Pricing Review — Sample Deliverable

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Executive Summary

Northline Fleet Supply engaged Macky to close a 5-point gross margin gap — from 22% today to a 27% target within two quarters — without losing any of the top 20 fleet accounts that generate 55% of revenue, and without changing the NetSuite pricing system or touching the top 5 accounts' contractual price locks through year-end. This sprint delivered a full margin and cost analysis, a competitor price benchmark, a revised three-tier pricing architecture, and a sequenced 90-day implementation plan, all designed to work within those constraints.

The analysis found that Northline's margin problem is primarily one of **discipline, not market positioning**. Six confusing discount tiers, combined with uncapped account-manager and director discretion, mean roughly 70% of order volume ships at 12–18% off list — list price is rarely the transaction price. This same dynamic explains why a 4% price increase 14 months ago netted only a 1.5% realized gain: 98.7% of the book absorbed the increase without complaint, but discretionary discounting quietly gave most of the gain back. The three product lines also behave very differently in the market: brake & suspension kits (41% of revenue, 25% margin) face low price sensitivity — Northline won a $95K account simply by matching, not beating, a competitor's price. Filters & fluids (34% of revenue, 32% margin) look healthy on paper but are the most exposed line, having already cost Northline a $310K account to a competitor undercutting by 8–10%. Lighting & electrical (25% of revenue, 17% margin) is the clearest structural underperformer, with no competitor identified as forcing that low margin — strongly suggesting it is self-inflicted and the lowest-risk place to act. A further reconciliation finding — the client's stated 22% blended margin doesn't fully match the 25.4% implied by the category-level cost data provided — indicates realized (post-discount) margin, not list price, must be the basis for every target going forward.

The recommended path forward rests on four moves. First, **replace the six discount tiers with a three-tier account structure** (Strategic, Core, Standard) that ties discount authority to account value rather than to who approves the deal — this directly targets small/mid fleets, who rarely negotiate hard but are currently discounted almost as generously as large fleets who do. Second, **raise lighting & electrical prices first and fastest**, since no named competitor is pressuring this line and it carries high volume. Third, **phase a modest brake & suspension increase** in two steps, informed by evidence that buyers here check for price parity rather than shop for the floor. Fourth, **defend filters & fluids selectively** — matching competitor pricing only on the specific high-volume, price-transparent SKUs at risk, while holding or raising price on the remaining 80% of the line where no active shopping is occurring. A weekly discount-exception report and staged rollout, none of which require ERP changes, are built in specifically to prevent the same discount erosion that undermined the prior price increase.

If implemented as sequenced, these levers are estimated to generate **$590–800K in incremental annual gross margin**, meeting or exceeding the ~$700K needed to hit the 27% target — achieved primarily through discount governance and lighting/brake repricing, deliberately sparing the filters/fluids line and all price-locked accounts from aggressive action given their higher churn risk. A realistic interim marker is 25.5–26.5% blended margin by the end of Q2, with the full 27% likely landing as brake and lighting price steps complete into Q3. Equally important, the plan is designed to protect the top 20 accounts throughout: the five price-locked accounts remain fully untouched, and every other pricing move is monitored biweekly through competitor-tracking fields and exception reports so that any early sign of account risk — a repeat of the $310K filters/fluids loss, or pushback from a non-locked strategic account — triggers an immediate pause rather than a quarter-end discovery. The single greatest risk to this outcome is organizational, not commercial: without sustained management enforcement of the new discount ceilings, Northline risks repeating the exact erosion pattern that turned its last 4% price increase into a 1.5% realized gain.

Research & Market Context

Industry and Market Context

Commercial vehicle parts distribution is a low-differentiation, logistics-intensive category operating on thin, well-known margin bands. Industry data on automotive/heavy-duty aftermarket parts distributors (Frost & Sullivan, MEMA aftermarket reports, and distributor trade sources such as Auto Care Association benchmarking studies) consistently put **gross margins for full-line commercial/heavy-duty parts distributors in the 24–32% range**, with pure commodity categories (filters, fluids, standard fasteners) at the low end (18–25%) and technical/kitted categories (brake systems, suspension, electronics/lighting) capable of supporting 28–38% where service, fitment complexity, or SLA guarantees add value. *(Labeled assumption: precise figures are not publicly itemized by regional Midwest fleet-parts distributors; these ranges are triangulated from adjacent aftermarket distribution benchmarks and should be validated against any trade-association data Northline has access to.)*

Northline's blended 22% gross margin sits **below the sector median**, and its category-level split is revealing when set against these typical ranges:

- **Brake & suspension kits (25% margin)** — in line with the low end of the technical-kit benchmark (28–38%), suggesting 3–10 points of margin are likely being left on the table given the category's lower price sensitivity (safety-critical, fitment-specific, harder to single-source).
- **Filters & fluids (32% margin)** — actually *above* the commodity benchmark (18–25%), which is notable given this is the line facing the most aggressive competitor undercutting. This suggests Northline's list pricing on filters/fluids may already be positioned at a premium the market won't fully bear at current volumes — margin looks healthy on paper but is the most exposed to share loss.
- **Lighting & electrical (17% margin)** — below even the low end of the commodity benchmark, despite lighting/electrical typically behaving more like a technical category (SKU proliferation, DOT compliance specs, lower buyer price transparency). This is the clearest structural underperformer and consistent with the client's own assessment.

This pattern — thin margin concentrated in the largest-revenue line (brakes, 41% of revenue) and in the "should be defensible" line (lighting) — is a common failure mode in distributor pricing: **list prices set reasonably, but discount leakage and lack of segmentation erode realized margin before it reaches the P&L.** The intake data supports this directly: ~70% of order volume ships at 12–18% off list, meaning list price is effectively a fiction for the majority of the book. Distributors in this sector with disciplined pricing typically hold **60–70% of volume within a tighter discount band (5–12% off list)**, reserving deeper discounts for a defined subset of strategic accounts rather than making it the default. *(Assumption, benchmarked against general B2B distribution discount-governance literature; Northline's actual target band should be validated in the pricing architecture phase.)*

Regional Market Dynamics (US Midwest)

The Midwest commercial fleet base (IL, IN, OH, WI) is dense with trucking, logistics, and municipal fleet operators, and is served by a competitive but not fully consolidated distributor landscape — a mix of regional full-line players (Northline, Ironclad Truck Supply), national/multi-region discounters (FleetPart Direct), and narrow-catalog low-cost operators (Midwest Auto

Wholesale). This structure matters for pricing strategy in two ways:

- **Price transparency is high but uneven by category.** Filters and fluids are the most commoditized, most frequently re-ordered, and easiest for buyers to price-check across suppliers — consistent with FleetPart Direct's 8–10% undercut being concentrated exactly there. Brake/suspension kits and lighting/electrical are harder to compare apples-to-apples (fitment, kit composition, DOT spec), giving distributors more room to hold price without a strictly matched SKU-to-SKU comparison.

- **Fleet size drives negotiation behavior more than absolute price sensitivity.** Large fleets (100+ vehicles) — Northline's top 20 accounts, 55% of revenue — negotiate hardest but are documented in the intake as also weighting delivery SLA and reliability, which is consistent with regional benchmarks showing large fleet buyers treat parts distributors more like logistics partners than commodity vendors (average procurement decision weighting in fleet parts categories is often cited as **60–70% price/total-cost-of-ownership, 30–40% service/availability** for large accounts, versus a much higher price weighting for small/mid fleets who lack the volume to justify dedicated procurement negotiation). *(Labeled assumption: weighting derived from general B2B fleet procurement literature, not Northline-specific data — should be treated as directional.)*

This helps explain two data points in the intake that otherwise look contradictory: Northline **lost** a $310K account entirely on price (filters/fluids, the most commoditized and transparent category) but **won** a $95K account by matching brake-kit pricing exactly (a category where matching, not undercutting, was sufficient) — evidence that Northline's exposure is category-specific, not uniform across the book.

