



The Hidden Cost of Manual Cost Updates—And How Automation Eliminates the Risk

A Distributor Use Case for Automating Standard Cost Updates



Distributor Snapshot

Industry: Industrial Distribution

Catalog: Industrial Fasteners,
Machinery Parts, & Components

SKU Count: 10,000 - 85,000+
(varied by distributor)

Annual Revenue: \$10M - \$150M

The High-Stakes Reality of Manual Cost Updates

Standard cost updates are critical to profitability, yet many distributors still rely on manual processes. When these break down—due to human error, resource gaps, or market shifts—the financial impact can be severe. Consider these real-world scenarios:

SCENARIO 1

A long-time employee, the only one responsible for maintaining a distributor's standard cost updates, unexpectedly leaves the company. Without their knowledge and oversight, cost updates grind to a halt. Supplier prices fluctuate, but the company continues selling thousands of SKUs at outdated prices—unaware that shrinking

margins are quietly chipping away at profitability. Over the next decade, the business lost millions.

SCENARIO 2

In another case, a distributor, overwhelmed by the sheer volume of supplier price changes, implements a broad 10% price increase to compensate for potential cost fluctuations. The unintended consequences? Some products become overpriced, driving customers to competitors, while others remain underpriced, cutting deep into margins.

The issue also led to reputational damage for the sales team in negotiating deals as pricing misalignment became evident.

SCENARIO 3

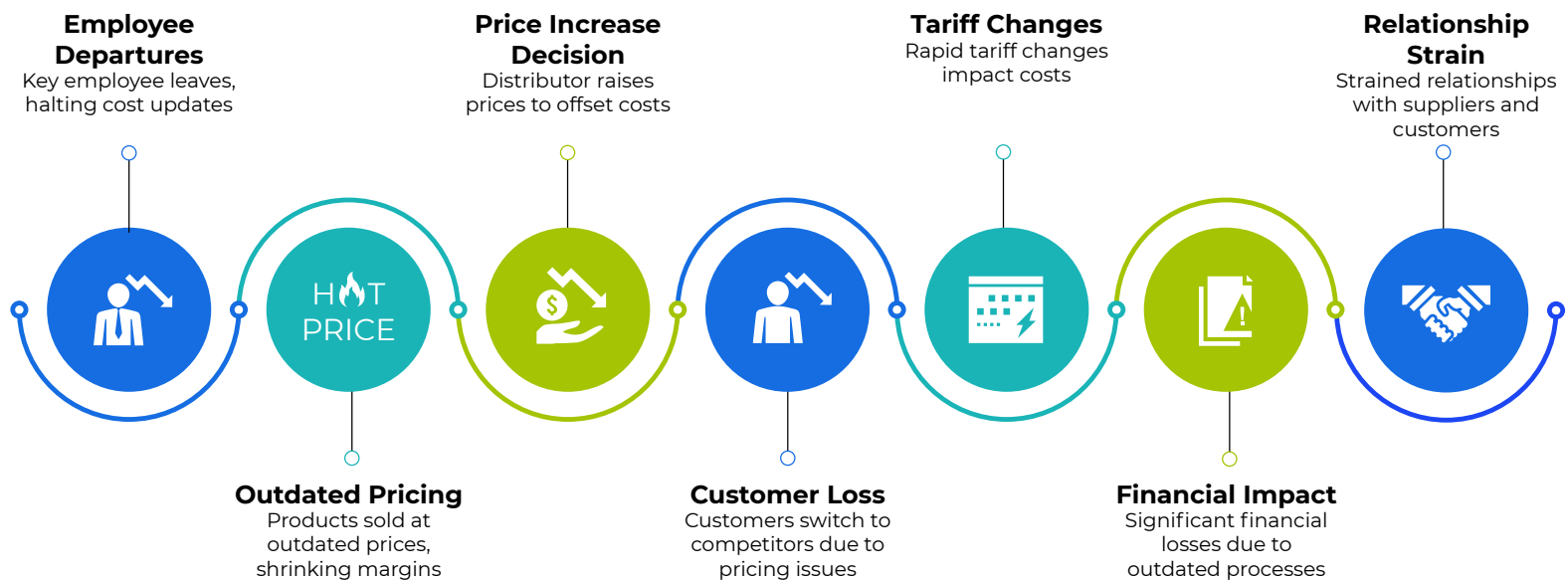
In a final example, a distributor relying on manual cost tracking for imported products struggles to keep up with rapidly changing tariff rates. When duties unexpectedly spike from 2% to 25%, their outdated processes fail to capture the true landed costs in real time. Without an automated system in place, cost adjustments are made inconsistently and without full visibility into the financial impact.

