

# Power Components Manufacturer: Pricing

Helped a leading global power components manufacturer introduce new pricing disciplines and processes necessary to maximize margin from smaller accounts while mitigating margin erosion in large strategic accounts

## Project Overview

## Deliverable Examples

### Client Context

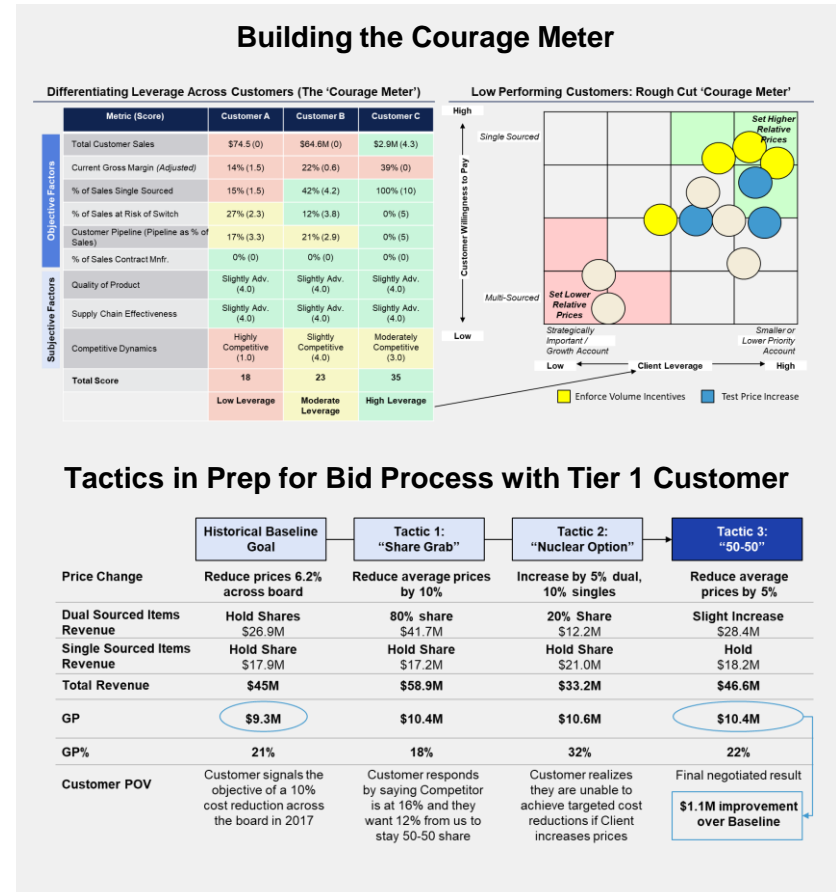
- Power components manufacturer that, due to market conditions and strong competitive threats, had faced significant price pressure each year which they were increasingly unable to mitigate with cost reductions
- Growing exposure to largest, cost-focused Tier 1 customers continued to drive this pricing pressure
- Significant differences in realized margins across the smaller customer base highlighted further opportunity
- Brought in TRC to develop new pricing disciplines and processes to maximize margin from smaller accounts while mitigating margin erosion in the largest strategic accounts

### Approach

- Identified and mitigated critical sources of leakage across both standard and custom products
- Embedded pricing disciplines necessary to reduce unwarranted price variation in Standard products
- Designed and leveraged the 'courage meter' as a basis for enhancing price negotiation outcomes on Custom products with Tier 1, 2 and 3 customers
- Embedded a set of tools and processes necessary to enhance overall pricing disciplines going forward

### Outcome

- From \$20M in annual price concessions historically to a forecast price 'gain' of \$5M in 2018 (+\$25M)
- Commercial team still leveraging tools and processes developed by TRC team



Note: Full case studies available upon request  
Names & Numbers Modified to Maintain Confidentiality