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From buyer evidence to EBITDA

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An operating model for turning pricing research into implemented decisions and verifiable earnings.

Abstract

Buyer research creates value only when it changes a commercial decision and the business implements that decision. An attractive demand curve, a segmentation model, or a pricing presentation is an intermediate output. Earnings arrive through the offers actually sold, the terms actually realized, the customer response, and the cost of delivering the result.

The challenge is maintaining the connection from evidence to execution. A research finding can be translated into the wrong policy. A sound policy can be inconsistently applied. A successful rollout can be credited for growth that would have occurred anyway. Each failure requires a different correction.

For private equity investors and operators, the solution is an evidence-to-earnings operating model: a defined decision, a documented hypothesis, named ownership, controlled implementation, and a finance-supported benefit ledger. This paper explains how to build that connection without confusing forecast upside, realized performance, and causal attribution.

The decision this paper supports

Fund and scale pricing actions when buyer evidence supports a commercial hypothesis, operating systems can execute it, and measurement can distinguish implementation from economic effect. Carry the same definition of value from the initial research brief to the earnings review.

1 Start with the decision the business will make

A research brief should identify the decision rather than merely request information. "Understand willingness to pay" is broad. "Choose between a $24,000 annual package and a lower-priced entry offer for a defined buyer segment" tells researchers which tradeoffs matter and tells management what it must decide.

Specify the action, population, timing, alternatives, constraints, and economic objective. Define what evidence could change the decision. If management would implement the same policy regardless of the findings, the research is unlikely to be serving its stated purpose.

Set the counterfactual at the outset. What is expected without the change, including normal growth, churn, contracted escalators, and planned product work? The benefit estimate should measure the

difference from that path. This keeps pricing from receiving automatic credit for an expanding market or being blamed for a decline it did not cause.

Choose a common unit of analysis, such as account-renewal or customer–product–month. Stable identifiers allow the research population, policy eligibility, quotes, invoices, and outcomes to be connected. Without that linkage, the final benefit estimate can become a collection of unrelated aggregate charts.

2 Build an evidence chain with explicit handoffs

The project should produce a connected set of records, each with an owner and a clear role in the decision.

Record	Question answered	Required handoff
Research brief	What decision and uncertainty matter?	Management to research owner
Evidence register	What do buyers and operating data show?	Research to decision maker
Commercial hypothesis	Why should this action improve economics?	Decision maker to finance and operators
Policy specification	Exactly what changes for which accounts?	Commercial owner to execution teams
Exposure ledger	What was actually applied, and when?	Operations to measurement owner
Benefit ledger	What changed relative to baseline?	Finance to investment review

Separate observed facts, model estimates, and judgment in every record. An interview can reveal why a buyer values an outcome; a choice study can estimate a tradeoff in a defined setting; a pilot can observe response to an actual offer. Their strengths differ. Preserve those distinctions when a finding becomes a financial assumption.

For each material assumption, retain its evidence, range, owner, and review date. This is useful when reality diverges from the plan. The team can identify which assumption failed rather than treating the entire research effort as either right or wrong.

3 Translate the finding into an executable policy

A conclusion such as "advanced users value governance capabilities" is not yet a commercial policy. The business must define the premium offer, identify eligible buyers, set price and terms, configure entitlements, and decide how existing customers move.

Write the policy so another person can reproduce the intended outcome. Include scope, charging unit, calculation method, eligibility, effective date, contract constraints, exception authority, and customer alternatives. For a price increase, define how free months and credits affect the minimum realized uplift. For packaging, define entitlements and migration.

Test representative accounts through quote, approval, contract, invoice, and customer explanation. Identify where systems cannot implement the desired rule or where manual work changes the economics. Operational constraints may justify a simpler first release, but the financial model should then reflect the offer actually implemented.

Assign one commercial owner accountable for the result. Research informs the choice; finance validates the bridge; operations implements; sales and customer success communicate and negotiate. Shared work does not eliminate the need for a named decision maker with authority to resolve tradeoffs.

