Moving a Packaging Business to Value Based Pricing

925 bps

Delivered. gross margin uplift on in scope revenue in the first 3 months of launch

A national packaging business was pricing from cost and had no pricing team. It went through the full Taylor Wells Value Culture program. We moved it to value based pricing, built its pricing team, and changed how leadership, sales, product and pricing make price decisions. It achieved more than double its EBIT target from one workstream alone.

CLIENT	National packaging business in Australia
PROBLEM	Prices set from cost, no list price for thousands of products, no pricing team, and falling earnings
WHAT WE DID	The full Value Culture program, from executive strategy to a new pricing team, new prices, new processes, and sales, systems and tracking
RESULT	More than double its EBIT target, plus 925 basis points of gross margin uplift on in scope revenue

Is this your business?

This case is likely to be relevant if:

- Prices are built up from cost, not from what customers value
- Sales quote case by case because list prices are missing or out of date
- Price rises are slow, partial or given away in deals
- No one owns pricing, and teams work in silos

What was going wrong?

Prices took no account of what customers would pay. Thousands of products had no list price, so most were priced deal by deal. Price rises lagged behind costs, pricing data was spread across systems, and there was no pricing team yet to own it. Every team was busy keeping the business running.

What did Taylor Wells do?

The business went through the Taylor Wells Value Culture program, which builds pricing into how the whole business works, not just the price list.

Set the direction. Worked with the executive general manager and leadership team to set the strategy, size the prize and agree a pricing roadmap.

Built the pricing team. Assessed, hired, set up and integrated the pricing team, then trained and coached it alongside the sales and product teams. The pricing manager we appointed has since been promoted.

Put in governance. Designed the committee structure and set up the governance and tracking for every new process, so every price decision had an owner.

Rebuilt pricing on value. Developed new pricing processes and a new price architecture, and set target prices for thousands of products using real customer and market evidence.

Brought sales and product with it. Equipped sales to sell value and win better deals, and gave product teams a clear way to price on value, including new products from day one.

Made it stick. Built it into the ERP and the website, and set up tracking for the first time so the business could see what was working.

What were the results?

- **More than double the EBIT target** from special pricing optimisation alone, and more than 10 times the original forecast
- **925 basis points of gross margin uplift** on in scope addressable revenue in the first 3 months of launch
- **Significant new annualised deals won** through the new value selling process
- **Price overrides down 5%**
- **A pricing team the business runs itself**

What can other businesses learn?

> Moving from cost based to value based pricing is not a pricing project. It's a business change. When leadership, sales, product and pricing all work from the same plan, the gains come early and keep coming.

Common questions

How do you move from cost based to value based pricing?

Start with what customers value, then change how the business sets, sells and governs price. This business beat its EBIT target more than twice over.

Do you need a pricing team to do this?

Someone has to own it. Taylor Wells assessed, hired and coached the pricing team so the business could run pricing itself.

What is the Taylor Wells Value Culture program?

A program that builds pricing into how the whole business works: strategy, people, processes, systems and tracking, not just the price list.

Facing a similar pricing problem? Taylor Wells is a team of pricing strategy consultants based in Sydney, working across Australia, New Zealand, Europe and the USA. Talk to us about a walkthrough of this case study and what it could mean for your business.

(02) 9000 1115 | team@taylorwells.com.au | taylorwells.com.au

Client names are kept confidential. Results depend on each business and are not a guarantee of future outcomes. © Taylor Wells Pty Ltd. All rights reserved.