



Case Study | \$700M B2B Industrial Manufacturing Company

~11% Pricing Improvements and streamlined pricing strategy leading to larger adoptions and greater customer acceptance

BACKGROUND

- ~\$700M NA division of global leader providing power tools, consumables and services to the construction industry.

SOLUTIONS

- Development of new corporate pricing strategies
- New list price structures, customer segmentation and discount structures
- Changes in sales team compensation to reflect focus on probability as well as training and support materials for sales teams
- Development of KPIs, processes and measurement candace to ensure success

RESULTS

New Pricing Strategy

Outperform. Outlast.

Prop. Outperform. Outlast.

Fu. Outperform. Outlast.

Fair Pricing 2020 work packages: summary

5 Key Initiatives

- 1. Vision and goals
- 2. Fair Pricing vision & goals
- 3. Fair Pricing 2020 priorities' roadmap
- 4. Fair Pricing cookbook for new offers
- 5. Fair Pricing 2020 KPIs
- 6. Agreements
- 7. Agreement set-up: Right price with volume commitment
- 8. Agreement review: profit opportunities for existing agreements
- 9. Price engine
- 10. Top-notch price increases
- 11. Price engine reviews
- 12. Pricing for growth
- 13. Enablers
- 14. Dedicated Hub pricing team
- 15. Change management
- 16. Easy data access

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New Customer Discount Structures

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Dropping prices does not easily generate on-top profit

Example

- Anchor price
- Net price £
- 30% discount
- SPM: 61%
- Volume: 10

Scenario

- Items at different margins
- All receiving 5% add'l discount
- 100 pieces sold

Question

- Which quantity increase is required to maintain
- Net Sales
- Profit (SPP)

Examples and analysis

| High-margin item | Medium-margin item | Low-margin item |
|--------------------------------|-------------------------------------|----------------------------------|
| Screw anchor HUS3-H 78% SPM | Install. channel MQ-21 SPM = 48% | WSC 55 Circular saw SPM = 21% |
| Maintain sales | Maintain sales | Maintain sales |
| Maintain profit | Maintain profit | Maintain profit |
| +10% | +13% | +11% |
| +27% | +10% | +65% |
| 100 | 100 | 100 |
| 110 | 113 | 111 |
| 127 | 110 | 165 |

Source: E1 Strategic Marketing

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Sales Team Trainings

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Fair Pricing

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Pricing training for Sales helps drive the behavioural change

Approach to pricing and margin steering

MCS readiness

Focus of customer interaction

Customer value perception

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→ Tried and tested training package available – can be implemented asap

- EBITDA increased by \$78M on a 12M rolling basis
- Pricing increased by 11% with no drop in revenue or volume. In fact, sales increased YoY after launch of new pricing
- Customer and Rep satisfaction with price increase and clear strategy and guidelines