

# White Cup Pricing achieves 5.7% margin growth for HVACR distributor

A nationwide chain of distributors serving HVACR contractors increased margins with White Cup Pricing.



#### **Company Facts**

#### **INDUSTRY**

**HVACR** 

#### **LOCATION**

West Coast US

#### **SOLUTION**

White Cup Pricing powered by epaCUBE

# Background

This wholesale distributor serves professional HVACR contractors. The company has the largest selection of equipment and genuine OEM parts in the industry. Their core mission—making it easy for the HVACR contractor to do business—emphasizes product selection, availability, and eCommerce.

Acting on a recommendation from headquarters, the business sought to modernize and automate pricing to improve customer service and profitability across its five locations.

"Our margins have increased at least 5% with consistent pricing using White Cup Pricing. That's huge for a company our size. We've been leaving a lot of money on the table. With five locations, we're looking to grow, and we want to grow with White Cup."



CEO

**HVAC** Distribution



## **Inconsistent Pricing Impacted Margins and Productivity**

"We never had consistent pricing," related the company CEO. "Everything's been on a matrix that was never maintained. It was a complete disaster. Often, sales would override prices from the matrix, and managers thought they had A customers who were really D customers."

Dealing with customer calls and pricing issues also took valuable time away from other important business activities. "It was consuming at least two hours a day," the CEO added. "Managers were calling us, and then we had to research the products and look at the history of the price. It just was a mess."

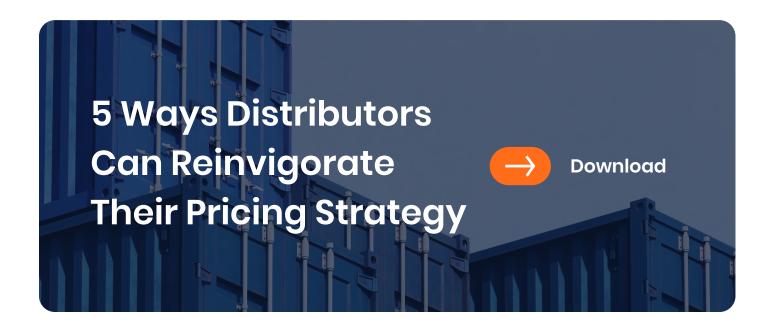
## White Cup Pricing for HVACR Distributor Explored

The business looked at two other potential pricing solutions, but considered them unsuitable.

The distributor's CEO spoke to other groups in their parent company and received positive reports about White Cup Pricing. The distributor worked to understand how and where White Cup Pricing would fit, choosing to move ahead.

"The number one reason we decided on White Cup Pricing is that corporate recommended the product," stated the CEO. "That's the blessing we look for to move forward with certain new vendors."

The distributor called a few other branches and asked how the White Cup Pricing software worked for an HVACR distributor. "Every one of them said it's been working great for them," the CEO said.. "So, we did some homework on our end before jumping all in."





#### Solution

## **Customer Cleanup**

Beginning in May 2021, the distributor prepared for the White Cup Pricing installation by updating records in their Epicor Eclipse ERP system. "We had to do a lot of customer cleanup on our side to get ready to implement White Cup Pricing," reported The CEO.

When ready, they provided remote access to White Cup engineers to install the software and configure the interface to their system. "They did most of the work themselves," the CEO said.

Fortunately, the support engineer at White Cup had an Eclipse background and was familiar with the ERP system. "I think it's important going forward working with other branches that whomever White Cup has in place is familiar with their software," the CEO noted. "Because there are folks on different ERP systems out there."

## **Training and Setup**

White Cup Pricing installation and training proceeded smoothly. "Training was done through Zoom calls, and it was great," the CEO said. "No need to have people fly out. So, we saved money there."

Starting in October, the distributor spent a few months setting up ABCD pricing levels based on volume, history, and returns. "We changed many of those A customers and moved them to D," the CEO explained. "We saw that we were leaving a lot of money on the table."

# **World-Class Segmentation**

White Cup Pricing features enabled the distributor to build customer segmentation based on similar profitability, buying power, and cost to serve characteristics that support the concept of 'like customers buying like products, should pay a similar price'.

The White Cup Pricing approach analyzes sales history to create minimum and maximum ranges, a statistical floor and ceiling, and a target price. This allowed the HVACR distributor to find profit and sales, building opportunities quickly. White Cup Pricing reports show the company created 3,693 price records in addition to all new customer and product segmentation.



## **Support Like Family**

The CEO praised the support the business received during and after implementation. "The White Cup Customer Success Team has done a phenomenal job for us," he reported. "We call or email, and they get right back to us. Great service is a big thing that I like. We're like a family, and White Cup provides that service."



#### Results

#### **Increased Margin Dollars 5.7%**

After five months, White Cup Pricing reports show the business added a six-figure amount to YTD margin dollars, a 5.7% increase, due to consistent pricing and correct customer classification.

"That's huge for a company our size," the CEO said. "We've been leaving a lot of money on the table. With five locations, we're looking to grow, and we want to grow with White Cup."

#### **Saves Two Hours Per Day**

The distributor reports that White Cup Pricing saves at least two hours daily for key personnel thanks to fewer customer pricing issues. "I don't think we've had a call from a manager since we completed this," the CEO noted. "We have the same amount of staff, but now we can focus our energy on other things."

With customers correctly classified, billing issues have also decreased. "At the end of the month, when they send out the statements, there would be questions related to customers getting different prices from different stores," he said. "I haven't had that issue either."

The CEO also reports the accounting side of the business has improved 100% along with customer satisfaction. "Sales have increased," he added. "Nobody's complained that they're paying higher prices. Customers like the price consistency."



#### **Reduced Dead Stock**

White Cup Pricing segmentation enables the distributor to break out product categories and what they need to stock. "It helps us with our inventory and all the way around," the CEO said. "It's an eye opener watching our products and what we're ordering because we can see what's not moving."

"We've increased our product knowledge. We can see our margins by product, and we can see what it costs to serve every single customer."

Keeping an eye on the shifting economy, the CEO watches what the company spends and stocks less inventory. "White Cup Pricing has opened our eyes," he added. "We're ordering what we need and using our DCs to stock our product instead of just bringing out a ton of stuff here in our distribution center."

#### **Extra Profits and Smiles**

It all adds to a brighter future and a big step up for the business. "I would recommend White Cup Pricing to anybody looking to streamline their processes for products," said the CEO.

"This has been a great partnership, and we want to continue it. The company as a whole is benefiting because now, we can reinvest the extra profits into our business or the employees. It puts a smile on my face."

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