



# THE ROAD TO PRICE MANAGEMENT

A Revolution of People,  
Process & Technology

EBOOK



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# I. INTRODUCTION

Pricing is hard.

The sheer number of external factors that conspire to pummel your best-laid pricing plans can be overwhelming. Whether you're a distributor or a manufacturer, you have to contend with the following:

- What to do about e-Commerce
- Inflation
- Tariffs
- Disloyal customers
- Price pressure from customers and suppliers
- Competitive threats
- An ever-increasing number of SKUs

Got all that? Now look inward. If you're a mid-size to large distributor or manufacturer, you are drowning in data. There's no escaping it these days. Customer data, market data, industry data, pricing data – it's internally dispersed and it's gumming up the works when you need to make informed pricing decisions quickly. You probably also have a dispersed national or global sales team that both contributes to the amount of data coming in and constantly needs pricing data to come back out.

With that in mind, this eBook aims to address the common data problems our customers face, as well as make recommendations for process and technology improvements. Once your data is an asset rather than a problem, internal teams can communicate better and collaboratively deliver fair, accurate and timely pricing to end customers.

The eBook will follow a theme of: Process>Technology>Teamwork. We begin with pricing process to address how the current state is lacking for most companies and then focus on holistic improvements.

A tight process is critical because market fluctuations and the disrupting forces of eCommerce come at you fast. Customers and sales reps alike demand speed and accuracy from pricing. We'll take you through some of the biggest trends in distribution that impede precise pricing, and how to survive and thrive through the turbulence with process-driven price management solutions.

Once you've got your process down and the right tools to execute it, the door is open for strategic teamwork between sales and pricing teams. We'll close out by looking at how adopters of price management are changing the culture in their organizations as sales reps and pricing managers partner to drive revenue growth, increased profit and customer satisfaction.



## II. PERFECT YOUR PRICING PROCESS

The tsunami of external pressures such as volatile cost swings, tariffs and disruptive competitors is causing significant waves in the manufacturing/distribution game. The impact is felt most acutely by pricing analysts who not only have to adjust prices, but also have to figure out how price changes align with what's been incorporated in existing customer agreements.

Most organizations manage their pricing data in spreadsheets. As the number and size of spreadsheets increases, the speed and accuracy of price changes tend to decrease. It's an understandable cause-and-effect, one that relegates pricing teams to a back-office, number-chasing role rather than that of a strategic partner in winning and retaining customers.

From that vantage point it can be hard to see the road to price management. In addition to adopting the right new technology, it's imperative to get a handle on the overall process – both current state and desired future outcome. Here are a few things pricing managers need to do so they can ride the wave, not get sunk by it.

### PRICING PROCESS MUST-DO'S

1. CENTRALLY ORGANIZE PRICING DATA
2. PREDICT KPI IMPACT BEFORE MAKING A CHANGE
3. AUTOMATE CUSTOMER AGREEMENTS

## 1. CENTRALLY ORGANIZE PRICING DATA

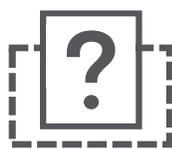
One of the biggest problems that pricing managers face is dealing with highly dispersed and disorganized data. Often, price adjustments require sifting through massive amounts of data living across multiple spreadsheets on local hard drives throughout the company. This process leads to more questions than answers:

- Who has the most updated version of the pricing data?



- Where is the new cost file?

- Why did its format change?



- Is this the latest version of my customer agreement?

Locating and validating key input data becomes a painstaking process taking weeks or months. Without one central location of “pricing truth,” it’s nearly impossible for pricing analysts to execute changes quickly, accurately and in alignment with any deeper strategies.

By consolidating all that data into one centralized platform, pricing managers can efficiently coordinate any roll-out of price changes. The time saved by saying “goodbye” to spreadsheets pays huge, measurable dividends. Teams can then consider the big picture and get a comprehensive view of the pricing actions needed to maximize revenues and profits.

Once data is centralized and organized, B2B firms are ready to define their methods and formulas to calculate price adjustments consistently and accurately, on demand. It’s now a cinch to establish a corporate library of pricing plays, especially when automation is factored in down the line.

## 2. PREDICT KPI IMPACT BEFORE MAKING A CHANGE

Pricing managers are essential partners to the commercial and financial stakeholders of a B2B company, whose Key Performance Indicators (KPIs) are often tethered to end customer sales prices. Erratic pricing negatively impacts multiple groups within the organization, not just pricing and sales.