As a result, they continue selling at pre-tariff prices, unknowingly absorbing hundreds of thousands of dollars in unexpected duties. By the time the financial damage becomes evident in quarterly reports, distributor is forced into difficult conversations with suppliers and

customers to restructure pricing—straining relationships and putting margins under further pressure.

These scenarios illustrate a common industry challenge: manual cost updates are too risky and unsustainable in today's fast-moving supply chain.

Consequences of Manual Cost Updates



The Challenge: Cost Update Inefficiencies Are a Silent Profit Killer

Several common issues cause manual cost updates to fail, leading to financial losses ranging from thousands to millions of dollars, including:

- **Tribal Knowledge Dependency:** Key employees holding critical cost update knowledge, putting the company at risk if they leave or become unavailable.



- **Labor-Intensive Data Entry:**

Employees spend weeks compiling supplier price changes and manually entering them into ERP systems.

- **Margin Erosion Due to Outdated Costs:**

Up to 30% of SKUs may be priced incorrectly due to missed or delayed updates.

- **Financial & Competitive Impact:**

To compensate for inconsistencies, some companies apply blanket price increases, inadvertently losing sales or damaging customer trust.

- **Human Errors & Vendor Data Issues:**

Pricing errors from unit conversion mistakes, vendor file inconsistencies, and manual entry slip-ups can cause major financial losses.

Overcoming Hesitations & Internal Roadblocks

Another significant challenge many distributors face is hesitation to adopt cost automation due to concerns such as:



- **IT Department Delays:**

Internal IT teams often lack the resources or expertise to integrate new automation tools. Intuilize simplifies this with seamless ERP integrations that minimize disruption.

- **Finance Team Concerns:**

Many finance teams mistakenly fear that updating standard costs will impact inventory valuation. Intuilize provides clear guidance that cost automation strictly affects pricing calculations, not financial reporting.

- **Data Security & Compliance Fears:**

Distributors worry about outsourcing sensitive pricing information. Intuilize ensures robust security measures, keeping data protected while improving transparency and accuracy.

The costly risks of inaction –What's the solution?

Manual cost updates aren't just inefficient—they put your margins, pricing strategy, and overall profitability at risk. But what if you could eliminate these errors, gain real-time cost visibility, and remove the guesswork from pricing?

What you can do now:

By leveraging automation, you take control of pricing accuracy, eliminate human errors, and ensure consistent margin protection—all while drastically reducing administrative workload.

The Intuilize Solution: Automating Standard Cost Updates

Intuilize helps distributors eliminate costly pricing errors, prevent revenue loss, and improve operational efficiency with:

- **ERP System Integration:**

Direct connection to a distributor's ERP system pulls historical purchasing data, supplier invoices, and vendor cost updates.

- **Algorithm-Driven Standard**

- Cost Adjustments:**

Proprietary data models dynamically update costs based on purchase history, vendor agreements, and business-specific pricing rules.

