

Metal Distributor: Mix Enrichment & Pricing

Established line of sight into underperforming products and customers by DC to define quick pricing actions to enrich the mix

Project Overview

Deliverable Examples

Client Context

- Organization was not returning the cost of capital and lacked line of sight into true economics across branches, customers, products and routes
- Performance substantially lagged competitive benchmarks and varied greatly across products, customers and DCs
- Recognition by management team that they had both a 'top line' and 'bottom line' issue
- One key component of the toolkit was mix enrichment driven by pricing changes (up or out philosophy)

Approach

- Established underlying facts and insights at the branch level including internal profitability, pricing assessment, and external market and competitive assessment
- Worked with branches to review information to determine highest value opportunities
- Established and rolled-out branch performance playbooks focused on:
 - Growth opportunities and tactics
 - Profit improvement opportunities

Outcome

- Identified over \$18M+ of EBITDA improvement
- 5 point improvement in run rate EBIT margins post implementation

Products to exit or drastically price

Product	Total Sales (\$K)	Avg. Price / Lb.	Metal %	Processing/ Handling %	Standard Scrap %	WIP %	Transfer %	Freight % ¹	Variable Profit (\$K)
Product 1	\$111.6	\$0.93	52%	61%	0%	0%	3%	0%	,14-8
Product 2	17.6	3.67	84%	7%	15%	2%	0%	0%	,0-3
Product 3	19.9	13.56	100%	2%	1%	0%	0%	0%	,0-7
Product 4	4.6	1.52	81%	16%	0%	0%	0%	0%	,/-4
Product 5	4.1	16.57	94%	3%	0%	0%	0%	0%	,/-2
Product 6	0.6	3.13	67%	53%	5%	-1%	0%	0%	,/-2
Total	\$158.3	\$1.22	64%	45%	2%	0%	2%	0%	-\$29.5

Customers to fire or drastically reprice

Customer	Total Sales (\$K)	Avg. Price / Lb.	Metal %	Processing/ Handling %	Standard Scrap %	WIP %	Transfer %	Freight % ¹	Variable Profit (\$K)
Customer 1	\$40.8	\$1.89	87%	21%	0%	0%	1%	0%	,-\$3-4
Customer 2	2.3	0.98	87%	113%	0%	0%	6%	6%	,1-8
Customer 3	12.5	1.26	113%	3%	0%	0%	0%	0%	,1-7
Customer 4	15.1	1.16	94%	9%	0%	0%	0%	0%	,1-2
Customer 5	1.8	0.33	175%	18%	0%	0%	15%	6%	,1-0
Customer 6	3.0	1.33	133%	2%	0%	0%	0%	0%	,0-1
Customer 7	7.6	1.02	92%	14%	0%	0%	0%	0%	,0-0
Customer 8	19.9	0.69	93%	1%	0%	0%	0%	0%	,/-6
Customer 9	2.7	1.66	50%	59%	0%	0%	0%	0%	,/-5
Customer 10	5.7	1.63	74%	21%	0%	0%	0%	0%	,/-5
Customer 11	23.8	14.28	100%	1%	0%	0%	0%	0%	,/-3
Customer 12	14.7	1.88	90%	3%	0%	0%	0%	0%	,/-3
Customer 13	5.1	0.61	81%	4%	6%	-1%	6%	0%	,/-2
Customer 14	8.8	0.93	76%	19%	0%	0%	0%	0%	,/-2
Customer 15	0.7	1.92	48%	6%	0%	0%	13%	0%	,/-1
Customer 16	1.2	0.89	90%	4%	0%	0%	0%	0%	,/-1
Customer 17	2.2	1.49	55%	28%	0%	0%	1%	0%	,/-1
Customer 18	1.2	1.67	110%	3%	0%	0%	0%	0%	,/-1
Customer 19	6.6	1.65	72%	2%	0%	0%	0%	0%	,/-0
Customer 20	0.5	0.53	74%	10%	0%	0%	0%	0%	,/-0
Customer 21	12.5	2.02	56%	12%	5%	-4%	0%	0%	0.0
Total	\$188.6	\$1.36	89%	12%	0%	0%	1%	0%	-\$21.1

Established underperforming target lists of products and customers by DC as part of a \$14M profit improvement plan



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