

## Quality First

### Embracing the Power of Bundled Value

By Jonathan Kuuskoski

*“The bitterness of poor quality remains long after the sweetness of low price is forgotten.”*

—Benjamin Franklin



When building a business, it is so easy to chase quantity. Adding up the number of additional students, gigs or classes you need to take on to hit a target income goal is pretty simple. The hidden problem, though, is that our time is inherently limited. Rather than focusing on the volume of output, we should focus on healthy *margins*—what you take home after all the costs of doing business are covered. If you need to generate, say, 25% more income without working 25% more hours, you need to figure out how to position added value that will justify what you believe is a fair price. This is especially true while bridging an income gap or improving your personal savings rate. There is one fundamental question to consider when exploring how to build and sustain margin: What are all the types of value you can offer?

*Harvard Business Review* has cataloged 30 types of value businesses can offer across four hierarchical categories of consumer needs (Almquist, Senior and Bloch 2016). This study and its findings are inspired by Abraham Maslow’s “hierarchy of needs,” which has influenced numerous fields, from psychology to education, and, yes, marketing, for more than 80 years (Maslow 1943).

The first type of need is *functional*: these are the utilitarian needs we all have in our day-to-day lives. Consider how what you want to offer might help others save time,

simplify their workflow, earn more money, connect with others, avoid hassles, become more informed and skilled, and integrate new knowledge.

The second type of need is *emotional*, which is particularly important for aesthetic enterprises like music that inherently touch and move us. How might your offering create joy, be fun and rewarding, reduce anxiety and convey beauty?

The third type of need is *life-changing*: an extension of both emotional and functional needs, these are larger-scale and reflect Maslow's higher levels (self-actualization, belonging and esteem). Consider how what you offer might motivate others, provide a sense of belonging and be seen as an investment for their future.

The final type of need *social impact*: think about how you can improve the world around you. How can your offering provide self-transcendence for your clients? How does engaging with your musical offering do more than actualize their needs? Can your work help others create a ripple effect of positive impact in their communities and beyond?

Keep in mind research shows that one value fundamentally matters more than others, and it cuts across all categories: "Perceived *quality* affects customer advocacy more than any other element" (Almquist, Senior and Bloch 2016, 50). We are well-served by thinking about the combinations of value we have at our disposal that stand apart from similar offerings. This approach empowers us to codify what quality means in the context of your work, and why.

If you plan to launch a group instruction program, is your core value-add a social learning environment, bundled with personalized musical skill-building? Or, are you maximizing convenience by offering classes online, or asynchronously, combined with a joyful teaching style? Do you have a unique pedagogical take that centers divergent ways of learning, maybe training others to become better pedagogues in their communities? Make a list of the top two or three values you can bundle and make sure they are representative of more than one category.

As you imagine the Venn diagram of value-adds of your new line of business, you also unlock the potential to set prices that reflect the total value you are offering. After all, if we aim to advocate for the benefits of music making and learning, we should be sure our price tags equitably reflect that value. Rather than chasing the lowest price, our students, presenters and community partners likely want to honor our value—and it is our responsibility to frame it appropriately.

You might then find yourself delving deeper into strategic questions. Are you inadvertently assuming your offering is based on charging individuals by the hour or by unit of service? The trap of trading an hour for a fixed rate for teaching or performing is that you are essentially renting your time on a 1:1 basis. This means you will hit a revenue ceiling fast, because it is unlikely you can suddenly upcharge 25%, 50% or more, to clients for services you already provide.

So, how do you determine a price point that honors your distinct value without gouging your clientele? My next column will explore an equitable pricing strategy that can enhance your client relationships.

## References

- Almquist, E., J. Senior and N. Bloch. 2016. "The Elements of Value." *Harvard Business Review*, 94(9), 46–92.
- Maslow, A. H. 1943. "A theory of human motivation." *Psychological Review*, 50(4), 370–396. <https://doi.org/10.1037/h0054346>.

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