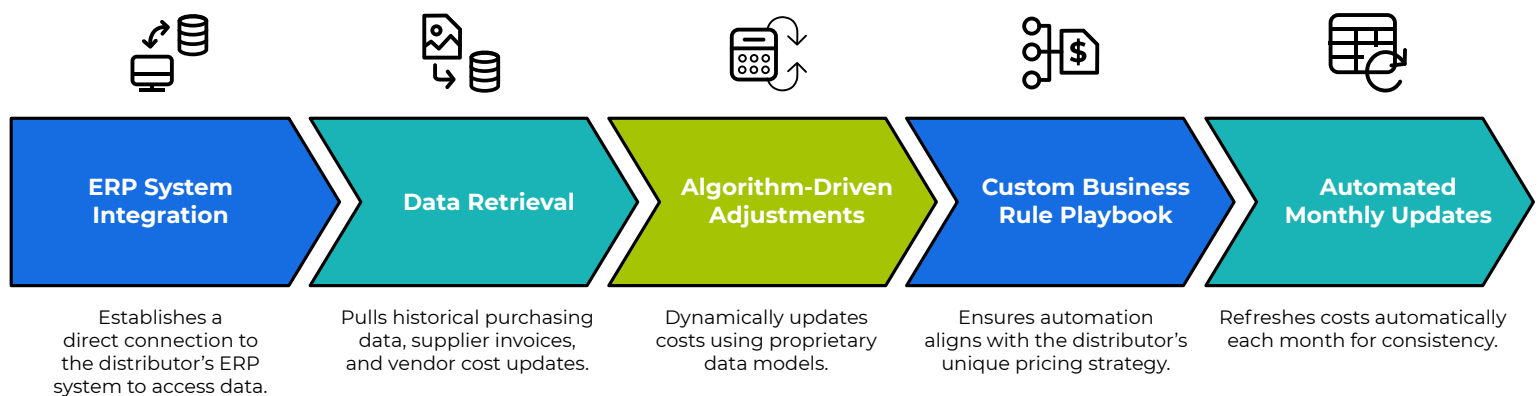
- **Custom Business Rule Playbook:**

A structured, documented framework ensures automation aligns with each distributor's unique pricing strategy.

- **Automated Monthly Updates:**

Instead of sporadic or annual updates, costs are refreshed automatically each month.

Automating Standard Cost Updates with Intuilize



Results & Impact

Automating standard cost updates not only improves efficiency but

also protects your bottom line, prevents revenue leakage, and ensures long-term pricing accuracy.

Here's how automation delivers tangible financial and operational gains:

Financial & Competitive Advantages

- ✓ Eliminates pricing mismatches that have historically caused a 200+ basis point margin loss
- ✓ Prevents millions in lost revenue from outdated cost data
- ✓ Strengthens customer relationships through improved pricing integrity

Operational Efficiency

- ✓ 80-100% reduction in manual data entry, saving employees 30+ hours per week
- ✓ Eliminates reliance on individual employees, reducing business continuity risks
- ✓ The custom-developed playbook aligns business objectives with Intuilize and serves as the foundation for a standard operating procedure for cost management, facilitating knowledge transfer across teams and future employees.



Scalability & Risk Reduction

- ✓ Enables faster adaptation to vendor cost changes and market fluctuations
- ✓ Improves decision-making with real-time standard cost visibility
- ✓ Reduces costly human errors from outdated manual processes

Typical Results When Automating Standard Costs With Intuilize

Distributors that once struggled with outdated pricing now achieve high levels of accuracy with automated standard cost updates. Many businesses have eliminated hidden margin losses caused by delayed cost updates, regained control over their pricing structure, and freed up employees from massive time-consuming manual data entry.

*By removing inefficiencies, distributors see stronger pricing integrity, prevent revenue leakage, and **improve margins by up 5-6 basis points.***

