

# Does your business utilize cost to serve analysis to drive growth and improve your bottom line?



## The Challenge

A multi-billion-dollar manufacturer of building products had a highly complex pricing waterfall with many programs and incentives aimed at driving growth. Recently they underwent a price adjustment due to raw material increases but were not seeing pull through to margin. Additionally, they had a difficult time isolating what was causing the lack of impact to margin and why.

## The Solution

INSIGHT began by utilizing our expert data engineering capabilities to consolidate over 250 data files, including transactional data, rebate files, and cost data, to build a bottom-up transactional cost to serve waterfall. Once the cost buckets were identified, INSIGHT was able to surface low-margin customers and products compared to their peers through price variation analysis. Then, INSIGHT partnered with the client to conduct targeted price adjustments on low-and negative-margin customers. We also redesigned those programs and policies causing the most price leakage. This included:

- Year-end and quarterly rebate program
- Winter-buy program
- Customer contract discounts
- Freight policy

## THE RESULTS

8%

BOTTOM-LINE REVENUE GROWTH



INCREASED SALES COMPLIANCE TO POLICIES



ONGOING VISIBILITY TO PRICE LEAKS

*By using cost to serve analysis to understand the impact of price leaks and margin shifts, this manufacturer was able to implement targeted pricing actions and updated pricing programs that positively boosted their margin for the short and long term.*

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