4 Use decision gates to manage uncertainty

At the evidence gate, ask whether the buyer and operating information supports a plausible commercial hypothesis. At the readiness gate, ask whether the business can execute and measure the policy. At the pilot gate, ask whether the observed economics justify further exposure. At the scale gate, ask whether the effect persists across the intended population.

Define the thresholds before observing the outcome. They can include contribution, customer response, billing accuracy, operating burden, and evidence quality. The thresholds should follow company economics and decision stakes; they are not generic performance benchmarks.

Avoid using a small pilot to answer every question. It may establish that the offer is understandable and billable while remaining too small to estimate an incremental churn effect. Controlled-experiment guidance emphasizes design, power, and trustworthy measurement.[1] Use the result for the questions it can answer and preserve uncertainty about the rest.

The next step may be to expand carefully, revise one element, gather a different type of evidence, or stop. A project should not move automatically from research to full rollout simply because the previous phase was completed on schedule.

5 Build the benefit ledger from the commercial mechanism

Track the full path from eligible base to economic outcome. Eligibility identifies where the action could apply. Exposure identifies where it did apply. Realization captures the terms achieved. Customer response captures conversion, retention, quantity, or package movement. Cost and expense complete the bridge.

For a defined period, a simplified operating bridge is:

$$\Delta\text{EBITDA} = \Delta R - \Delta C_{\text{delivery}} - \Delta O,$$

where ΔR is the incremental recognized revenue attributable to the action, $\Delta C_{\text{delivery}}$ the associated delivery-cost change, and ΔO incremental operating expense not already included. For this EBITDA bridge, both cost terms exclude interest, taxes, depreciation, and amortization; other relevant operating expenses remain included, whether cash or noncash. Define the company's precise earnings convention and reconcile the components. Do not subtract the same cost in two places.

Keep the views separate: contracted value, recurring run rate, recognized revenue, contribution, EBITDA, and cash. The SEC's guidance distinguishes EBITDA from adjusted calculations and cautions against misleading non-GAAP presentation.[4] That supports clear internal definitions; it does not imply that an internal operational bridge is itself a formal reporting reconciliation.

Record effective dates. A $1 million annual run-rate improvement achieved gradually over twelve months is not $1 million of earnings in that year. Include recurring administration, customer concessions, implementation costs, and any service obligations created by the commercial change.

6 Estimate effect with a credible comparison

Randomized assignment can create a strong comparison when feasible and executed correctly. Define the unit of assignment and analyze outcomes for the assigned population, including customers who receive exceptions, decline, or cancel. Restricting analysis to accepted offers can remove the very response the business needs to understand.

When randomization is unavailable, difference-in-differences can compare outcome changes in a treated group with changes in a comparison group:

$$\widehat{\tau} = (\bar{Y}_{T,\text{after}} - \bar{Y}_{T,\text{before}}) - (\bar{Y}_{C,\text{after}} - \bar{Y}_{C,\text{before}}).$$

The causal interpretation requires assumptions, including a credible parallel untreated trend and the absence of relevant differential shocks or spillovers. Similar pre-period averages alone do not establish those conditions. Selection into treatment can remain a serious problem.

For repeated account observations, account for dependence in uncertainty estimates. Bertrand, Duflo, and Mullainathan show how serial correlation can lead conventional difference-in-differences inference to overstate significance.[2] For staggered rollouts, Callaway and Sant'Anna provide methods that explicitly address multiple periods and treatment timing.[3] The practical lesson is to match the estimator to the rollout rather than apply a convenient before-and-after formula uncritically.

7 Worked example: growth and pricing overlap

Illustrative assumptions. A pilot has 50 treated accounts and 50 comparison accounts. The table shows quarterly averages per originally assigned account, including zeros or reduced spending where relevant. Assume the groups and period changes form a credible comparison for this illustration.