Thus, it’s crucial to be able to gauge the impact of price adjustments on KPIs such as margin and revenue before rolling those changes out. This is where a tool with dynamic forecasting capabilities like [Zilliant Price Manager™](#) comes in. Our technology allows users to link price adjustments to top-level KPIs prior to going live with changes, so stakeholders can easily view these projected outcomes and provide timely feedback.

Pricing analysts can then share that feedback and the potential impact of external market factors and internal factors with their executive team, often in real-time with interactive modeling tools. The result of all this collaboration is superior pricing that keeps everyone’s KPIs pointed in the right direction.

### 3. DYNAMICALLY UPDATE CUSTOMER AGREEMENTS

Price updates are half the battle. Once pricing managers have collaborated with executives, financial stakeholders and sales to correctly update prices, they still have to update existing customer agreement lines to reflect those new numbers.

When using Price Manager, analysts can make changes to line items in real time and even automate the agreement update process. We've made it possible to launch a campaign and schedule price changes to be rolled out to agreement line items at scale.

This shift in process opens up important lines of communication between pricing and sales. The positive impact is threefold:

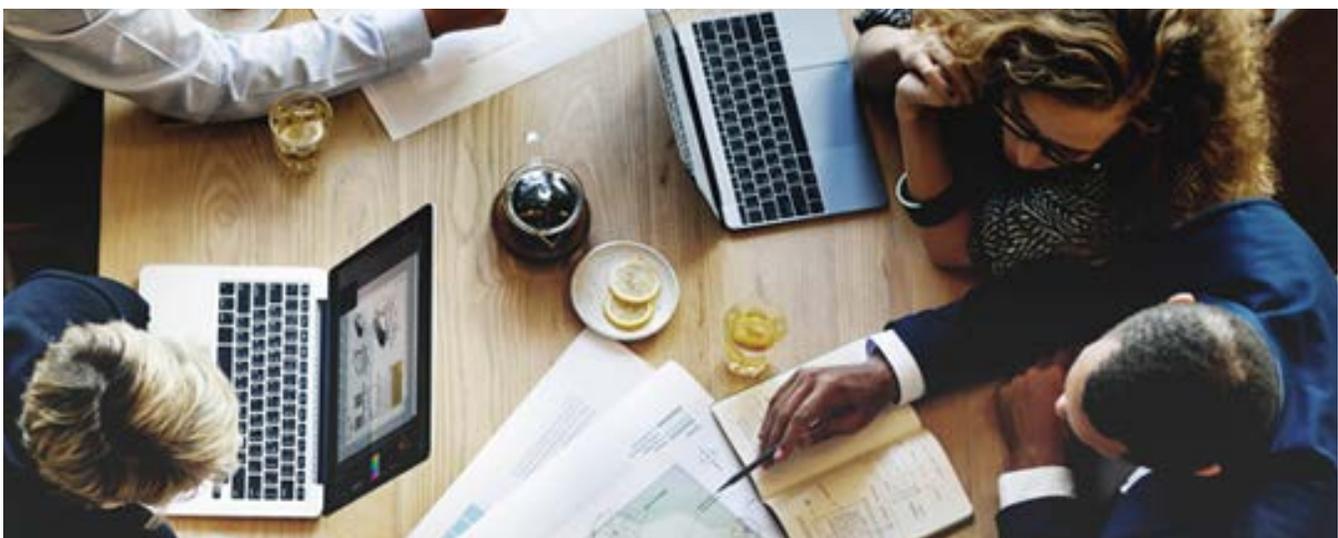
- When sales is confident in pricing and aware of the strategic thinking behind the price changes, it's easier to gain their buy-in on customer agreement updates.
- Sales is armed with price justification from pricing, so they're better equipped to deliver agreement changes in a way that maintains a healthy customer relationship.
- This process tends to eliminate unnecessary discounts or a flood of requests for price exceptions.

Communication is key. Price managers should connect frequently with sales about the “how” and “why” behind pricing strategies, so they can earn the trust of reps who in-turn can earn the trust of end customers. Price Manager facilitates that communication.

## THE BOTTOM LINE

To keep up with an ever-changing landscape, it's imperative that organizations find the right price management tool to centralize massive amounts of pricing data and accurately recommend price changes. Armed with the twin abilities to analyze large data sets and simulate the impact to KPIs/margin goals made by price adjustments, price managers can spend less time on tedium, more on strategy.

