

## Case study

### Commercial Effectiveness - Pricing Process Re-design



<b>Business Background &amp; Context</b>	<p>TMD Friction is the world's number one manufacturer of brake friction materials in the original equipment market of the automotive and brake industry, producing one million brake friction products daily</p> <p>Highly experienced in application of Lean Sigma in manufacturing</p> <p>TMD wanted to expand process improvement activities into their commercial operations</p>
<b>Problem &amp; Goal</b>	<p>TMD were under severe price pressure from their OEM customers. They had a “cost – plus” pricing approach and consequently were not getting full value for many of their high performance products.</p> <p>The goal was to design &amp; implement a value based pricing process for the commercial team which could be rolled out through their global activities leading to an increase in average selling prices.</p>
<b>What was Done</b>	<ul style="list-style-type: none"> <li>• Design &amp; implementation of market &amp; customer segmentation process</li> <li>• Implementation of value based pricing model &amp; tools</li> <li>• Design &amp; implementation &amp; roll out of new operational Pricing Management process</li> <li>• Training of global commercial teams</li> </ul>
<b>Business Impact</b>	<ul style="list-style-type: none"> <li>• Increase in average selling prices in both automotive and lorry markets</li> <li>• Engagement of commercial teams in process improvement activities</li> </ul> <p>As TMD themselves say on their website “Lean management does not just play a significant role in production - it equally affects all divisions of the organisation - the sales structure in the replacement division as much as the purchasing department, etc.”</p>