determination, Mark asked one of his employees for an updated breakdown of clients and a review of the pricing of the five closest competitors. After receiving the reports, Mark is pondering how to use the information to come up with a fresh and unique pricing strategy.

LEARNING OBJECTIVES

This case was written as a part of activities of the project *SPINAKER - Intensive International Training Programmes* financed by the Polish National Agency for Academic Exchange.

The main goal of this case is to raise students' awareness that pricing strategy is not just about setting a price, but also about building relationships with customers. It is important to ask questions and demand explanations for why a particular solution was chosen during the case discussion. In order to encourage unconventional thinking the author decided not to provide the company's current pricing list. The case was written in the most accessible and descriptive tone on purpose. In the opinion of the author it allows students to find themselves in the position of a decision maker.

Case is suitable for undergraduate-level courses in project management, corporate finance, general management and also any e-commerce related courses. It gives students a chance to develop their analytical and decision making skills on a relatively straight forward sourcing decision. The simplicity of the task, however, does not limit the possibility of preparing various solutions.

¹Rafał Rydzewski (University of Economics in Katowice, Poland) wrote this case study solely to provide education material for class discussion. All information about the company presented in the case has been disguised to protect its confidentiality. However, every effort has been made to ensure that the data contained reflects the real in-field experience of the decision maker. The publication may not be copied, digitized, or reproduced in any other way than is specified in the project *SPINAKER - Intensive International Training Programmes* financed by the Polish National Agency for Academic Exchange (PPI/SPI/2020/1/00013/U/00001).

SUGGESTED ASSIGNMENT QUESTIONS

While preparing for class students should consider answering the following questions:

1. Please put yourself in the position of Mark Kowalski, what would you do and why?
2. What is your proposition for a new pricing strategy/price list for the company and why?

Additional questions may be used for the purpose of deepening the understanding of the case before proceeding to the solution:

3. Can you provide some background information about the company? How does the current situation impact Mark's decision-making process?
4. What insights does Mark draw from an overview of the competition, and what can we learn from it?
5. What are the company's future plans and how might they impact the current pricing strategy?
6. How do you feel about the previous pricing changes? Do you think we can utilize any insights from them?

Questions asked to justify the proposed solution:

7. Please specify how your solution will enable EduABC's to compete on the market?
8. Is the proposed solution innovative compared to others on the market?
9. What should be Mark's next step?

TEACHING PLAN

The schedule presented in the table below has been prepared for a 3-hours workshop and has been divided into three rounds:

- The first one is related to discussing the case, refreshing what it was about, and deepening the understanding of it.
- The second round involves group discussions on individual student's ideas and sharing opinions.
- The third round involves developing a final solution, one per team.

Round	Activity	Time (minutes)
<i>First</i>	<i>Ice breaking / Team building</i>	<i>15</i>
	<i>Introduction to the case</i>	<i>5</i>
	<i>Deepening the understanding of the case (discussion)</i> Questions 3-6	<i>10</i>
<i>Second</i>	<i>Sharing individual ideas on how to solve the case (teamwork)</i>	<i>20</i>
	<i>First ideas of possible solution (discussion)</i>	<i>15</i>
<i>Coffee break</i>		<i>15</i>
<i>Third</i>	<i>Working on final solution (teamwork with teacher support)</i> <i>Questions 7-9</i>	<i>90</i>
	<i>Presentation of case solutions</i>	<i>10</i>
Total		180

POSSIBLE TEACHING AIDS

When working on a new pricing strategy, students need some space to share ideas. Any possible ways to enrich collaborative work is appreciated. It could be both physical tools (sheets of paper, sticky notes, whiteboards) or digital collaborative tools.