

Optimizing Profitability Through Strategic Pricing Transformation

Value Based Price Guidance to Boost Revenue and Profits

Situation

- Our client is a **leader** in the sanitary and high-purity process industry, **with over \$70 Million in annual sales**.
- With more than 5,000 SKUs, they had an **unorganized pricing structure** and poorly **structured discount strategy**.
- There was an opportunity to address **price leakages** & identify areas of **competitive advantage**.
- They needed to establish an objective **customer and product value segmentation framework** to identify similar customers and products.

Approach

Iris Pricing Solutions implemented a three-phase approach.

Phase I: Initial Assessment.

- Iris Pricing Solutions conducted 12 customer interviews to understand the **scope of opportunity** and **sensible price** suggestions.
- Collected transaction data from previous years to **identify immediate pricing opportunities**.

Phase II: Value Based Pricing Strategy

- Created a **segmentation strategy** based on customer and product value.

- Formulated **pricing recommendations** tailored to each specific customer and product.

Phase III: Change Management

- Developed **account impact analysis** to prioritize re-pricing opportunities.
- Proposed **3 levels of price targets** to gradually adjust discounts and offer similar discounts to similar customers.
- Revamped the **sales compensation plan** to improve and accelerate price guidance adoption
- Rolled out **training to the sales team** on how to negotiate price with confidence

Results



After the first **5 months** of implementation, the company started realizing **financial gains**.



Iris Pricing Solutions new discount recommendations are expected to bring between **\$2.5M-\$5M in revenue**.



Total opportunity is expected to generate a **10% improvement** to their bottom line.