Benchmarks for Discount Governance and Segmentation

Sales-team confusion over six discount tiers is itself a diagnostic signal. Distribution businesses of comparable size (25–75 employees, $10–25M revenue) typically operate with **3–4 discount tiers maximum**, usually structured around a combination of (a) account size/volume commitment and (b) contract term, rather than open-ended account-manager discretion. Northline's current structure — AM discretion to 10%, director discretion to 20%, with 70% of volume clustering at 12–18% — indicates the *de facto* tier structure is narrower than the *nominal* six tiers, which is a strong signal that formal architecture can be simplified without disrupting actual customer-facing pricing much, satisfying both the margin and simplicity objectives in the same move.

On price-increase absorption: Northline's prior 4% list increase yielding a realized 1.5% increase (62% erosion via negotiated discounts) is worse than typical benchmarks for distributors with even modest price-increase discipline, where **erosion in the 20–40% range** is more common when increases are paired with account-tier-based guardrails on renegotiation. This suggests the erosion problem is process-driven (discretion without guardrails) rather than market-driven (customers uniformly unwilling to pay more).

Anchoring Frameworks

This analysis will be anchored by three frameworks:

- **Cost-plus vs. value-based segmentation** — using category-level price elasticity signals (already partially visible: filters/fluids highly elastic given FleetPart Direct's share-taking undercut; brakes/lighting less elastic given fitment/compliance complexity) to set differentiated target margins by line rather than a single blended target.

- **Tiered account architecture** (a standard distributor pricing tool) — segmenting the top 20 accounts, mid-tier accounts, and long-tail accounts by volume and strategic value, replacing undifferentiated AM discretion with tier-bound discount ceilings.
- **Realized margin (pocket price) analysis** — treating list price as a reference point only, and building the revised architecture around actual realized price after standard discount, consistent with the finding that list price is paid on a minority of volume.

Findings & Analysis

Root Cause Analysis: Why Margin Sits at 22% Against a 27% Target

Northline's margin gap is not one problem but three compounding ones, each visible directly in the intake data:

1. Discount discretion without guardrails is the single largest lever. The intake states any account manager can approve up to 10% off list, sales directors up to 20%, and in practice ~70% of order volume ships at 12–18% off list. That means the *effective* list price for most of the business is already 12–18% below the number on the price sheet — list price is a negotiating anchor, not a transaction price. This is corroborated by the 4% price increase 14 months ago, which should have moved blended margin meaningfully but was eroded to a net 1.5% realized increase — a 62.5% erosion rate — almost entirely through discretionary discounting rather than genuine customer pushback (only 3 mid-size accounts, ~$180K combined, actually renegotiated). The other ~$13.8M of revenue absorbed the increase without incident, which tells us willingness-to-pay was never the constraint — *process* was.

2. The discount structure is not aligned to account value. Six discount tiers exist, but the client's own words are that "even our own sales team gets confused by" them. Meanwhile, the intake reveals a clean behavioral split by fleet size: large fleets (100+ vehicles) "negotiate hardest" but weight delivery/SLA alongside price, while small/mid fleets (10–40 vehicles) "rarely negotiate below our first counter-offer" and the company has been "leaving margin on the table there." This is a textbook case of a flat or confusing discount grid producing the *opposite* of value-based pricing: the segment least willing to push back (small/mid fleets) is being discounted almost as generously, in practice, as the segment most willing to push back (large fleets) — because AM discretion (0–10%) and director discretion (0–20%) apply uniformly regardless of account size or negotiating leverage.

3. Category-level cost/margin structure is mismatched to competitive exposure. The three lines behave completely differently and are being priced too similarly:

Product line	% of revenue	Monthly volume	Avg price	Unit cost	Current margin	Competitive exposure
Brake & suspension kits	41%	~1,200 kits	$340/kit	$255/kit	25%	Low — won a $95K account by *matching* price, not undercutting; fitment complexity limits pure price shopping

Filters & fluids	34%	~9,000 units	$28/unit	$19/unit	32%	High — FleetPart Direct undercuts 8–10%; lost $310K account entirely on this line
Lighting & electrical	25%	~9,500 units	$65/unit	$54/unit	17%	Moderate — client's own "weakest line," no competitor explicitly named as underpricing it

The paradox here is important: **filters/fluids carry Northline's highest nominal margin (32%) but its most acute competitive vulnerability**, while **lighting/electrical carries the lowest margin (17%) with no evidence anyone is forcing that low margin from the outside.** That strongly suggests the 17% margin on lighting is self-inflicted — a pricing/cost-allocation problem, not a market problem — and is the highest-value line to fix first because there's no competitor named as the reason it's underpriced. Brakes sit in between: a large revenue base (41%) at a moderate 25% margin, with evidence (the $95K win, the $310K loss being in a different category) that this line can likely absorb a price increase without triggering share loss, since the competitive threat there is about matching, not beating, price.

Quantifying the Gap

Getting blended margin from 22% to 27% on ~$14M revenue means finding roughly **$700K in incremental annual gross margin** (5 points × $14M), or proportionally about $175K per quarter of the two-quarter window. Framed by category, using the volume and revenue splits given:

- Brakes: ~$5.74M revenue (41% of $14M), currently 25% margin = ~$1.435M gross profit
- Filters/fluids: ~$4.76M revenue (34%), currently 32% margin = ~$1.523M gross profit
- Lighting: ~$3.5M revenue (25%), currently 17% margin = ~$595K gross profit
- Total gross profit today: ~$3.55M, which against $14M revenue is ~25.4% — notably *higher* than the stated blended 22%, which is itself a useful finding: **the blend of category-level margins the client provided doesn't fully reconcile to the stated 22% overall margin**, implying either (a) there's additional discounting/freight/returns cost not captured in the three unit-cost figures, or (b) the true realized (post-discount) margins per category are lower than the "cost basis" margins given, since those figures likely describe cost-to-list margin, not cost-to-*realized-price* margin after the 12–18% typical discount is applied. This reconciliation gap is itself a priority finding: **Northline may be underestimating exactly how much realized margin differs from headline category margin**, reinforcing the case for building the new architecture around pocket price, not list price, as anchored in the research framework.

Recalculating with a representative 15% average discount off list (midpoint of the stated 12–18% band) applied to the *realized* prices used to back into the cost-based margins is one plausible explanation, but rather than resolve that ambiguity superficially, the pricing architecture phase should first reconcile realized-vs-list margin category by category using actual order-level data — this should be flagged as the first task in implementation, before any new price points are finalized.

Prioritization Logic

Three fixes are available — discount governance, category-level list price/margin targets, and tier simplification — and they should be sequenced by (a) size of opportunity, (b) speed of implementation given the NetSuite freeze, and (c) risk to the top 20 accounts.

Discount governance restructuring ranks first. It requires no ERP change (discount approval is a policy and workflow question, largely enforceable through sales management process even inside NetSuite's current configuration), it's the largest single source of leakage (70% of volume at 12–18% off), and it can be implemented within the two-quarter window without touching the top 5 accounts' price-locked contracts. Tightening AM discretion from 10% to something like 5–6% for non-strategic accounts, while preserving director-level flexibility for the top 20, directly targets the small/mid-fleet segment identified as "rarely negotiating below our first counter-offer" — meaning tighter discretion there is unlikely to trigger pushback, since the client's own data shows this segment doesn't push back hard in the first place.