Nailing this process down with the help of price management software and improved internal communication helps distributors respond to constant industry changes, the particulars of which we'll explore next.





## III. PRICING TRENDS IN DISTRIBUTION

For distributors in turbulent modern times, outside threats abound at increasing speed. In the past two years alone, erratic and compounding tariffs, inflation costs, government shutdowns, disruptive eCommerce competitors and a pandemic-driven recession have rewritten the rules of the game.

Distributors face a future that is harder to project than ever. Pricing managers must focus intently on the factors they can still control in order to mitigate the rising number of those they can't.

With this in mind, there are several emerging trends that are shaping the future of pricing for distributors. We'll identify these trends below and explain why pricing teams everywhere need to plan accordingly.

### TOP 3 TRENDS IN DISTRIBUTION

1. PLAN FOR UNCERTAINTY
2. DIGITAL MIGRATION & THE RISE OF E-COMMERCE
3. PRICE MANAGEMENT IS A MUST

## TREND #1: PLAN FOR UNCERTAINTY

When unforeseen events can render your costs and market pricing obsolete at a moment's notice, how can you be proactive? Pricing managers face tremendous pressure to provide sales with a coherent pricing strategy at all times. Yet too many are handcuffed in the face of change due to a reliance on disjointed data and multiple static, outdated spreadsheets. It's imperative to have a single source of truth at your fingertips. The right plan and toolset will make pricing data your most vital asset, rather than a constant headache.

Pricing managers of course recognize the imminent need for a more granular, data-driven approach to pricing. Such a plan is necessary not only to find opportunities to be proactive in the market, but also to truly understand and justify the consequences of each pricing decision. Manual forecasting and blanket increase strategies won't cut it, as there are too many factors, line items and customized contracts to interpret when planning for the unknown.

In a recent [blog post](#), Bruce Merrifield of WayPoint Analytics identified a common mistake pricing managers make in lieu of a true, comprehensive plan:

*There's nothing more powerful than, "Buy low and sell high," says Merrifield. The problem is, often distributors will simply raise prices by a percent or two and call it a financial management plan. "They're thinking, 'I can keep everything I'm doing the same, but just sneak up the prices here and there and I'm going to make more money.'" But this practice is a distraction from the ultimate goal of service value innovation and productivity, he warns.*

To reach that elusive goal, your strategy must include implementing the right technology. The time is now to unlock your data and combat all this uncertainty, especially as digital commerce becomes more and more ubiquitous.

## TREND #2: DIGITAL MIGRATION AND THE RISE OF E-COMMERCE

Customers have always expected negotiations and transactions to be seamless and personalized. This expectation has only been amplified in the era of digital commerce. It's now possible and in some cases preferable for B2B users to make buying decisions online as an individual consumer would.

Look no further than the rapid growth of Amazon Business as a proof point. While it's unrealistic to expect to compete with Amazon from a technology perspective, it's high time to adopt a digital strategy that will differentiate you from traditional competitors in the distribution space. eCommerce technology has become more cost-effective in recent years and it delivers the customer experience necessary to stand out.

All this is not to say that sales reps are becoming obsolete in the industry — quite the opposite, in fact. Field sales is a strength that Amazon can't mimic and in a digitized world, sales reps are empowered to do their jobs even better.

With exceptional data insights, sales teams can instantaneously present and justify more informed pricing at each stage of negotiation. Rather than "winging it" on an ad-hoc basis, your teams can be selling based on real and trusted data. Over time, this creates more satisfied customers who are confident in the reps they are dealing with, as well as better margins for your business.

## TREND #3: PRICE MANAGEMENT IS A MUST

As discussed, your pricing data is already out there. The questions are: who owns it, where is it stored, where is the latest version and why is it so time-consuming to roll out important changes? It's obviously one thing to have the data, but quite another to consolidate, organize, and execute off it.

The price management role will improve exponentially by turning data from a foe into a friend. Everyone wants to ditch the spreadsheets and the manual processes, but how do you transform a process that's so ingrained?

Again, with the help of technology. Price management solutions are now more advanced, easier to use, smarter and more affordable than ever before.

For instance, Zilliant Price Manager allows you to centrally create, manage and update price lists in one user-friendly and highly customizable user interface. It is that elusive single source of truth. Now you can simulate what potential outside factors will do to your bottom line and incorporate a rules-based approach to setting prices in a way that keeps you competitive.

