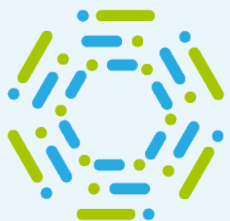


Industrial Distributor Frees Up Significant Capital and Achieves 7X ROI

CASE STUDY: How a data-driven approach transformed operations, streamlined procurement, and strengthened customer relationships.



intuilize

Client Background

Industry: Industrial Parts Distribution

Catalog: Industrial Parts and Supplies

SKU Count: 85,000+

Intuilize Solutions:

- Price Optimization Module
- Inventory Optimization Module
- Demand Planning Integration
- **Total Gross Margin Lift Achieved first 9 months:** +\$450K
- **ROI (Return on Intuilize):** ~7X

The Situation

A well-established industrial distributor serving a diverse customer base faced challenges in maintaining profitability while adapting to evolving market demands. Known for their extensive catalog and commitment to service, the distributor struggled to balance competitive pricing, optimize inventory levels, and achieve sustainable growth.



Pain Points

Despite their strong market position, the distributor encountered three critical operational challenges that threatened their profitability and growth:

1. Their procurement team spent approximately 1,500 hours annually creating manual purchase orders, severely limiting their ability to focus on strategic initiatives.
2. Poor inventory management had resulted in over \$5 million in capital being tied up in excess stock, restricting the company's financial flexibility and ability to pursue growth opportunities.
3. The lack of data-driven pricing strategies was causing significant revenue leakage, with an estimated \$800,000 in lost gross margin annually due to inconsistent and suboptimal pricing decisions.

Question:

How could the distributor optimize their operations to free up working capital, improve gross margins, and reduce manual labor while maintaining their high service standards and market competitiveness?

Answer:

The distributor partnered with Intuilize to implement a comprehensive optimization solution, which delivered transformative results through a carefully phased approach.

Solution Implementation

1. Price Optimization Module

- Implemented dynamic pricing models based on customer behavior and historical trends.
- Established volume-based discount structures.
- Integrated automated price updates with the existing ERP system.

2. Inventory Optimization Module

- Deployed advanced demand forecasting for optimal stock levels.
- Automated purchase order management.
- Streamlined requisition worksheet processes.

Execution Strategy

The implementation followed a structured timeline:

- January - March 2024: Executed pilot program focusing on high-impact SKUs for Standard and Drain customers.
- April 2024: Launched full rollout across the entire product portfolio.



Measurable Outcomes

The implementation delivered significant, quantifiable results:

1. End user experience

- End users appreciate receiving faster and more accurate quotes from sales teams, with reliable availability and delivery information. Creating stickiness with the distributor.
- Distributor found that maintaining pricing integrity and consistency helps build stronger relationships, thanks to tailored implementations with Intuilize. This approach focuses on strengthening relationships between end users and the distributors, rather than solely maximizing margins.



2. Financial Impact

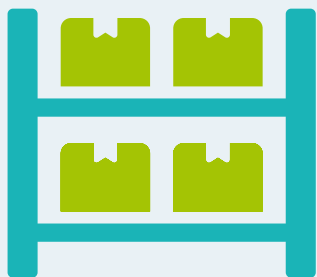
- Generated \$450,000 in additional gross margin.
- Achieved approximately 7X ROI in the first year.
- Projected 5-10X ROI for subsequent years.

3. Operational Improvements

- Reduced manual procurement tasks by 80%.
- Realized \$48,000 in annual labor cost savings.
- The initially hesitant salespeople became strong advocates for using the ERP-populated pricing within six months, leading to a 95% adoption rate of the provided pricing.

4. Working Capital Optimization

- Provided monthly progress updates to the CEO and CFO, freeing up \$5 million that was previously tied up in excess inventory.
- Improved capital availability for strategic initiatives.



Future Trajectory

Building on these successes, the distributor is now positioned to:

- Expand optimization solutions across additional product lines and locations.
- Implement AI-driven forecasting to further improve inventory accuracy by 10-15%.
- Continue streamlining operations for enhanced service levels and cost reduction.

As evidenced by the Purchasing Lead's testimony:

"We've cut manual purchasing efforts in half and improved inventory management significantly. The collaboration with Intuilize was seamless, and we look forward to expanding the solution across all our locations."

– Purchasing Lead, Industrial Distributor



Getting Started with Intuilize

Building on the success demonstrated in this case study, here's how your organization can begin its optimization journey:

Initial Assessment

Our team conducts a comprehensive analysis of your current operations, focusing on pricing strategies, inventory management, and process efficiency. This diagnostic phase helps identify your greatest opportunities for improvement and ROI potential.

Custom Implementation Plan

We develop a tailored roadmap based on your specific needs and goals, including:

- Integration requirements with your existing systems.
- Timeline and milestone planning.
- Resource allocation and team training needs.
- Risk mitigation strategies to make sure adoption happens with customers and employees.

Pilot Program

Using our proven methodology, we start with a targeted pilot program focused on high-impact SKUs, delivering quick results while ensuring zero disruptions to your operations. This approach allows your team to become comfortable with the new processes and systems before full deployment.

Scaling Success

Based on pilot results, we systematically expand the implementation across your product portfolio, continuously monitoring performance and adjusting strategies to maximize results.

Ready to achieve similar results for your business? Contact us at:



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