**PROGRAM DESCRIPTION**

You will get hands-on experience analyzing customers, developing and applying a practical, best practice approach to determining cost-to-serve. You will be able to apply it in your company data and see for your business setting immediately. The program will also help you understand the concept of “What to do?” and “How to do?” for applying customer stratification to various business decisions with a special focus on Pricing Optimization.

The pricing/discounting decision is an information exercise and determines at least half of a firm’s profitability equation. Even though most distributors understand to some extent other external drivers of pricing such as competition and market structure, understanding and implementing a holistic approach to pricing has always been difficult. This program will address practical methods to set and manage prices using existing and readily available information in order to maximize profitability.

You will hear success stories and steps to implement customer stratification and pricing optimization best practices from both business and IT perspectives based on projects from various lines of trade. The SELL exercise will walk you through the process of connecting customer decisions to shareholder value through financial statements. At the end of the program you will be able to assess the customer stratification and pricing processes in your company and develop a plan of action to implement these powerful best practices at your company right away.

**KEY TAKE-AWAYS**

- How to effectively classify / segment the customer base?
- Structured easy-to-understand approach
- A practical approach to determine ‘cost-to-serve’ customers
- A best in class approach to pricing optimization
- Understand the connection between customer stratification and pricing optimization
- Formulate and build pricing rules
- Real-world implementation benchmarks
- Leverage existing system information
- Maximize your ROI on sales resources while balancing customer service
- Effective use of IT & human resources

**WHO SHOULD ATTEND?**

- Sales and Marketing Managers
- Business, Branch & Regional Managers
- Pricing Professionals and Business Analytics Team
- Distribution Management Professionals
- Inside Sales and Pricing decision influencers
- Anyone in your firm who communicates or works with customers

“Customer stratification has greatly enhanced our understanding of our customers. We now know which customers maximize our value proposition. Linking customer stratification to our supplier and inventory systems empowers our team to quickly distill the variables affecting risk and reward so they can make better and more profitable business decisions.”

Frank Flynn, President, Sager Electronics

“Customer stratification has the power to enable us to transform our company from being product-driven to customer-driven. It has helped us understand our customers in greater detail, enabling us to optimize our selling resources, which will result in an improved ROI.”

Don Schalk, President and COO, C.H. Briggs Company

“Given the complexity of pricing, the Texas A&M Pricing Optimization program has gone a long way to specifying all the relevant elements and more importantly putting them in terms that can be quantified and managed. A&M can help you understand the variables and the math of distribution pricing. Don’t get on the phone without them.”

Lawrence Mohr, Ph. D., Senior Vice President (retired), F.W. Webb Company

**INTENSIVE CUSTOMER STRATIFICATION PROGRAM**

**REGISTER NOW!**

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### PROGRAM OVERVIEW

Customer stratification and pricing optimization may sound like an odd idea in this economy, where any paying customer is a good customer. But even in this climate, sales people are prioritizing their accounts. The only question is if their prioritization matches the company’s prioritization; both from a near-term and long-term viewpoint. Customer stratification assures a better match by measuring how much business a customer does with (sales), how profitable they are in gross margins, how loyal they are, and how costly they are to serve (to protect net margins). Each of these dimensions should have a bearing on the sales force’s decisions. Customer stratification techniques are gaining popularity, but they often are not applied correctly. This cutting-edge program focuses on customer relationships and the net profit customers provide to their distributors. Shrinking margins have been hounding distributors for so long. Time has come for distributors to face this challenge head on by connecting customer stratification to pricing optimization. Without this connection the pricing process is not optimal, and will hurt distribution in the long run.

Pricing should be driven by customer stratification results, not by a cost-plus pricing model for all customers. The cost-to-serve dimension in our customer stratification model shows that every customer is different based on the services they access. The same applies to loyalty and profitability. Variations in customer behavior emphasize the need for a customized pricing approach for different customer types. The pricing decision-making is further enhanced when used in conjunction with inventory stratification and other pieces of information, such as item visibility, unit cost, and profitability levels.

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### AGENDA

#### DAY 1
- **Customer Stratification Overview and Framework**
  - What would be the 4 types of customers at your firm?
- **Customer Buying Power**
  - Sample Buying Power Analysis
- **Customer Profitability**
  - Sample Profitability Analysis
- **Working Session: Data Preparation for Customer Stratification**
  - Discussion and Questions

#### DAY 2
- **Customer Loyalty**
  - Sample Loyalty Analysis
- **Cost-to-Serve (CTS)**
  - Sample CTS Analysis
- **Working Session: Data Preparation and Customer Stratification Analysis**
  - Discussion and Questions

#### DAY 3
- **Working Session: Data Preparation and Customer Stratification Analysis**
  - Bringing It All Together
  - Customer Lifetime Value and Net Profit

#### DAY 4
- **Working Session: Data Preparation for Customer Stratification**
  - Sample and Customer Strategies
  - Sales and Marketing Framework
  - Discussion and Questions

#### DAY 5
- **Sample Item Visibility Analysis**
  - Unit Cost and Gross Margin Levels
- **Sample Unit Cost and Margin Analysis**
- **Building the Pricing Rules**
- **Optimizing Distributor Profitability - Customer Stratification and Return on Investment (ROI)**
- **Action Plan: Presentation Discussion and Questions**

### DELIVERABLES

- **Optimizing Distributor Profitability**: Best Practices for a Stronger Bottom Line
- **Customer Stratification Results Presentation**
  - Role of Customer Stratification in Pricing Optimization
- **Pricing Game**
  - Item Prioritization
  - Sample Item Analysis
- **Customer's Item Visibility**
  - Discussion and Questions

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