Category-specific price/margin targets rank second, prioritizing lighting & electrical first (largest gap-to-benchmark, no named competitive threat, 25% of revenue), brakes second (large revenue base, evidence of low elasticity, room to move from 25% toward the 28–38% technical-category benchmark), and filters/fluids last and most cautiously (already above commodity benchmark margin, actively losing share to FleetPart Direct — this is a *defend*, not *raise*, category, and any adjustment should probably be a *decrease or hold* on the most commoditized, most price-checked SKUs within the line while raising margin on the less comparable filter/fluid SKUs within the same category).

Tier simplification ranks third operationally, not because it matters less to the client's stated goals, but because it is best executed *after* the governance and category work defines what the tiers should actually optimize for — collapsing six tiers into three or four (aligned to the large/mid/small fleet segmentation the client's own answers already imply) is more a packaging exercise once the underlying discount logic is fixed.

Expected-Impact Estimates

Lever	Mechanism	Estimated annual margin impact	Confidence
Discount governance tightening (small/mid fleets)	Reduce average discount from ~15% to ~10% on non-top-20 volume (est. 45% of revenue)	~$300–350K	Medium — based on stated low pushback propensity in this segment
Lighting & electrical repricing	Raise margin from 17% toward 22–24% (partial move to benchmark)	~$175–210K	Medium-high — no named competitive constraint
Brake & suspension repricing	Raise margin from 25% toward 27–28%	~$115–160K	Medium — supported by $95K win/loss evidence of low elasticity

Filters/fluids selective adjustment	Hold/reduce on commoditized SKUs, raise on differentiated SKUs — net neutral to slightly positive	~$0–50K	Low — highest uncertainty, highest churn risk given $310K precedent
Tier simplification	Indirect — reduces mispricing errors, easier enforcement of above	Supports above, not separately quantified	N/A

Summing the higher-confidence levers (governance tightening, lighting, brakes) alone yields an estimated **$590–720K in incremental annual gross margin** — landing squarely on or just above the ~$700K target implied by the 5-point margin goal, even before crediting any gain from filters/fluids or tier simplification. This suggests the 27% target is achievable primarily through **discount discipline and two-category repricing**, without requiring aggressive action on the filters/fluids line where the client has already demonstrated real revenue loss ($310K) from price-driven churn — a critical finding given the explicit constraint of not losing the top 20 accounts, several of whom likely buy filters/fluids at volume.

Current pricing & margin analysis

Current Pricing & Margin Analysis

Where the Money Actually Sits Today

Northline's stated blended gross margin is 22%, but the category-level cost data provided in intake — when carried through at list price — actually produces a blended margin closer to 25.4% (calculated above: ~$3.55M gross profit on $14M revenue). That 3.4-point gap between the reported 22% and the calculated 25.4% is itself the most important number in this analysis. It means one of two things is true, and the client needs to know which before a single price point is changed:

- The $255/$19/$54 unit costs given in intake are landed cost only, and freight, warranty/returns, or warehouse-handling costs (9 people, two warehouses) are not being allocated into "cost" — meaning true product margin is lower than stated across all three lines equally, or
- The unit costs are accurate, but *realized* revenue per unit is meaningfully below the $340/$28/$65 list prices used to back into the margin figures — i.e., the 12–18% discount band that covers 70% of order volume is the difference, and the 22% figure the client uses internally already reflects realized (discounted) revenue while the category cost/margin figures they gave us in intake reflect list.

This matters operationally, not just academically: if it's cause #2 (most likely, given the intake explicitly states "list price is rarely actually paid"), then **every margin target discussed for the rest of this engagement must be built on realized/pocket price, not list price** — otherwise Northline will set new list prices, watch the sales team discount them by the usual 12–18%, and land right back near 22%.

Action for Monday morning: Finance (part of the 4-person finance/ops team) should pull 60–90 days of order-level data from NetSuite — no system change required, this is a report/export — and calculate realized average selling price and realized gross margin *by category* and *by account tier*. This reconciliation is the single highest-priority task before any new price architecture is finalized, and it's a 3–5 day effort for one finance analyst, not a project.

Category Economics: Three Different Businesses Wearing One Price List

Line	Revenue share	Monthly volume	List price	Unit cost	Stated margin	Est. gross profit/mo (list-basis)
Brake & suspension	41%	1,200 kits	$340	$255	25%	~$102,000
Filters & fluids	34%	9,000 units (750 cases)	$28/unit	$19/unit	32%	~$81,000
Lighting & electrical	25%	9,500 units	$65	$54	17%	~$104,500

Three things jump out when these are read side by side against the discount reality (70% of volume moving at 12–18% off):

Lighting & electrical is generating almost as much monthly gross profit dollars as brakes despite half the margin rate, purely on volume. That means a small margin improvement here — even 2–3 points — moves real dollars fast, and there is no named competitor undercutting this line specifically (FleetPart Direct is called out on filters/fluids; Ironclad is "similar pricing"; Midwest Auto Wholesale is "mostly filters"). Nobody in the intake identifies an external price pressure on lighting. That's a strong signal this 17% margin is self-inflicted — likely underpriced at list, or disproportionately discounted, or absorbing cost inefficiencies (SKU proliferation in lighting/electrical is common and easy to under-cost at the SKU level).

Filters & fluids looks healthy on the cost sheet (32%) but is the most exposed line in the market. The $310K account lost five months ago left entirely over filters/fluids pricing, moving to FleetPart Direct, who undercuts 8-10% specifically in this category. A 32% margin on paper coexisting with active share loss to an 8-10% cheaper competitor means Northline's list price in this category is likely priced past the point the market — at least for price-transparent, easily-reordered SKUs like common filters — will bear. This is margin that looks good until you lose the account entirely, at which point it's 0%.

Brakes carry the largest revenue base at a middling margin with the clearest evidence of pricing headroom. The $95K account won last quarter by exactly matching a competitor's brake-kit price — not beating it — tells us buyers in this category aren't hunting for the absolute lowest price, they're checking that Northline isn't an outlier. That's a materially different buying behavior than filters/fluids, where the lost account shopped price directly and left.

The Discount Structure Is Doing More Damage Than the List Prices Are

The most consequential single fact in the intake is this: **any account manager can approve up to 10% off list without approval, sales directors up to 20%, and ~70% of order volume ships at 12–18% off.** Combined with the outcome of the last price action — a 4% list increase 14 months ago that only netted a realized 1.5% increase (62.5% erosion) — this tells us the mechanism by which Northline loses margin isn't primarily "prices are too low," it's "the gap between what's approved and what's granted is too wide, and too undifferentiated by account."

Only 3 accounts (~$180K combined revenue, 1.3% of the book) actually pushed back hard enough to negotiate the last increase down. The other ~$13.8M absorbed it. That means when Northline raises a price, ~98.7% of the book doesn't fight it — but the *sales team*, not the customer, appears to be the one giving margin away preemptively through habitual discretionary discounting, most likely because six discount tiers create enough ambiguity that "round down to a familiar number" becomes the default behavior rather than a deliberate account-by-account decision.

This is corroborated by the segment-level pattern the client already flagged: small/mid fleets (10–40 vehicles) "rarely negotiate below our first counter-offer," yet 70% of *all* volume — which necessarily includes most of this low-friction segment — still ships at 12–18% off. If small/mid fleets aren't the ones demanding those discounts, the discounts are being offered rather than extracted. That's pure margin leakage with no revenue-retention benefit attached.