With manual tasks and the game of "pricing data hide-and-seek" a thing of the past, you can dedicate your time to pricing strategy. This is essential if companies want to turn pricing teams and sales teams into true aligned partners, equipped to do battle against an uncertain market.

Sales reps can meet their customers confidently with transparent price lists in their back pocket. They now have the opportunity to understand how pricing is established, making them better equipped for negotiations out in the field.

The results are astonishing once sales reps understand the "how" and "why" behind the pricing strategy. Before that can be accomplished, pricing managers need to understand it first. Price Management software closes that knowledge gap for everyone.

### THE BOTTOM LINE: ARE YOU TRENDING UP?

Thanks to unpredictable industry factors and higher expectations from customers who want to buy more items digitally, it's more important than ever for pricing managers to prepare for uncertainty by taking a more data-driven, granular approach to pricing.

As eCommerce trends drive transactions to more digital channels, more sophisticated price management tools are now necessary for a number of reasons. These tools can outpace manual efforts by a wide margin, while allowing you to more accurately adjust pricing at scale. This not only provides more accurate forecasting, but also frees up time for pricing managers to focus on strategy, such as how to price for not just product but product and value-added services, as opposed to digging through multiple spreadsheets and other outdated documentation just to stay above water.

Furthermore, price management tools offer accessibility and transparency for sales reps, who will in turn be better equipped to handle contract negotiations and pricing suggestions. The right training by, and partnership with pricing managers gives sales reps the ammunition they need in an ever more competitive world. The bottom line? Better data means better pricing; better pricing means happier customers (and reps); happier customers means more long-term success.



## IV. PRICING & SALES – BRIDGE THE GAP

The truth is, the natural tension between pricing and sales pre-dates even the door-to-door vacuum salesman. Sellers have been known to unilaterally drop the price to close a deal and pricing managers can earn a reputation for rigidity among the field reps.

The basis for this discord is simple, in most cases. Sales teams are incented to bring in more revenue and volume, while pricing groups are compensated on increasing margin. Outside of changing sales reps' compensation model to a profit-driven one, how can companies overcome this divide?

**Zilliant Price Manager** is built to resolve this fundamental issue. It provides value for Team Pricing and Team Sales, helping both groups hit their targets at once. We created this data-driven, highly customizable solution after years in the trenches with customers, listening to them and learning from their struggles to grow overall sales volume without sacrificing margin.

Let's look at four common pain points – two from the point of view of each group - that drive a wedge between sales and pricing teams, and how effective price management can act as an anti-inflammatory.



## 1. SALES POV - LACK OF TRUST

Rather than using list or matrix pricing provided to them, reps often want to negotiate customer specific agreements to fit each client's unique needs. This creates a headache for pricing teams, who'd rather have a streamlined pricing matrix than a smorgasbord of agreements to track and manage.

What it comes down to is sales teams not trusting the numbers they are getting from pricing. This hurts their confidence when presenting numbers to their customer, which inevitably drives the final price (and margin) down.

Price management technology is critical to rebuilding this trust. It unlocks your customer data as well as many other market and internal factors to identify accurate pricing on a per-item, per-customer basis. A new transparency then develops between pricing and sales that allows each side to visualize what a change in a line item does to the overall profitability of a deal.

With Zilliant Price Manager, reps can now appreciate that there is logic behind pricing constraints, and become armed with all the justification they need when explaining price points to customers during negotiations.

## 2. SALES POV - TURNAROUND TIME

When a deal is down to the wire, timing is everything. Many distribution sales reps currently look at a lead time of weeks (in some cases a month!) to receive updated pricing. This creates more friction and leads to reps creating their own price, which could spell disaster for profitability in the long run.

Reps simply don't have time for the back-and-forth with pricing on numbers they figure they're just going to discount anyway. They crave accuracy and speed. Price Manager scratches that itch.

The tool allows pricing teams to accurately and quickly render unique pricing, in a transparent fashion that sales reps can easily access and build a quote from. There's no need for sales to do the dirty work of poring through disparate spreadsheets or emails to find pricing that may or may not be outdated. Instead, they can focus most of their time on customer needs and prospecting activities.

## 3. PRICING POV - IMBALANCE OF CONTROL

With a lack of data organization, sales reps out of necessity take their destiny into their own hands when it comes to pricing. Some reps may prefer total control, but this type of rogue strategy often leads to pricing inconsistency and thus a lot of back-and-forth. It's also time-consuming work that is just begging to be automated.

