PRICING CASE STUDY

Context

The Pricing department of a large publicly traded organization produced quarterly pricing reports highlighting key metrics such as gross ads and average selling rates. The reports were consumed by Finance and relied upon for quarterly earnings calls, often being cited by the CFO. The material use of these reports necessitated that these metrics be accurate, understood, and easily attainable. The client was using Tableau as their reporting layer with a number of disparate data lakes and sources they pulled the data from.

The Problem

There was no clear understanding for how the pricing metrics were calculated throughout the organization. The process wasn't documented, and there were inconsistencies along with a lack of consensus between the Pricing, Sales, and Finance teams as to the methodology being employed to calculate the quarterly metrics. As a result, when the Pricing group attempted to make the Finance group accountable for these reports, there was hesitation to assume this responsibility. Additionally, the data sources for the reports were not clear due to the multitude of disparate data sources that pricing had to pull from. This created the need for manual compilation of the data and created complexity which increased the risk of human error. The process being used to produce the reports also appeared to lack controls and a formal review process that would have otherwise reduced the risk of error.

The Execution

CFO's Domain set out to accomplish 5 things for the client:

1. Understand, validate, and document the current methodology being employed to produce the reports and explain it to the stakeholders to build consensus around current state.

2. Implement any necessary changes to the current methodology to align it with the organization's standards and ensure the next quarterly report will have greater integrity and a data review and validation process.

3. Work with IT and the Business to explore areas for automation in the production of the report to reduce the risk of error and to streamline the process.

4. Work with the Business to validate the KPI's being used and explore whether alternative KPI's may better portray the health of the Business.

5. Document the changes made, present them to Finance and Pricing, and train Finance as the new owners of the process.

The Result

After gaining cross department consensus and improving the process for producing the quarterly key metrics, CFO's Domain renewed the level of confidence in these reports for the key stakeholders. As a result, the Pricing department was able to successfully migrate the production of these reports to the Finance department freeing them up to focus on more value-added analysis for the organization.