Quantifying Today's Leakage by Segment

Account tier	Est. revenue share	Negotiating behavior (per intake)	Est. avg. discount actually applied	Margin leakage risk
Top 20 (55% of revenue)	55%	Negotiate hardest; weigh SLA/reliability alongside price; top 5 price-locked through year-end	15-20%, partly justified by volume/ strategic value	Lower — discount is earned, not given away
Mid-size (est. ~25-30% of revenue)	~25-30%	Some pushback (the 3 accounts, $180K, from last increase); moderate negotiation	12-18%	Moderate — mixed, some genuinely price-sensitive
Small (est. ~15-20% of revenue)	~15-20%	"Rarely negotiate below first counter-offer"	Likely still 10-15% by AM default, despite low resistance	**High — this is pure giveaway**

The small-fleet segment is where the analysis and the client's own language point most clearly to unforced margin loss: discounts are being applied by habit or discretion ceiling, not because the customer is demanding them.

Summary of the Core Finding

Northline is not underpriced in a market sense on two of its three lines — it's under-*disciplined* in how those prices actually get realized. The 22% blended margin is the product of (1) a lighting/electrical line priced or discounted well below what its lack of competitive pressure would justify, (2) a brake/suspension line with room to move given demonstrated low price elasticity, (3) a filters/fluids line that is arguably *overpriced relative to a specific competitor* on its most transparent SKUs despite healthy nominal margin, and (4) an account-manager discretion structure that gives away 12-18% by default even to customers — small/mid fleets — who have already shown they won't push back if asked to pay closer to list. The revised price architecture (covered in the next chapter) should be built directly on these four findings, in that priority order, with the discount governance fix first since it requires no system change, touches no price-locked account, and is the fastest path to the largest share of the $700K margin gap.

Competitor price benchmark

Competitor Price Benchmark

The intake identifies three named competitors, each competing on a different axis, and Northline's own win/loss history over the past five months provides a cleaner benchmark than any published price list would — it shows exactly where Northline's prices are competitive, where they are exposed, and where competing on price at all is the wrong fight.

Competitive Landscape Summary

Competitor	Primary competitive lever	Category most affected	Evidence from Northline's own history
FleetPart Direct	Undercuts 8–10% on filters/fluids	Filters & fluids	Took the $310K regional delivery fleet account entirely on price in this category
Ironclad Truck Supply	Similar list pricing, better delivery SLAs	All lines, but most relevant to brakes/lighting where service and fitment matter	No named loss to Ironclad in intake — suggests SLA parity or Northline's own logistics (2 warehouses, 9-person warehouse/logistics team) currently holds this off
Midwest Auto Wholesale	Cheaper, but narrow catalog (mostly filters)	Filters & fluids only	Limited threat outside filters — cannot bundle brakes/lighting/filters into one order, which is a structural disadvantage for them, not Northline

This is a category-specific competitive map, not a company-wide one, and the pricing architecture needs to treat it that way. Northline is not facing one competitor across the whole catalog — it is facing a price war in exactly one-third of its business (filters & fluids, 34% of revenue) and facing something closer to a service/SLA competition in the other two-thirds.

Category-by-Category Benchmark

Filters & fluids — the only line with a directly quantified competitor gap.

FleetPart Direct undercuts Northline by 8–10% on filters and fluids. At Northline's average $28/unit list price, that puts FleetPart Direct's effective price in the **$25.20–$25.76/unit** range. Applied against Northline's $19/unit cost, that competitor price still implies FleetPart Direct is likely running a margin somewhere in the **26–28% range at their pricing** (assuming a similar or slightly better cost base — labeled assumption, as Northline has no visibility into FleetPart Direct's actual cost structure) — meaning this is not necessarily a loss-leader or predatory price from FleetPart Direct, it's plausibly just a lower-margin, higher-volume strategy in a commodity category. That distinction matters: **Northline cannot assume FleetPart Direct will eventually have to retreat from this pricing** — it may be sustainable for them, which means matching it fully across the whole filters/fluids line would compress Northline's margin in its *best-margin category* (currently 32%) down toward the low-to-mid 20s, undoing a large share of the very gain this engagement is chasing elsewhere.

Midwest Auto Wholesale adds a second layer of pressure specifically on filters, but their "limited catalog" constraint (per intake) means they cannot offer brake kits or lighting, so they only threaten wallet share on repeat, commoditized SKUs (standard oil filters, common fluid types) — not the full basket. This is an important distinction for SKU-level, not category-level, pricing response.

Recommendation: Do not blanket-match FleetPart Direct's 8–10% discount across all filters/ fluids SKUs. Instead, benchmark at the SKU level: identify the 15–20 highest-volume, most price-transparent filter/fluid SKUs (standard oil filters, common fuel filters, high-turnover fluids) — these are almost certainly the SKUs the lost $310K account and any current at-risk accounts are actively comparison-shopping — and price those within 3–5% of FleetPart Direct's estimated price (i.e., a targeted match, not a blanket one), while holding or slightly raising price on lower-volume, harder-to-compare filter/fluid SKUs where a customer is unlikely to have a competing quote in hand. This preserves the bulk of the 32% margin on ~80% of filters/fluids volume while closing the gap precisely where churn risk is concentrated.

Effort: Finance/ops pulls the top 20 SKUs by filters/fluids volume (1–2 days using existing NetSuite sales reports); sales leadership cross-references which of the top 20 accounts buy those SKUs and at what current realized price (2–3 days). **Owner:** Finance analyst + VP Sales, week 1. **Impact:** Directly protects against a repeat of the $310K churn event without sacrificing margin on the 80% of filters/fluids volume that isn't being actively price-shopped.

Brake & suspension kits — competitive exposure is about parity, not discount depth.

No competitor is named as underpricing Northline on brakes. Ironclad Truck Supply is described as "similar pricing, better delivery SLAs" — meaning the competitive risk in this category is service-based, not price-based. This is directly confirmed by Northline's own experience: the $95K account won last quarter was won by *matching* a competitor's brake-kit price exactly, not beating it. Matching, not undercutting, was sufficient to win. That is a materially different signal than filters/fluids, where an 8–10% price gap actively pushed an account out the door.

Recommendation: Treat brakes as a "price-to-parity, compete-on-service" category. Northline should not discount defensively here — buyers appear to be checking that Northline isn't an outlier, not hunting for the absolute floor. This supports raising list price and/or tightening discount ceilings on brakes (covered in the pricing architecture chapter) with low expected risk of losing volume to Ironclad or others, provided realized price stays within a few percentage points of the market's going rate. **Effort:** Sales director spot-checks current realized brake-kit pricing on the 10 largest brake-kit customers against any known competitor quotes sales reps have on file (most AMs will have anecdotal competitor pricing from live negotiations — this should be captured systematically, not left as tribal knowledge). **Owner:** Sales director, week 2, ~2 days effort. **Impact:** Validates how much room exists above current pricing before triggering the same "matching" dynamic that produced the $95K win — informs the specific price increase ceiling in the next chapter.

Lighting & electrical — no named competitor pressure at all.

This is the most important negative finding in the competitive benchmark: **none of the three named competitors — FleetPart Direct, Ironclad, or Midwest Auto Wholesale — is identified as competing aggressively on lighting/electrical.** FleetPart Direct's edge is filters/ fluids; Midwest Auto Wholesale's catalog is "mostly filters"; Ironclad is described only generically as "similar pricing." Combined with lighting/electrical being Northline's own self-identified "weakest line" at 17% margin — 8 points below even the low end of typical commodity-category benchmarks — this is strong evidence that the low margin here is not a competitive necessity, it's a self-inflicted pricing or discounting gap with no market force actively holding it down.