What Our Customers Have Gained Using Intuilize

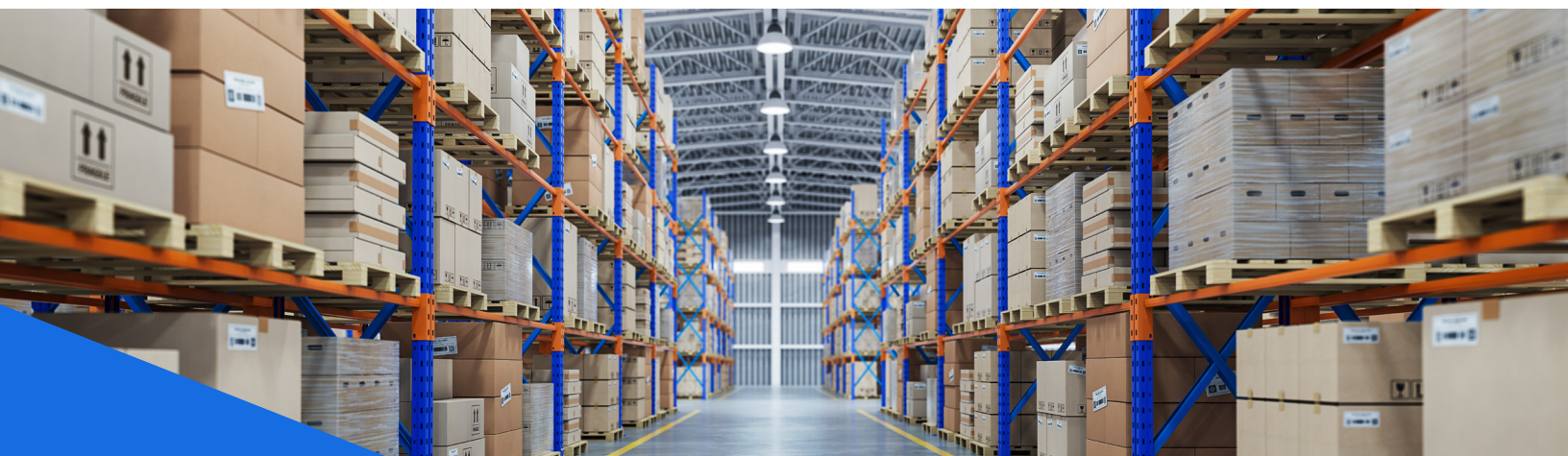
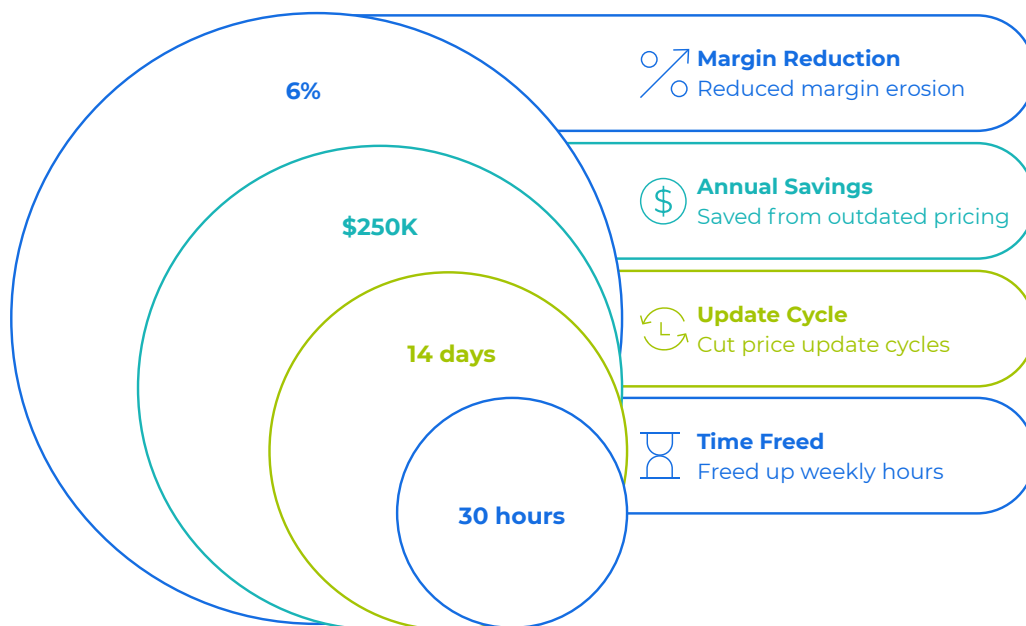
- Distributors using Intuilize have protected margins, eliminated costly pricing errors, and improved efficiency. Customers have:

- ✓ **Reduced margin erosion by up to 6%** with automated cost updates.

- ✓ **Saved \$250K+ annually** by preventing outdated pricing losses.
- ✓ **Cut price update cycles from two weeks to two days.**
- ✓ **Freed up 30+ hours per week** by eliminating manual data entry.

- As one CFO put it: “We haven’t had to check standard costs in two years because we know it’s handled correctly every month.”
- Distributors are now more competitive, efficient, and financially resilient with Intuilize.

Customer Gains with Intuilize



Next Steps: Future-Proof Your Cost Management with Intuilize

Building on the success demonstrated in this paper, here's how your organization can begin optimizing its cost management processes with Intuilize.

Step 1: Initial Assessment

We start with a comprehensive analysis of your operations, identifying inefficiencies in pricing, inventory management, and cost updates. This helps pinpoint the biggest opportunities for automation and ROI.

Step 2: Custom Implementation Plan

Every business has unique challenges, so we create a tailored roadmap that includes:

- Integration with your existing ERP and data systems
- A clear timeline with milestone planning
- Team training and resource allocation strategies
- Risk mitigation planning to ensure seamless adoption

Step 3: Pilot Program

We will begin with a targeted pilot focused on high-impact SKUs, product groups or major vendors delivering quick results while avoiding disruptions to your operations. This allows your team to experience the benefits of automation before full deployment.

Step 4: Scaling for Long-Term Success

Once the pilot is successful, we systematically expand the automation across your product portfolio. We continuously monitor performance, refining the approach to maximize efficiency and cost savings.

Ready to See Similar Results?

If your business still relies on manual cost updates, you're leaving money on the table. **Contact Intuilize today** to explore how automation can improve your pricing accuracy, efficiency, and bottom line.

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