PRICING STRATEGY FRAMEWORK

Case Study & Engagement Overview | Steve Swamy, Principal Consultant

THE CHALLENGE

A $650M, growth-phase, private-equity-backed global CDMO (nutraceuticals and effervescent formats, operations across 7 countries) faced accelerating margin compression on its largest strategic account — driven by rising raw material costs, contract renegotiations, and supply chain financing terms extended to secure the relationship. Native ERP reporting could not isolate true product-level cost or margin, leaving pricing decisions unsupported by reliable data.

THE FRAMEWORK

Designed and built a SKU-level, EBITDA-based volume-break pricing model that established a defensible gross margin floor across volume commitment tiers — fully burdening supply chain financing costs into price rather than absorbing them silently. The framework was built on an underlying revenue and margin intelligence system constructed directly against ERP transaction data, giving commercial leadership line-level cost and profitability visibility for the first time. Presented directly to, and adopted in ongoing partnership with, the CCO and Senior Director of Sales.

THE RESULT

Largest strategic account — revenue	**$32M → $37M**
Largest strategic account — gross margin	**26% → 36.2%**
Estimated annual recurring gross profit impact	**~$5.1M**
Second portfolio, same framework applied — gross margin	**9% → 23%**
Second portfolio — revenue	**$11M → $13M**

A note on attribution: these figures reflect the account outcome, not a sole individual contribution — contract negotiation and organizational commitment to hold pricing were led by sales and executive leadership. What the framework provided was the defensible, data-backed floor that made those decisions possible to make and to hold.

WHAT THIS LOOKS LIKE FOR YOU

Engagement is scoped to your account structure, ERP environment, and pricing complexity. Fees are quoted in a written proposal following a scoping conversation. Typical structures:

- **Framework Build — flat fee for a defined build: pricing model, EBITDA volume-break formula, and implementation support on your top one to three accounts.**
- **Advisory — hourly, uncapped, engagement scoped by discovery; best for open-ended advisory or diagnostic work.**
- **Retainer + Success Fee — monthly retainer plus a share of incremental gross profit achieved in year one; aligns incentives when the outcome is expected to compound.**
- **Value Share — a share of quantified annual value created, applied only where attribution is direct and measurable.**

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