



CASE STUDY

Porter Pipe & Supply Succeeds with Price Optimization and High ROI

Leading plumbing and HVAC supplier takes control of their pricing analysis and strategy with advanced predictive analytics, industry best practices, continuously improved segmentation and performance tracking.



CHALLENGES

- Many customer types and pricing overrides
- Too many manual processes and lacked a way to make data-driven pricing decisions

SOLUTION

Implemented epaCUBE Profit Optimizer

RESULTS

Over 30X return on software investment and 7.17% increase in gross profit

Finding Advantages in a Competitive Market

“Our market is very competitive,” says Jeremy Shaub, Product & Pricing Administrator at Porter Pipe & Supply, “and we really wanted to identify opportunities to improve margin and customer experience at the same time.”

To win deals and serve customers, Porter’s sales reps would frequently override pricing. “Overrides are messy,” says Shaub, “and like most distributors, cleaning up data and making changes around pricing is too difficult to manage without great software.”

Of course, the most effective way to combat overrides is to get the pricing right in your system. “I could make pricing changes before epaCUBE inside of my ERP system,” says Shaub. “But if none of your team follows through with those changes it doesn’t matter.”

Shaub needed a way to not only execute pricing, but to track the success of price changes and

socialize those effects with his team. “With epaCUBE you can execute those changes and track them very easily.”

“We could pick up dollars we were bleeding before because we didn’t have the data to make optimized pricing decisions,” says Shaub.

The Solution: epaCUBE Profit Optimizer

Before epaCUBE, Porter had created a unique Porter list where they established their own list pricing. Unfortunately, it wasn’t widely accessible and didn’t easily take vendor pricing into account.

Porter turned to epaCUBE Profit Optimizer (ePO) to improve their pricing strategy. ePO is cloud-based software with fast track implementation, expert advisory services and built-in pricing and profit plays. epaCUBE users are seeing 450 or more basis point of profit improvement through better pricing, easy to manage customer and product

segmentation, and customer and rebate management.

ePO allows users to reduce costly price overrides and track performance with scorecards and executive overviews. It is integrated to leading distribution ERP systems to eliminate the hassle of manual price management, analysis and multiple spreadsheets.

“With epaCUBE,” says Shaub, “the availability of customer and vendor pricing is right at your fingertips so it is much easier to maintain products and get optimized pricing into the system right away.”

Porter also uses epaCUBE’s Product Data Management solution for a powerful one-two punch. “With PDM,” says Shaub, “you can put in vendor pricing and other changes into your system quickly. No more big data dumps out of our ERP and no more manual matching in Excel.”

Scaling with Growth

epaCUBE has allowed Porter to scale their price and product management as they grow. “I was managing around 60,000 SKUs and bumping up against the limits of manual processes for updates,” says Shaub. “Now we’re over 100,000 SKUs, but using epaCUBE PDM makes it

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easy to create and upload new products. With epaCUBE, because it's so easy to get the products into our catalog, we're using our catalog a lot more as well."

Better Segmentation

"Life is easier with fewer price types," says Shaub. Customer segmentation was difficult before using epaCUBE Profit Optimizer. "We had over 700 customer types. We had tried implementing different groups of pricing, then we'd modify the pricing by creating entirely new customer types for individual customers. Sales reps would create new customer types for certain customers. It became unwieldy to manage."

ePO allows Shaub to simplify and improve their segmentation. "With epaCUBE, we have consolidated everything in our customer segmentation," says Shaub. Porter started with what they consider C and D ranked customers and house accounts and quickly moved them into the right customer segments using epaCUBE. That process was fast and quickly optimized a lot of the pricing in the ERP system so that their pricing was much more uniform than it was prior to using epaCUBE.

There are still strategic reasons for customers to get unique pricing, but epaCUBE gives them the visibility to data to make the right decisions. "We'll still work with customers to meet their specific needs," says Shaub, "but now we see it all within epaCUBE."

Better Customer Experience

"Using epaCUBE Segment Optimizer is awesome," says Shaub. "You can actually see how your customers are progressing, filter customers and transactions by sales rep and then have conversations on how to make each customer situation better."

Shaub says it is important to have a better understanding of your customer behavior, not just to get the price right, but to better serve the specific needs of the customer. "Our biggest barrier to successful pricing was probably sales reps who would reflexively override prices," says Shaub. "Our mindset needed to change and becoming data driven in our pricing decisions with epaCUBE helped us to make more money."

Now, Shaub is able to use epaCUBE alongside sales reps and managers to help determine the right course of

action to serve customers and optimize pricing and profits. Instead of simply lowering pricing, Porter can review the information inside of epaCUBE, review overrides, and analyze potential sales issues to determine if an override is warranted or if it's more of a cultural or behavior issue.

"Getting to the optimized price is not always about raising prices," says Shaub. "If you can lower your price to win an important deal or keep a long-time customer happy, you can do it with data, continue to make profit and earn more sales volume from them over time."

Tracking Performance

To continuously improve profitability, Shaub says it is important to review your strategies, changes and performance with your entire team to really understand what is working and what needs more improvement. "We're using the epaCUBE scorecard a lot," says Shaub. "Our upper management loves the brief overview it provides and with the great graphs, all of your data is right there for review. It makes everyone happy with crystal clear, upfront filters, so you can view overrides, performance of weeks and compare different changes."

Shaub likes to take the data from epaCUBE and socialize ideas for new pricing and profit with upper executives. “We serve some unique customer groups,” says Shaub, “such as our heating segment. epaCUBE makes it easy for me to share data with our VP of Sales or our heating segment manager. That allows us to apply our knowledge to epaCUBE’s data and make the right call all around.”

epaCUBE Provides Real ROI

In less than a year’s time, Porter recorded a 7.17% increase on the price records they were tracking inside of epaCUBE. That equates to well over 30-times return on their software investment. “We made a large increase in new margin dollars within the first six months only looking at our C and D customer groups,” says Shaub. “The profit

increases and return on investment kept increasing the more we used the software.”

After establishing their first cut at their C and D customer segments, Porter found they still had 70% overrides in the first couple of weeks of pricing rollout. “We were able to immediately track overrides,” says Shaub, “something that we weren’t able to do before. What we found analyzing the data inside of epaCUBE was that we were still seeing some effects of new pricing and old orders. After a month or two, those override numbers started dropping. epaCUBE allowed us to not only track overrides, but understand what was behind those choices and be able to keep moving forward toward correct pricing.”

Shaub’s advice to new epaCUBE users is to be patient and to take the long view with your pricing and sales data. “The

bottom line is that you need a longer view than just a couple of weeks,” says Shaub. “With epaCUBE, you can easily see how changes are impacting sales. Price changes have to run their course over time to really understand their effect.”

Shaub also appreciates the expert services epaCUBE provides to users. “The customer success team at epaCUBE is awesome,” says Shaub. “They are very helpful and knowledgeable and they help keep us on track. They’re always throwing suggestions at us and help keep us going. Working through a lot of changes in pricing, you become more of a pricing advocate internally and have to focus on leading the company to change rather than forcing it on them. epaCUBE’s advice has helped me approach sales and upper management to get their support.”

epaCUBE Profit Optimizer software and expert pricing advisory services have changed everything you know about wholesale distribution profit optimization and the results are clear: The average distributor using epaCUBE realizes a 2% to 5% gross profit improvement.