Recommendation: This is the single lowest-risk place to raise price in the entire portfolio, because the benchmark shows no competitor is forcing the current level. A phased increase (detailed in the architecture chapter) can be tested here first, precisely because a negative signal — no named competitive threat — is itself the benchmark finding.

Effort: Before finalizing any increase, sales leadership should run a quick, structured check with the 5–6 account managers who handle the highest lighting/electrical volume: ask directly whether any customer has referenced a competitor's lighting price in the last 6 months of negotiations. This is a 30-minute conversation per AM, not a formal study, and should be done in week 1 to confirm the benchmark holds before pricing moves. **Owner:** VP Sales. **Impact:** Confirms (or flags an exception to) the lowest-risk repricing opportunity in the portfolio, worth an estimated $175–210K annually per the margin analysis above.

Delivery SLA as a Competitive Variable, Not Just a Price One

Ironclad Truck Supply's positioning — "similar pricing, better delivery SLAs" — is a signal the benchmark shouldn't ignore just because this is a pricing engagement. The top 20 accounts (55% of revenue) are explicitly described as negotiating hardest but also weighing reliability and delivery SLA alongside price. That means Northline's two-warehouse logistics setup is a genuine competitive asset that isn't being monetized in the price architecture today — there is no service-tier pricing or SLA-linked pricing differentiation in the current six-tier discount structure, which is purely discount-based, not value-based.

Recommendation: This benchmark finding should feed directly into the next chapter (revised price architecture): consider whether guaranteed delivery windows or fill-rate commitments can be explicitly tied to the top-tier account pricing structure, turning a currently "free" competitive advantage into either a justification for holding price (rather than discounting further) or a paid premium tier for accounts that want contractual SLA guarantees beyond the standard. This does not require ERP changes — it requires a documented service-level schedule attached to the account tier definitions.

Summary Table: Competitive Position by Category

Category	Competitive threat level	Primary competitor	Price gap	Recommended posture
Filters & fluids	High	FleetPart Direct	8–10% below Northline list	Targeted SKU-level match on top 15–20 high-volume SKUs; hold/raise elsewhere
Brake & suspension	Low	Ironclad (parity), general market	None quantified; matching sufficient to win	Raise price toward benchmark range; compete on parity + service
Lighting & electrical	Very low / none named	None specifically identified	Unknown — no competitor cited	Highest-confidence, lowest-risk repricing opportunity

This benchmark should be treated as a living input, not a one-time snapshot: the client currently has no formal process for capturing competitor pricing intelligence from AM conversations (it exists only anecdotally, evidenced by the $95K match-win). **A lightweight fix, actionable this**

week: add a mandatory two-field entry to the CRM/quote notes ("competitor named," "competitor price if disclosed") whenever an AM references a competitor during negotiation. This requires no NetSuite change, takes under a minute per quote, and within one quarter will give Northline a real, growing dataset to replace the assumptions used in this benchmark — particularly the estimated FleetPart Direct margin and the confirmed absence of lighting/ electrical competition.

Revised price architecture

Revised Price Architecture

The architecture below replaces six confusing discount tiers and a uniform discretion model with a **three-tier account structure**, **category-specific target margins**, and **SKU-level pricing rules for filters/fluids**. It is designed to work entirely within the current NetSuite configuration (no system change before Q3), to leave the top 5 price-locked accounts untouched through year-end, and to be operational within the two-quarter window.

Design Principle: Price to Segment, Not to Discretion

The current model prices by *who happens to approve the deal* (AM up to 10%, director up to 20%) rather than by *what the account is worth or how it behaves*. The revised architecture inverts this: discount ceilings are set by account tier, and tier is set by objective criteria (annual revenue, contract status, category mix) — not by who is in the room negotiating.

Tier	Definition	Approx. accounts	Approx. revenue share	Target discount band off list
Tier 1 — Strategic	Top 20 accounts (incl. top 5 price-locked); 100+ vehicle fleets; >=$150K annual spend	~20	55%	12–18% (unchanged for top 5 through Dec 31; renegotiated at renewal for remaining 15)
Tier 2 — Core	Mid-size fleets, 40–100 vehicles or $40–150K annual spend	~60–80 (estimate)	~25–30%	8–12%
Tier 3 — Standard	Small fleets, 10–40 vehicles, <$40K annual spend	Remainder of active accounts	~15–20%	4–7%

This directly targets the two clearest findings from the analysis: Tier 3 customers "rarely negotiate below our first counter-offer" yet are currently absorbing 12–18% off by AM default — that gap is pure giveaway and closes almost immediately once the ceiling is lowered. Tier 1 discounting is preserved because the data shows it is earned (large fleets negotiate hard and buy on SLA, not just price) — this protects the 55%-of-revenue account base the client explicitly does not want to risk.

Approval authority under the new model:

Role	Old authority	New authority
Account manager	0–10% off list, any account	Tier 3: up to 7% unilateral. Tier 2: up to 10% unilateral. Tier 1: up to 15% unilateral.

Sales director	0–20% off list, any account	Tier 3: up to 12% (exception only). Tier 2: up to 15%. Tier 1: up to 20% (unchanged — protects strategic flexibility).
VP Sales / Leadership	Not formally defined	Any discount exceeding the above, any tier — required sign-off, logged

This is not a system change — it is a policy change enforced through sales management review and a weekly discount-exception report pulled from existing NetSuite order data (an export, not a configuration change). **Owner: VP Sales, with Finance/Ops producing the weekly exception report. Effort: policy document drafted and reviewed in 3–5 days; sales team briefing in one 60-minute meeting; enforcement begins immediately.**

Category-Specific List Price and Margin Targets

Rather than one blended margin target, each line gets its own target based on its elasticity profile as evidenced in the findings — this is the direct output of the "cost-plus vs. value-based segmentation" framework introduced earlier.

Line	Current margin	New target margin	Mechanism	Timing
Lighting & electrical	17%	22% by Q2, 24% by Q4	List price increase of ~6% (from $65 to ~$69/unit) plus tighter Tier 3 discount ceiling	Immediate — no named competitor threat
Brake & suspension	25%	28% by Q3	List price increase of ~4% (from $340 to ~$354/kit), phased in two steps (2% now, 2% in Q3) to test elasticity	Phase 1 immediate, Phase 2 after 60-day read
Filters & fluids — top 15–20 high-volume SKUs	32% (nominal)	Hold at current realized price or reduce up to 3–5% on the specific SKUs matched to FleetPart Direct	SKU-level match, not category-wide	Immediate, based on Week 1 SKU/account cross-reference from the competitor benchmark
Filters & fluids — remaining SKUs (~80% of line volume)	32%	34%	Modest 2–3% list increase; these SKUs are not being actively price-shopped	After Week 1–2 SKU segmentation is complete

Why brakes moves in two steps, not one: the $95K win shows buyers check for outlier pricing, not absolute floor pricing — but a single 4% jump risks tripping that outlier threshold with Tier 1 accounts mid-negotiation. A 2% step now, held for 60 days, with realized-price tracking by account, de-risks the second step. **Owner: Pricing lead (VP Sales + Finance) sets Phase 1 price in NetSuite for the next order cycle; effort is a single price-list update, executable in under a day since it doesn't touch ERP logic, only price fields.**

Why lighting moves immediately and fully: it's the highest-confidence, lowest-risk lever identified in the competitive benchmark (no named competitor pressure) and carries the largest volume base (9,500 units/month) to compound even a small percentage move. A 6% list increase against a $54 cost still leaves Northline priced well inside a defensible range and materially closes the gap to the 22–24% technical-category benchmark cited in the research section.

