

Nationwide HVACR Distributor Increases Margins With Pricing Software

White Cup Pricing software elevates a nationwide chain of distributors serving professional HVACR contractors. Distributor increases margins and gains data visibility with software implementation.



Background

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

After previous unfinished attempts to standardize pricing, the business again sought to create a unified pricing structure to get everyone on the same playing field.

Inconsistent Pricing Impacted Margins and Productivity

With salespeople setting prices, customers calling the business might get different prices on the same item. “Whatever salesperson at the time felt like that customer’s pricing should be, it was,” a branch manager explained. “We have had a few people call one counter person to get a price and turn around and call the next counter person and get a different price.”

Since inconsistent pricing negatively impacted productivity and the

Company Facts

LOCATION

Southeast US

INDUSTRY

Distribution

SOLUTION

White Cup Pricing
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customer experience, they sought a solution. “We wanted more of a unified structure with everybody on the same playing field,” said the branch manager. But creating unified pricing for an existing business proved to be tricky.

“Our challenge was taking a 20-plus-year-old business with pricing that had been managed by multiple people and turning it around to have one common unified price structure,” the branch manager explained.

Lack of Data Visibility

The business also needed one resource for customer contracts and management. “We work off the web, but there was no way to pull all that information together in one spot to see what we sold, how many we sold, and what percentage it was,” said the branch manager.

Previous efforts to reform pricing ran into roadblocks. “We have tried to standardize pricing numerous times through the years,” explained the branch manager. “But we never could find a clear path because we didn’t have access to all the data in one spot at one time.”

White Cup Pricing Recommended by Corporate

In 2021, the corporate office sent [White Cup Pricing](#) information out to individual owners. “But It was still our choice,” the branch manager said. “We did our own research, demos, and meetings and made our own decision, despite the initial partnership with corporate.”

Two factors influenced them to go ahead. “We knew we were going to have all the information in one spot to do what we had been wanting to do for years,” the branch manager said. “And the return on investment numbers they showed us made the decision ultimately something we had to do.”



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Can Reinvigorate
Their Pricing Strategy**



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Solution

Quick Start, Then Eight Months of Pricing

After the business made the decision to move ahead, the initial steps to get White Cup Pricing running proceeded quickly. “We were setting pricing within the first three weeks,” the branch manager recalled. “The first week, we made a plan for the implementation, week two, we started initializing that plan, and then by week three, we were working on pricing.”

They then dove into a long period of pricing work. “We went all in for an eight-month stretch of two meetings a week to sit down and work on our individualized pricing plan,” explained the branch manager.

Category by Category Optimization

World-class data analytics and software, supported by White Cup Pricing’s B2B distribution pricing professionals, helped the business build market-level pricing that wins orders and take share. The software enables them to monitor pricing changes to gain margin without sacrificing top-line sales.

“We would go through the pricing structure of each category and set the pricing node by node,” the branch manager said. “And we did that for eight months until we worked through all the nodes. And now we’re working on individual pricing contracts.”

The team created all-new customer and product segmentation, setting ABCD pricing levels with 2,710 price records. The branch manager appreciated the customer support: “White Cup has been great to deal with.”

