

# Building Materials & Solutions Provider: Pricing

Identified pricing leakage across 10+ Distribution Centers, suggested changes in tactical pricing for low margin products, and implemented differentiated pricing based on competitive leverage

## Project Overview

### Client Context

- Regional construction materials distributor with 10 distribution centers of varying performance (largely driven by local management pricing decisions)
- Pricing was unstructured and undisciplined resulting in significant margin left on the table
- Limited insight into what mattered to its customers
- Private Equity owned and looking for quick wins to drive margin improvement over next 12 months to facilitate highest return on sale of company

### Approach

- Identified pricing leakage via contracting and quoting disciplines, uncaptured value add and unidentified & uncaptured cost variances
- Determined tactical pricing opportunities by product to optimize total profits in target areas
- Implemented differentiated pricing via customer segmentation and by applying the 'courage meter'
- Developed execution and monitoring toolkit to gets key stakeholders aligned on performance targets

### Outcome

- Identified and established implementation plans across the organization valued at \$8M+ EBITDA (on a base of ~200M in revenues)
- Supported year over year revenue growth of 9% and EBITDA of 20% leading to sale of business to strategic buyer

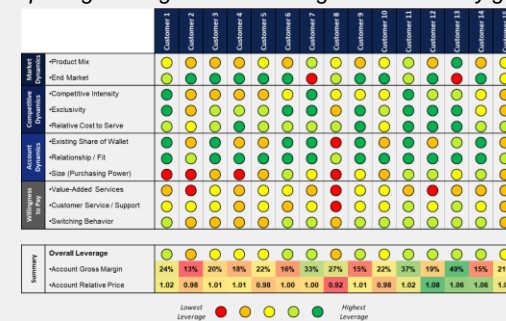
## Deliverable Examples

### Developing a Leakage Scorecard

Opportunity Size (\$K)	DC 1	DC 2	DC 3	DC 4	DC 5	...
Adherence to Price Guidelines	1,130	540	85	165	140	...
Returns policy	285	15	10	95	30	...
Payment Terms	185	10	10	30	5	...
Value-Added Processing	400	245				...
Delivery Fees	320	15	45	50	35	...
Will Call Service	50	5		25	5	...
Low-Margin Product Items	135	110	70	15	15	...
Strategic Category Pricing	245		5	70	55	...
<b>Total</b>	<b>\$2,750</b>	<b>\$940</b>	<b>\$225</b>	<b>\$450</b>	<b>\$285</b>	<b>...</b>

### Applying the 'Courage Meter'

We defined and populated a 'courage meter' which is a directional reflection of how much pricing leverage our clients might have with any given customer



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