Reconciling List Price to Realized Price — the Critical Pre-Step

Before any of the above list price changes go live, Finance must complete the realized-vs-list reconciliation flagged in the findings section (60–90 days of order-level NetSuite data, by category and by tier). **This is the first task on the implementation checklist and a hard prerequisite** — without it, Northline risks repeating the 4% increase/1.5% realized outcome from 14 months ago, where the list number moved but the tier/discount structure ate most of the gain. The new discount ceilings (above) are specifically designed to prevent that erosion this time, but the reconciliation confirms the starting baseline is accurate before targets are locked.

Owner: Finance analyst (part of the 4-person finance/ops team). **Effort:** 3–5 days. **Timing:** Week 1, before any price list update is published.

Tier Simplification: From Six to Three

The six existing discount tiers collapse into the three account tiers defined above (Strategic / Core / Standard), replacing tiers that were organized around discretion levels with tiers organized around account economics. This directly answers the client's stated goal of a "simpler structure" without a separate project — the simplification is a byproduct of fixing governance, not an added workstream.

Old structure	New structure
6 discount tiers, undifferentiated by account type, confusing to sales	3 account tiers (Strategic / Core / Standard), each with a defined discount ceiling by role
AM/director discretion applies uniformly regardless of tier	Discretion scales with tier — more room for Tier 1, least for Tier 3
No SLA or service differentiation in pricing	Tier 1 pricing can reference documented delivery/fill-rate commitments (leveraging the two-warehouse logistics advantage identified in the competitor benchmark), giving AMs a non-price lever to hold price with large fleets

Owner: VP Sales drafts the new tier definitions and a one-page reference card for the 18-person sales/account team; **Effort:** 2–3 days to draft, one 60-minute rollout session; **Impact:** removes the "which of six tiers applies" confusion the client explicitly flagged, and gives AMs a faster, clearer answer in live negotiations — which should also reduce the tendency to default to a familiar discount number out of ambiguity, addressing the Tier 3 leakage directly.

Expected Combined Impact

Component	Est. annual margin impact	Confidence
Tier 3 discount ceiling tightening (15–20% of revenue, ~15% -> ~6% avg discount)	~$210–260K	Medium-high
Tier 2 discount ceiling tightening (~25–30% of revenue, ~15% -> ~10% avg discount)	~$90–120K	Medium

Lighting & electrical price increase	~$175–210K	Medium-high
Brake & suspension phased increase	~$115–160K	Medium
Filters/fluids SKU-level rebalancing	~$0–50K (net, after accounting for held/reduced SKUs)	Low
Total estimated annual impact	**~$590–800K**	Meets or exceeds the ~$700K (5-point) target

This architecture reaches the 27% margin target primarily through discount governance and two-category repricing — consistent with the root-cause finding that Northline's problem is realization discipline, not fundamentally uncompetitive pricing — while leaving the filters/fluids line, and the top 5 locked accounts, deliberately untouched where the risk of repeating the $310K churn event is highest.

Implementation checklist

Implementation Checklist

This checklist translates the revised price architecture into a sequenced, owned, dated set of actions. It is organized by the four workstreams already established — realized-price reconciliation, discount governance, category repricing, and tier simplification — with explicit owners, effort estimates, and the specific NetSuite-compatible mechanics required, since no ERP change is available before Q3 next year and the top 5 price-locked accounts must remain untouched through December 31.

Week 1: Foundation and Data (No Price Changes Go Live Yet)

#	Action	Owner	Effort	Dependency / risk if skipped
1	Pull 60–90 days of order-level NetSuite data; calculate realized ASP and realized gross margin by category and by proposed account tier (Strategic/Core/Standard)	Finance analyst (Finance/Ops team)	3–5 days	**Hard prerequisite.** Without this, new list prices risk repeating the 4%-list/1.5%-realized outcome from 14 months ago
2	Cross-reference the top 15–20 highest-volume filters/fluids SKUs against which of the top 20 accounts buy them and at what current realized price	Finance analyst + VP Sales	2–3 days	Without this, the SKU-level FleetPart Direct match can't be targeted — risk of either overpaying margin or missing the SKUs actually driving churn risk

3	Run structured 30-minute check-ins with the 5–6 AMs handling the highest lighting/electrical volume: has any customer referenced a competitor's lighting price in the last 6 months?	VP Sales	1 day total (30 min × 6 AMs)	Confirms the "no named competitor pressure" finding before committing to the full 6% lighting increase
4	Add two mandatory fields to CRM/quote notes: "competitor named" and "competitor price if disclosed," triggered whenever a rep references a competitor in negotiation	VP Sales + Sales Ops	<1 day to configure, ongoing at <1 min/quote	No system change required; this is the mechanism that replaces anecdotal competitor intel (like the $95K brake-kit match) with a real dataset within one quarter
5	Draft the three-tier account definitions (Strategic >=$150K/100+ vehicles; Core $40–150K/40–100 vehicles; Standard <$40K/10–40 vehicles) and assign every active account to a tier using existing NetSuite customer/revenue data	VP Sales + Finance	2–3 days	Required before any new discount ceiling can be enforced — this is a data-tagging exercise, not a system change

Week 1 total effort: roughly 10–12 person-days across Finance and Sales leadership, no external resources, no system downtime.

Week 2: Governance Rollout and Phase 1 Repricing

#	Action	Owner	Effort	Notes
6	Finalize and distribute the new discount authority table (AM/Director ceilings by tier — Tier 3: 7%/12%; Tier 2: 10%/15%; Tier 1: 15%/20%) as a one-page policy document	VP Sales	1 day to finalize	This is a management policy enforced through approval workflow and manager review — not a NetSuite permission change, since the system isn't being touched before Q3

7	Hold a mandatory 60-minute rollout session with all 18 sales/account management staff: new tier definitions, new discount ceilings, and why (explicitly reference the Tier 3 leakage finding so the team understands this isn't an arbitrary tightening)	VP Sales	1 session, all-hands	Framing matters: Tier 3 accounts "rarely negotiate below first counter-offer" per the AMs' own experience — this should reduce resistance from the sales team, who aren't being asked to fight harder, just to stop pre-discounting
8	Update lighting & electrical list price from $65 to ~$69/ unit in NetSuite price list (single field update, no configuration change)	Finance/Ops (pricing admin)	<1 day	Effective for all new quotes/orders starting the next order cycle; excludes any account with an active price-locked contract
9	Update brake & suspension list price from $340 to ~$347/kit (Phase 1, +2%)	Finance/Ops (pricing admin)	<1 day	Phase 2 (+2% more, to ~$354) deferred to Week 9–10 pending 60-day realized-price read
10	Publish updated filters/fluids pricing: hold or reduce (up to 3–5%) on the Week 1-identified top 15–20 high-volume SKUs; raise remaining ~80% of SKU volume by 2–3%	Finance/Ops (pricing admin) + VP Sales sign-off	1–2 days	Requires sign-off from VP Sales given churn sensitivity ($310K precedent) — this is the one repricing action that should not be automated without a human review step

Week 2 total effort: roughly 4–5 person-days plus one all-hands meeting.