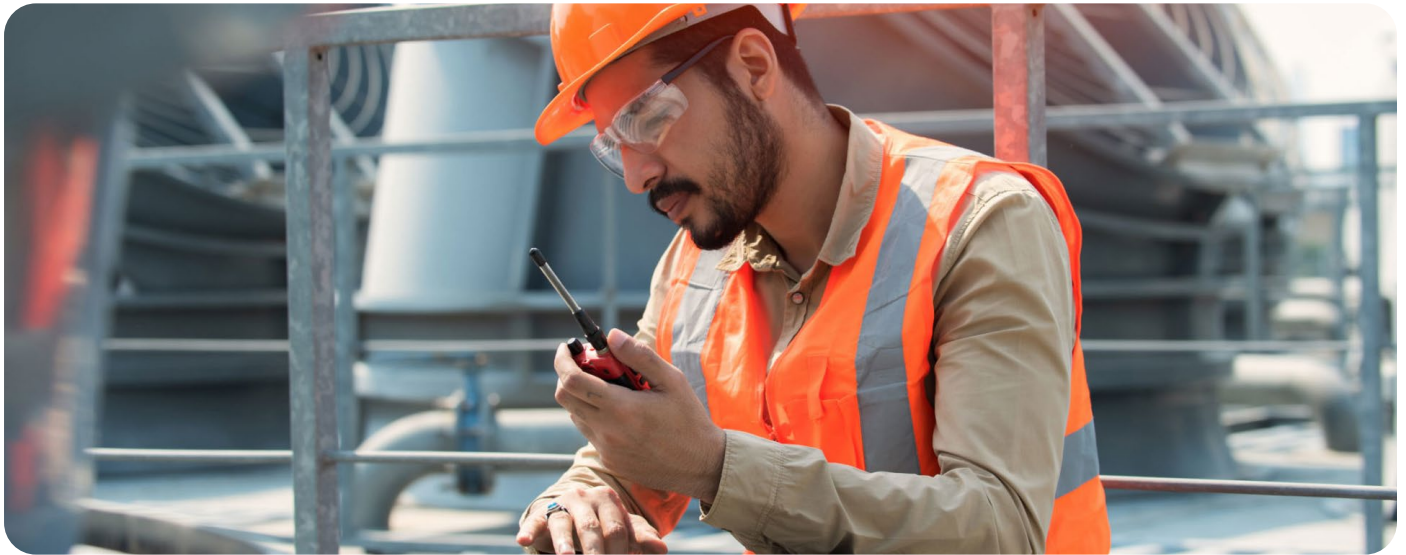
Data Shares To Generate Scorecard

The business now performs weekly data shares with White Cup. “We used our internal IT guy to create the reports to send the data to them,” the branch manager said. “First, we did an 18-month data share and then some 12-month shares.”

“Now we’re down to weekly data shares,” he continued. “Every Monday, our IT guy sends a report of our weekly transactions to White Cup. They run it through and usually give us a scorecard by Tuesday.”

The branch manager also appreciates White Cup’s responsiveness. “They’re really good,” he said. “There’s not been a time that we have tried to get in touch with them that they’ve not responded. They’re always there if we need anything. They’re awesome!”

Results



Margin Dollars Increased by 8.6%

Using White Cup Pricing, the HVACR distributor increased its margin dollars by 8.6%, adding tens of thousands to YTD gross profit as of 6/1/22. The branch manager attributes the increase to consistent unified pricing, contract information in one place, and the ability to track more items.

“We realized that we were letting a lot of items go at a lower price than we should have,” he explained. “We found more items that we were low on than high. So, we’ve been able to make more positive changes in our pricing than negative.”

White Cup Saves Significant Time

White Cup Pricing’s categories enable the business to group similar customers together. “Now we have all these nodes set for A, B, C, and D customers,” the branch manager said. “If we want to change a price, we just make one change versus having to change it for every customer.”

“If our IT guy made changes on special contracts, it would take him a few days,” he continued. “Now he can do it in a couple of hours. After it’s all said and done, especially after we get through these custom contracts for our large customers, it’s going to allow us to save significant time.”

Overall, the effort to implement White Cup Pricing proved to be efficient. “All the time we spent to get here is nowhere near the amount of time we spent before to never get anywhere.”

Consistent Pricing, Data Visibility Achieved

The business' stakeholders love their pricing solution. "White Cup Pricing has allowed us to create a unified structure with everybody on the same playing field," the branch manager stated. "Now, if they call one counter person and get a price and turn around and call the next counter person, that price is the same."

"It means having a way to see a whole category of items in one place, what kind of price it was, how many were sold, whom they were sold to, and make a decision on how to price that category," he concluded. "The biggest benefit is having consistent pricing and being able to manage it with one place to look at and manage individual customer contracts."

Don't Wait To Get Started

The branch manager was more than happy he didn't wait for his data or ERP system to be reorganized before getting started.

"White Cup Pricing makes my part of dealing with pricing so much simpler," he said. "Items are priced correctly. And if we need to make a change or a judgment, it's very easy to do. It's made my job a lot easier. Distributors should take the steps now to work with White Cup even if their operation is not fully organized or automated. White Cup will be a partner along the way."

KEY RESULTS

- Margin dollars increased 8.6%, adding tens of thousands to YTD gross profit
- Significant time savings have turned days' worth of work into just a few hours
- Consistent pricing and data visibility, creating a unified structure

Take the
Easy Path

Read, watch, and learn ways your
business can grow with revenue
intelligence tools.