

Case Study



Now it all adds up for Brakes

Leading foodservice wholesaler tackles shocking raw material instability.

Brakes becomes a margin maker and customers are cheering!



Highlights



**2% improvement
in margins**

“We needed pricing software to deploy logic in a systematic way, performing complicated calculations at the product and customer level, and managing pricing so that it would be easy to understand and explain to customers.”

Charlie Burton

Strategic Merchandising and Pricing Director, Brakes



Overview

For 25 years, the stability in global food prices made it relatively easy to manage at consistent margins. It all changed in 2007 with an unexpected spike in the price of dairy products that eventually extended into other categories. The spike created a huge fluctuation in a normally stable raw material commodity which manufacturers had to absorb or pass along to their customers. Across the basket of all food, **Brakes** experienced new, significant and volatile inflation. In 2011, at a low level of pricing maturity, local decisions were made mainly on

a cost-plus basis. A pricing team was established to build and deploy a new commercial pricing model in stages, to cope with and eventually control the ongoing margin challenges.



Solution

The first step taken was to forecast the market and create a prediction model. A spreadsheet was created with 9,000 products forecasted by month up to one year ahead. This allowed Brakes to ask customers when and how often they would like pricing to move – for example, schools might prefer 3 price moves per year to coincide with term times, whereas a caterer might prefer one annual move to coincide with budget setting. The longer the price hold, the higher the premium paid. Software could implement this logic in a systematic and controlled way.

SAP margin optimization solutions by Vistex provided the support of a pricing tool that structures, increases visibility and allows automation. Simultaneously, Brakes can control data/information from the center and monetize price holds in the process.



Results

Because the solution is embedded in SAP, integration through to financials and reporting is now possible. Plus, use of a layered pricing system shows Brakes exactly where to place the pricing back into the customer hierarchy so that changes are applied correctly on customer invoices.

Some of the key benefits realized:

- Flexibility of the model provides scale and ease of support
- A relatively straightforward way to manage complexity
- Control of margin rate and improvement of margins
- Improved customer retention

Brakes is now on a continuous improvement track with plans to build a price optimization model/front end for independent customers.



Headquarters: UK

Industry: Wholesale Distribution

Products: (9,000+) Food and beverage, supplies and equipment for foodservice channel

Revenue: \$4B

Employees: 6,500+

Solutions implemented:

SAP margin optimization solutions by Vistex

– SAP Data Maintenance by Vistex, pricing option

Let's Connect

About Brakes

Brakes, the leading foodservice wholesaler in the UK, has been providing top-quality food and catering supplies to the foodservice industry, including independent businesses and national accounts, for more than 50 years. The company was started by brothers Peter, William and Frank Brake from the back room of a pub. The entrepreneurial spirit of the Brake brothers remains a lasting legacy for

the business. Brakes became part of the Sysco Group in 2016, giving the company access to new processes, products and technology.