Per-account measure	Treated before	Treated after	Comparison before	Comparison after
Revenue	$20,000	$22,000	$20,000	$20,800
Avoidable delivery cost	$4,000	$4,200	$4,000	$4,160
Contribution	$16,000	$17,800	$16,000	$16,640

The treated group's revenue increased by $2,000 per account, or $100,000 across the group. The comparison group increased by $800 per account. The difference-in-differences revenue estimate is therefore $1,200 per treated account, or $60,000, rather than $100,000.

The corresponding delivery-cost difference is $40 per account, or $2,000. Estimated incremental contribution is $58,000. If the period includes $18,000 of additional recurring operating expense and $25,000 of implementation expense, the estimated in-period EBITDA improvement is $15,000 under the stated bridge.

These are synthetic numbers, not a statistical study. Without variation, sample diagnostics, and a justified design, the table cannot establish confidence intervals or causality. It shows how a comparison changes the economic attribution and why period expense belongs in the benefit ledger.

Do not automatically multiply the quarter's estimate by four. Seasonality, renewal exposure, cohort composition, and later customer response can change the annual result. A run-rate scenario requires additional assumptions and should be labeled separately.

8 Diagnose shortfalls before prescribing more research

A result can miss the forecast because the action was not applied, realized terms were weaker, customer response differed, costs were higher, or the baseline was wrong. Decompose the variance before changing strategy.

If the rate was never implemented, more buyer interviews will not repair the invoice. If adoption fails because the promised workflow is incomplete, stricter discount approval will not resolve the missing value. If the demand model misidentified a segment, operational training alone is unlikely to fix the offer.

Use each shortfall to update the relevant record in the evidence chain. Keep successful and unsuccessful accounts in the analysis. Inspect heterogeneity only with appropriate caution about small subgroups and repeated comparisons. An apparent pocket of success may deserve a new hypothesis rather than an immediate broad claim.

9 Make pricing a recurring management capability

Maintain a decision backlog tied to commercial triggers: acquisition, cost changes, new products, renewal cycles, underperforming growth, or preparation for exit. Prioritize by expected economic value, uncertainty, implementation effort, and the value of additional evidence.

Review evidence and results at the cadence required by the sales motion. Operational reviews can address execution and exceptions frequently; economic reviews may need a longer window to observe conversion and retention. Separate the two so that a timely rollout is not mistaken for a proven financial result.

For diligence and exit, preserve the research design, policy versions, exposure records, invoices, costs, and attribution method. Evidence of a repeatable commercial process can make an earnings story more credible than a single upside slide. Avoid presenting forecast opportunities as achieved earnings.

The endpoint is a decision system that continues to learn. Buyer research identifies where value may exist, commercial design specifies how to capture it, execution creates the observable change, and financial measurement determines what the business earned. Keeping those links intact turns pricing work into a sustained source of value creation.

10 Buy the evidence and the path to implementation

A company does not need another pricing presentation if its unresolved problem is missing customer evidence, an untested offer, or an execution gap. It needs a scope that identifies the decision, obtains the relevant data, translates the findings into a policy, and defines how the financial outcome will be measured.

Curly's Consulting's **Pricing Transformation** combines the size-of-prize baseline, buyer research and willingness-to-pay analysis, pricing and packaging design, a prioritized value-creation roadmap, and direct support executing the highest-value opportunities. The scope should follow the material decision and its evidence requirements.

Where management first needs to establish whether the opportunity warrants that investment, the **Pricing Upside Report** provides conditional revenue and EBITDA scenarios and a prioritized action plan; it does not include original buyer research or implementation. Where a capable internal team will

own the research, the **Pricing Workshop** provides the roadmap, methods, and tools for that team-led effort. Choose the product according to who will do the work and what evidence is missing.

The next commercial step

Request a Pricing Transformation quote for original evidence, design, and execution support. If the first decision is whether to pursue the opportunity, buy the Pricing Upside Report.

Sources and methodology

This paper combines the cited published work with Curly's Consulting's analytical framework. The commercial examples, thresholds, and calculations are illustrative; they are not client results or findings from a new empirical study. Published studies support the specific claims beside their citations. Their results should not be treated as universal benchmarks for a portfolio company.

References

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