Pricing teams are mandated to protect and grow the company's margins. Thus, it's frustrating when they see sales reps discounting prices without consulting them and with no regard to what the discounts do to the bottom line.

With a data-driven tool like Price Manager, pricing can gain back control without having to constantly harp on the sales team about customer agreements. Instead, data makes each decision clear, justifiable and profitable.

## 4. PRICING POV - DWINDLING MARGINS

The push-and-pull between sales and pricing exacerbates the margin problem that distributors already face in a competitive market. With potentially hundreds of deals being made per day, each containing hundreds of line items, the potential for margin leakage is omnipresent.

Price management isn't just about delivering the best price for end customers - it's about creating sustainable margins across all aspects of your business. The KPIs available in [Price Manager](#) clearly display on a per-line item basis the amount of wiggle room available for sales to discount without sacrificing margin targets.

Suddenly there's an opportunity for dialogue and mutual empathy. Data-backed pricing decisions grow margins over time while the efficiency and transparency of Price Manager build a bridge of trust. It's a win-win for both sides.

### THE BOTTOM LINE

The key to achieving sales and pricing unity is to give teams the tools to hit their respective goals. We've discussed here how Zilliant Price Manager can be that bridge to trust, efficiency, partnership and, not least, top- and bottom-line growth.

With proper training around how prices are calculated, as well as centralized access of customer data, sales reps can take advantage of reliable pricing and justifiable contract terms. Rather than spending time on backend, manual pricing strategies for each individual client, reps can concentrate on managing existing and potential relationships. Pricing teams gain back essential control over the sale price with data-backed decisions, and the technology facilitates real-time communication when questions or clarifications are needed.

The result is a true partnership, with each side benefitting equally from the relationship. Pricing teams realize sustained margin growth and have fewer customer-specific agreements to manage. Reps are able to quickly and confidently deliver well-priced deals to their customers, helping them drive more business over time.

This is how we turn a relationship traditionally mired in conflict into a circle of productivity. Price Manager acts as a feedback loop which progressively makes sales reps and pricing analysts better at their jobs.



## V. CLOSING COMMENTS

This eBook has outlined the essential nature of Price Management for modern B2B companies. Beyond stating why it's important, we've shown you how to achieve a better pricing strategy. The main takeaway is that price management involves and improves each of the following three pillars:

### PROCESS

**Beyond Spreadsheets** --> By modernizing, pricing teams move from back-office functionaries to strategic partners in the sales process. From a central console, questions become answers and the process of updating prices goes from weeks or months to hours.

**KPI-Driven Process** --> Allows for proactive modeling to gain visibility into the effects of price changes before they are made.

**Customer Agreement Process** --> Keep everyone on the same page with real-time line item updates to eliminate unnecessary discounts and endless exception requests. Sales trusts the numbers, customers trust sales, and pricing teams are able to stick to a larger plan.

### TECHNOLOGY

**In With the New** --> Excel was a great innovation in the 1980s. It's time for it to go the way of the mullet, where pricing is concerned.

**Visibility** --> Everyone involved in customer pricing now can access the same source of truth, from anywhere. KPI simulations, price changes, price justifications and historical data can and should be shared dynamically to encourage collaboration.

**Meet e-Commerce Head On** --> Technology is changing the way customers buy, so you need new tech to change how you price. In a digital commerce world, it's easy for customers to compare your prices. It's crucial for your prices to be backed up by data and always up to date.

### TEAMWORK

**Pricing Takes a Village** --> Competition comes at you from every direction. To meet your various goals sales teams, pricing teams, marketing and the CFO's office need to be in sync. Price management helps the organization move in unison.

**Speed** --> Sales needs to be able to deliver pricing quickly, while also sharing customer feedback with pricing managers in a way that can be tracked. Rather than messing with email or spreadsheets on local hard drives, this communication needs to take place in a central location so price decisions can happen fast.

**Align Goals** --> Price management allows sales and pricing to work in tandem rather than the traditional tug-of-war. In this new landscape, sales can drive more revenue while pricing protects its margin targets. Change your culture by removing the tension.

We hope you will take this transformative approach to Price management to heart – it's important for any B2B that is concerned about profitable growth and customer satisfaction. Which is to say, it's important for every B2B.

Check out [Zilliant's breakthrough Price Manager](#) solution and [contact us](#) today!



**EBOOK**

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