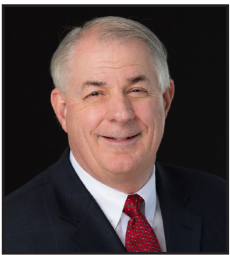




**PRICE  
INCREASE  
AHEAD**

## Economic Disruptors and Your Pricing Strategy



**Art Waskey**

Art Waskey is a speaker who truly delivers. In addition to a 45 year career in sales and marketing, Art is the author of multiple books on selling and a monthly column The Art of Sales. He shares these insights as an in demand event and conference speaker as well as leadership coach.

Your pricing strategy is influenced by economic disruptors that are out of your control. Pandemics, supply chain issues, transportation snafus, and interest rate increases all impact your pricing model. With the current rate of price change, margin erosion is a major concern for many distributors, even as they make price adjustments. In today's environment, spreadsheet analysis can't possibly keep up with the pace of change.

### **Solutions**

How can a distributor stay on top of the pricing of thousands of SKUs in the face of economic disruption? Here are two important suggestions.

**Build company culture and team support** – To ensure pricing is a team effort, your CEO must **solicit cross-functional pricing communication**

**support throughout the organization.** As a company you must recognize where you are going and develop pricing strategy accordingly. This process must involve many people to ensure a collective buy-in. All players should have input on how pricing is set, contracts are structured, and who gets customer-specific pricing (CSP).

Set Key Performance Indicator (KPI) benchmarks and communicate monthly results throughout the organization. Share the company's vision of growth to help each team member contribute accordingly. Managers need to make face-to-face contact with the sales team and branch stores for feedback. Celebrate performance. Provide coaching regarding your current pricing status, any changes in pricing strategy, adoption rate, and optimized profit results.



# Economic Disruptors and Your Pricing

**Data based pricing – Get rid of the inefficient, time consuming CSP.** The backbone of your pricing should be a **Pricing Profit Optimizer** that sets the lowest and highest acceptable margins. Put pricing back in the proper zone for the customer and the market so sales reps don't need to use overrides. Make sure your sales team knows that management is in contact with customer needs. Get CSP under control.

## **Make Pricing a Core competency**

**Pricing must be a core competency of your business and use the best of today's digital analysis tools.** Better customer retention and pricing comes from consistency.

According to White Cup Solutions ([whitecupsolutions.com](http://whitecupsolutions.com)), a company that offers a Revenue Intelligence platform designed for the distribution industry, "Distributors who win won't have one-size-fits-all pricing; they'll have data-driven intelligent pricing practices to offer the right price to the right customer at the right time. Knowledge is pricing power; they'll put in place the ability to run what-if scenarios to

predict market share, revenues, and margins at various price points."

## **Be Proactive and Nimble**

There will always be economic disruptors. **Luckily, technology now enables us to respond to those changes more quickly and efficiently.** Make sure your analytic tools are proactive and nimble, not reactive and clumsy. Identify your greatest pricing opportunities and set strategic price targets by product type and customer type. Ensure that your customer's performance matches your pricing model. Integrate digital data-based pricing metrics in your strategic planning to minimize inconsistencies created by the emotional side of your planning process. **Be prepared for economic disruption with a strategic pricing plan that is built with digital tools.**

## 5 KEY TAKEAWAYS

1. Pricing is influenced by economic disruptors that are out of your control.
2. Solicit cross-functional pricing communication support throughout your organization.
3. Get rid of the inefficient customer specific pricing. Use digital analysis tools.
4. Make pricing a core competency of your business.
5. Technology allows us to respond to economic disruptors quickly and efficiently.