

When Traditional Methods No Longer Work, Implementing Value-Based Pricing



CLIENT
CASE
STUDY
LINDAB

The Company: A Distinctly Modern Steel Manufacturer

In today's fast-changing, competitive global marketplace, technology has turbo-charged even such heavy industries as steel. Case in point: Lindab International, the Sweden-based manufacturer of sheet metal products that simplify construction and improve indoor climate. Lindab's ventilation solutions, building components, and building systems employ the latest construction technologies to increase value to customers.

Lindab strives to be the preferred partner of building professionals throughout Europe. Its products are known for their quality, ease of assembly, energy efficiency, and environmentally friendly design. With almost 4,500 employees, and sales in over 30 countries, the company has established itself as a major supplier to commercial construction developers who are serious about performance and value.

Despite its market leadership, Lindab struggled with how to price its products when traditional pricing methods in the steel industry no longer applied.

The Challenge: A New Way of Thinking—and Pricing

With rising steel prices threatening bottom-line results, the company needed to adopt value pricing, re-thinking traditional pricing and restructuring deals in ways that reflect the value Lindab adds to customer portfolios. But Lindab senior management knew that change does not come easily to any organization . . . even to a leading company with an advanced, value-added product line. Before customers could buy into this new way of pricing—with its trade-offs between price increases and reduced discounts, and its premium on value-added services—Lindab's sales personnel would need to understand the new pricing strategy from the ground up and feel comfortable restructuring customer deals accordingly.

The Program: Fast-Tracked for Effectiveness

Lindab retained BTS for an immersive [salesforce transformation](#) program that had to come together at top speed. Drawing upon over 25 years of experience, BTS developed a fully [customized simulation](#) based learning experience—in under one month. The program is structured around four

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Lindab accounts and two business areas that reflect critical elements of the company’s real-world business. Participants work in teams to manage a variety of deal types, including a “standard” and a “system solutions” deal.

The workshop’s duration is one and a half days, and participants learn and practice executing value-pricing and experience its tradeoffs and benefits. Upon completion of the program, participants are able to:

- Map key drivers of deal profitability
- Emphasize and communicate value-added Lindab differentiators such as sales support, product development, training and support
- React quickly when material prices rise
- Manage inter-departmental relationships more effectively to support value-pricing and increase customer satisfaction.

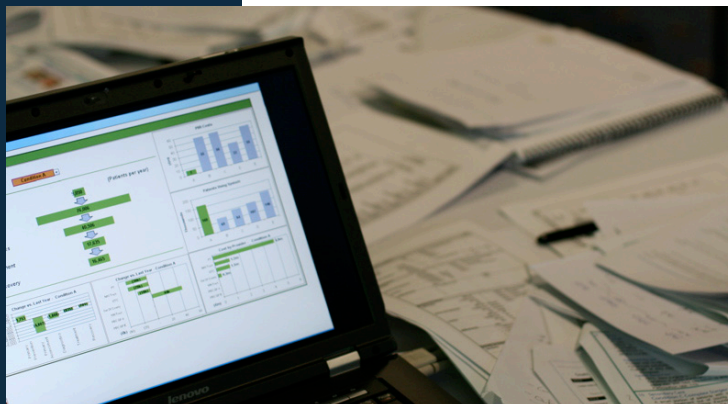
The workshop curriculum was so realistic and closely aligned to what Lindab sales people experience on a

daily basis that participants experienced a series of “aha” moments as they moved from initial Request for Quote through pricing and structuring the deal. Participants said they “saw the big picture,” gained new insights into the bottom-line impact of their decisions and, through practice, gained the confidence to go back and apply their insights on the job.

The Results: Success Leads to Expansion Plans

The BTS program has been a key factor in navigating rising cost pressures and successfully implementing value-pricing at Lindab. “This solution was a key tool for communicating our new perspective on pricing, and its implications on account profitability and value-added,” says former CEO Kjell Åkesson. “During the year we met our profit target, which was in danger of being wiped out by steel price increases.”

A profit increase of approximately \$90 million and a profit margin increase of four percent was directly attributed to the program. Development of a similar program on Negotiating Value is now under way.



BTS, the global leader in accelerating strategic alignment and execution, innovates how organizations learn, change and improve. Founded in 1986 and serving over 400 clients worldwide, BTS is publically traded company with more than 25 offices in 18 countries.