Weeks 3–4: Enforcement Infrastructure

#	Action	Owner	Effort	Notes
11	Stand up a weekly discount-exception report: any order shipping above the new tier ceiling gets flagged automatically via NetSuite export/ filter (existing reporting capability, no new build)	Finance analyst	1 day to build the report template, then ~1 hour/week to run	This is the enforcement mechanism replacing "trust the AM" — flags exceptions for VP Sales review, doesn't block orders (since the system can't be reconfigured to hard-block before Q3)

12	VP Sales reviews weekly exception report every Monday; any discount above ceiling requires retroactive justification logged against the account	VP Sales	1 hour/week ongoing	Establishes the habit before the two-quarter deadline pressure builds; catches drift early rather than at quarter-end
13	Brief the top 20 account managers individually (not group setting) on which of their accounts fall in Tier 1 vs. Tier 2, and confirm the 5 price-locked accounts are explicitly flagged "no change through Dec 31" in CRM notes	VP Sales	2–3 days (20 short 1:1s)	Protects against an AM accidentally applying a new, tighter ceiling to a contractually locked account, or conversely under-discounting a Tier 1 account that should retain flexibility

60-Day Checkpoint (End of Week 8–9)

#	Action	Owner	Effort	Decision point
14	Pull realized margin by category and tier again; compare to Week 1 baseline	Finance analyst	3–4 days	Confirms whether Tier 3/Tier 2 discount tightening is holding (target: Tier 3 avg discount down from ~15% to ~6-7%; Tier 2 from ~15% to ~10%)
15	Review lighting & electrical realized margin against the 22% Q2 target; if on track, no further action needed until the 24% Q4 step	VP Sales + Finance	1 day	If lighting realized margin is lagging list-price increase (i.e., discounting is eating the gain), tighten Tier 2/3 lighting-specific discount further rather than raising list price again
16	Execute brake & suspension Phase 2 price step (+2%, to ~$354/kit) if Phase 1 showed no measurable volume loss or Tier 1 pushback	Finance/Ops (pricing admin)	<1 day	If any Tier 1 account explicitly flagged the Phase 1 increase in negotiation (captured via the Week 1 CRM competitor-note fields, action #4), pause Phase 2 for that account only and escalate to VP Sales

17	Review filters/fluids churn signal: has any account referenced FleetPart Direct pricing since the SKU-level match went live? (Pulled from the same CRM competitor-note field)	VP Sales	Ongoing, reviewed at checkpoint	This is the direct early-warning system for a repeat of the $310K loss — if triggered, expand the matched-SKU list rather than waiting for another full account loss

End of Quarter 2 (Target Date Check)

#	Action	Owner	Effort	Success criteria
18	Full margin reconciliation: blended realized gross margin across all three lines vs. 27% target	Finance/Ops leadership	3–5 days	On-track range: 25.5–26.5% by end of Q2 is a reasonable interim marker, given brakes Phase 2 and lighting's Q4 step land after this point
19	Confirm zero attrition among the top 20 accounts; specifically confirm the top 5 price-locked accounts remain fully untouched and unaware of any pricing change exposure	VP Sales	1 day, direct account review	This is the client's explicit non-negotiable constraint — treat any deviation as a stop-the-process trigger, not a data point to average away
20	Present interim findings to leadership (3-person leadership team) with a go/no-go recommendation on Q3–Q4 steps (lighting's move to 24%, filters/fluids broader SKU review, and readiness assessment for eventual NetSuite-based automation of tier discount enforcement once the system freeze lifts)	Finance/Ops + VP Sales	1 day to prepare, 1 meeting	Sets up the handoff to Q3, when the NetSuite freeze lifts and hard-coded discount ceilings by tier can finally be built into the system itself rather than enforced through weekly manual review

What Not to Do

- **Do not touch pricing for the top 5 price-locked accounts** under any of the above actions before December 31 — this includes the lighting and brake list price increases, which should be explicitly excluded from those five accounts' quotes in NetSuite (a manual exclusion flag, confirmed in action #13).

- **Do not apply the filters/fluids blanket increase to the top 15–20 high-volume SKUs** identified in Week 1 — only the ~80% of lower-volume, less price-transparent SKUs should move up; the high-volume SKUs are the ones actively being shopped against FleetPart Direct.
- **Do not roll out the new discount ceilings without the Week 1 rollout session** — the client's own sales team already reports confusion from six tiers; introducing a seventh change without explanation risks the same ambiguity-driven default-discounting behavior that caused the original leakage.
- **Do not wait for a full quarter of data before adjusting** — the weekly exception report (action #11) exists specifically so drift is caught within days, not discovered at the 60-day checkpoint after the damage compounds.

Risks & Mitigations

Six workstreams are running in parallel over two quarters, inside a 34-person company with no dedicated pricing or analytics function, on top of an existing sales freeze on ERP changes and a hard constraint (zero top-20 attrition) that leaves almost no room for error. The risks below are specific to that combination, not generic to "pricing projects."

Sales team reverts to old discount habits once attention fades. The entire Tier 3/Tier 2 governance fix depends on AMs actually using the new 7%/10% ceilings instead of defaulting to the familiar 12–18% band they've used for years. The weekly exception report (action #11) is a detection mechanism, not a prevention mechanism — it catches drift after the fact, and VP Sales reviewing it for one hour a week alongside their existing job is easy to let slip once quarter-end pressure hits elsewhere. This is the single highest-likelihood risk in the plan because it requires sustained behavior change from 18 people with no compensation-plan change accompanying it — nothing in the plan alters how AMs are incentivized, so the new ceilings are pure policy with no reinforcing structure behind them.

A Tier 1 account interprets the brake or lighting price increase as a breach of goodwill, even though technically outside their contract lock. The five price-locked accounts are protected by name, but the other fifteen Tier 1 accounts (part of the 55%-of-revenue top 20) are not contractually shielded from the brake and lighting increases — only *behaviorally* assumed to be low-risk based on the $95K "matching" win. That one data point is being asked to carry a lot of weight. If even two or three of these accounts push back hard or threaten to leave, the plan's core evidence for "brakes can absorb a price increase" was drawn from a single quarter's win, not a tested pattern across the full top-20 book.

Filters/fluids churn repeats despite the SKU-level match. The $310K loss is the only actual churn event with a dollar figure attached, and the mitigation (matching the top 15–20 SKUs within 3–5% of FleetPart Direct) is based on an *estimated* competitor price, not a confirmed one — Northline has no direct visibility into FleetPart Direct's actual pricing beyond the "8–10% undercut" range given in intake. If the true gap is larger on specific SKUs, the match may still leave Northline exposed on exactly the accounts most likely to shop this category.

Finance capacity is the quiet bottleneck. A 4-person finance/ops team is now responsible for the Week 1 reconciliation, the SKU/account cross-reference, the tier assignment data-tagging, the weekly exception report, the 60-day checkpoint pull, and the Q2 full reconciliation — on top of whatever their existing monthly close and ops workload already is. None of this requires new headcount individually, but stacked together across one quarter it's a meaningful load increase on a team of four, and if any one deliverable slips (most likely the Week 1 reconciliation, since it's the most analytically demanding), every downstream pricing decision inherits that delay.

List price moves without matching discount discipline reproduce the 1.5%-realized-from-4%-list outcome. This has already happened once, 14 months ago, in this exact company. The new tier ceilings are designed to prevent a repeat, but the mechanism preventing it (manager review of a weekly report) is materially the same *type* of control — human oversight, not a system-enforced block — as existed before, just tighter numerically. NetSuite cannot hard-block over-ceiling discounts until Q3, so for two full quarters the entire governance fix rests on management discipline rather than system enforcement.

Competitor response to Northline's own moves. Ironclad Truck Supply competes on SLA parity, not price undercutting — but if Northline raises brake and lighting prices meaningfully, Ironclad has room to reposition as the price alternative in categories where it currently isn't undercutting anyone. There's no evidence this is imminent, but it's untested: the plan assumes competitor behavior stays static while Northline's own prices move, which is the least certain assumption in the whole model.

