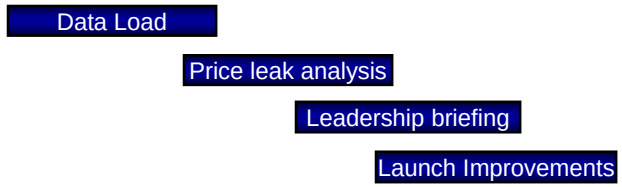
$22 Million Premium Personal Services Company: Pricing Improvement

Schedule



Value Statement

Analyze actual customer transaction level detail to determine the discounts being applied and put $1.2 MM to the bottom line and improve cash flow and pay down line of credit

Drivers

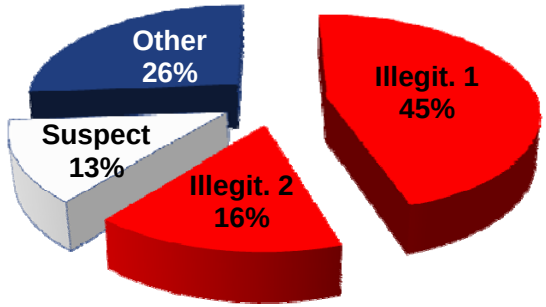
- Organization occupies a position which is the envy of their industry in terms of brand position creating an opportunity to charge premium prices
- Leadership is frustrated by lack of traction on profit improvement initiatives and is prepared to drive new thinking
- If left unobserved, discounts and pricing issues can overtake an organization driving cash and profits out

Actions

- ✓ Create a data load of transaction level records of guest visits to enable the analyses and provide fact base to support planning and project design
- ✓ Analyze price waterfall to determine actual "pocket price" of services organization provides to customers
- ✓ Analyze price bands to determine average price guests pay and determine opportunties for improvement
- ✓ Graph results in easy to interpret charts so that leadership and all associates can understand magnitude of problem
- ✓ Create action plan to resolve discounting issues including:
  - Changes to policies on discounting
  - Discontinue amorphous/uncontrolled categories
  - Redesign lotalty programs to tighten controls
  - Increase prices on selected services based upon cost data

Benefits

Return Half of $2MM Price Leakage to Bottom Line



Value

Investment	**$30,000**
Return	**$1,245,000**
1st Year ROI	**523%**
Payback period in years	**.16**