



Profit Improvement Through Pricing

Challenge:

A \$2 billion Fortune 1000 listed publicly traded company wasn't given its due for services. The company manufactures and services precision instruments and it was losing money on its service calls. The CEO believed that the value of the service they provided was worth more than the copier repair man. He needed evidence and a plan to convince his sales team and the technicians themselves, that they were the industry leaders he knew them to be.

Solution:

GBQ's Redbank Advisors worked closely with divisional heads, the sales team, the IT department, marketing and the company's pricing resource to identify opportunities for improvement in price levels. Company transactional data was analyzed to determine price bands and the pocket price for the services the company offered. Price band analysis showed significant portions of the customer base that were getting service at very low and even no cost. Root cause analysis was used to identify the leading drivers of this situation. New policies were put in place, training was conducted for the sales team and traditional warranty and bundling approaches were challenged resulting in significant price performance improvements, many of which did not even involve raising prices.

Benefits:

In the near term, the client found \$900,000 in additional profits producing a return on investment of 125% and a payback period of less than ½ year. The client continued their shift toward a pricing culture and has since launched a global initiative to improve price performance and found literally millions of dollars in improvements.