Small/mid fleet segment resistance is underestimated. The finding that Tier 3 accounts "rarely negotiate below our first counter-offer" is based on AM's *past* experience at the old, looser discount levels. Tightening the ceiling from ~15% to 6–7% is a much bigger ask than anything those accounts have been tested against before — the behavioral pattern observed may not hold at a meaningfully different price point.

Risk	Likelihood	Impact	Mitigation
AMs revert to old discount habits once initial rollout attention fades	High	High — undermines the largest single margin lever ($300–350K)	Tie weekly exception report review to a standing agenda item in the existing sales leadership meeting (not a separate task); publish a monthly "discount discipline" scorecard by AM, visible to sales director, to make drift socially visible, not just data-visible
A Tier 1 (non-locked) account pushes back hard on brake/lighting increase	Medium	High — risks the explicit "don't lose top 20" constraint	Brief all 15 non-locked Tier 1 AMs individually before the price change ships (extend action #13 beyond just flagging locked accounts); empower those AMs to hold Phase 1 pricing case-by-case for any account showing early resistance, rather than requiring VP Sales escalation for every exception

Filters/fluids churn repeats despite SKU-level match	Medium	High — repeat of a $310K-scale loss is possible in a single account	Treat the CRM competitor-price field (action #4) as an early-warning system specifically for this category; review it biweekly, not just at the 60-day checkpoint, and authorize AMs to hold price on any account that surfaces a specific competitor quote, without needing director approval
Finance/ops team capacity is insufficient to deliver all reconciliation and reporting tasks on schedule	Medium	Medium — delays cascade into every pricing decision, compressing the two-quarter window	Sequence ruthlessly: treat the Week 1 reconciliation as the only non-negotiable deadline; explicitly deprioritize the weekly exception report to biweekly if Finance is behind, rather than letting the reconciliation slip
List price increases erode via discounting the same way the 4% increase did 14 months ago	Medium-High	High — would leave the 27% target entirely unmet	Explicitly track realized (not list) margin at the 30-day mark, not just the 60-day checkpoint, so erosion is caught within one order cycle instead of two full months
Ironclad or another competitor repositions on price in brakes/lighting after Northline's increase	Low-Medium	Medium — could blunt the two highest-confidence repricing levers	Monitor the CRM competitor-note field for any new brake/lighting competitor mentions; hold Phase 2 of the brake increase (action #16) if any signal appears before the 60-day checkpoint
Small/mid fleet (Tier 3) resistance is higher than past behavior suggests, once ceilings tighten simultaneously across all three categories	Low-Medium	Medium — the ~$210–260K Tier 3 estimate is the single largest line item in the impact table	Roll out Tier 3 ceiling changes gradually (7% cap in month 1, hold there for 30 days before any further tightening) and monitor the weekly exception report specifically for Tier 3 escalations to VP Sales; treat any spike in Tier 3 escalation volume as an early signal to slow the pace, not abandon the ceiling

Sales team reverts to old discount habits within weeks of rollout	Medium-High	High — this is exactly the failure mode that eroded the 4% increase to 1.5% realized 14 months ago	Weekly exception report (action #11) reviewed by VP Sales every Monday without exception for at least the first 90 days; tie a portion of AM incentive/ commission structure review (a low-cost, non-ERP change) to realized margin per deal rather than revenue booked, so habitual discounting has a visible cost to the rep, not just the company
Realized-vs-list reconciliation (action #1) surfaces a bigger gap than expected, undermining confidence in the whole architecture	Low-Medium	Medium-High — if the 22% vs. 25.4% discrepancy turns out to be a cost-allocation issue (freight, returns, warehouse handling not captured), the category-level margin targets in this report may be built on an incomplete cost base	Treat the Week 1 reconciliation as a checkpoint, not a formality — if realized margins differ materially from the assumptions in this report, convene Finance and VP Sales before Week 2 price changes go live to re-validate targets rather than proceeding on schedule regardless
Lighting & electrical price increase (6%) triggers pushback from a segment not captured in the "no named competitor" finding	Low	Medium — lighting is the single highest-confidence lever in the plan ($175–210K)	The Week 1 AM check-in (action #3) is designed to catch this before the price goes live; if any AM reports even anecdotal lighting price pressure, phase the increase in two steps (3% now, 3% later) rather than one 6% move, mirroring the brake-kit approach
Filters/fluids SKU-level match is miscalibrated — either too narrow (churn continues on unmatched SKUs) or too broad (unnecessary margin giveaway)	Medium	High — this is the category with a live $310K precedent and the most sensitive account overlap with the top 20	Treat the initial 15–20 SKU list as a first pass, not final; use the CRM competitor-note field (action #4) as a live feedback loop — if accounts reference competitor pricing on SKUs outside the matched list within the first 60 days, expand the list immediately rather than waiting for the next formal review cycle

Two-quarter timeline proves too aggressive given the NetSuite freeze and manual enforcement burden	Medium	Medium — missing the timeline is costly reputationally with leadership but not existentially damaging if margin is trending correctly	Set the realistic interim marker explicitly (25.5–26.5% by end of Q2, per action #18) rather than treating 27% as a hard Q2 deadline; communicate to leadership up front that the full 27% may land in Q3 once brake Phase 2 and lighting's Q4 step complete, so the timeline risk is pre-negotiated rather than discovered late
VP Sales and Finance/ Ops bandwidth is insufficient to sustain weekly exception reviews on top of existing responsibilities	Medium	Medium — this is a 34-person company with only 4 people in Finance/Ops and 3 in leadership; there is no dedicated pricing or revenue-operations role	Keep the weekly review lightweight by design (the exception report should surface only orders that breach the new ceilings, not a full order log) and time-box VP Sales' review to the stated 1 hour/week; if volume of exceptions is high enough to exceed that in the first month, treat it as a signal the ceilings themselves need recalibration, not that more headcount is needed
Contractual price locks on the top 5 accounts are inadvertently violated through a system or communication error	Low	High — this breaches an explicit client constraint and risks the very accounts (55% of revenue) the whole engagement is designed to protect	Manual exclusion flag confirmed in NetSuite for each of the 5 accounts (action #13), cross-checked by VP Sales personally rather than delegated, with a second confirmation at the Week 2 price list update (action #8–10) before any new prices go live
Discount governance change is perceived by the sales team as a trust or morale issue, not a process fix	Medium	Medium — resentment could manifest as passive resistance (slower deal cycles, informal workarounds) rather than open pushback	Frame the Week 1 rollout session (action #7) explicitly around the data showing Tier 3 customers already don't push back — this is not a "sales team failed" narrative, it's a "the old structure didn't give you the tools to know what to ask for" narrative; consider having one AM co-present real Tier 3 negotiation examples to build buy-in from within the team rather than top-down alone

The risks above cluster into two categories that deserve explicit distinction, because they call for different postures. The first — competitive response, filters/fluids churn, and small/mid fleet resistance — are **market-facing risks** where the mitigation is primarily *monitoring and reversibility*: nothing in this architecture is a one-way door, and every price or ceiling change can be paused or rolled back within a single order cycle since no ERP change is involved. The second — sales team reversion to old habits, bandwidth constraints, and morale — are **organizational risks**, and these are arguably the more dangerous category precisely because the last price initiative (the 4% increase 14 months ago) failed almost entirely for organizational reasons, not market ones. The 62.5% erosion of that increase wasn't caused by customers saying no; it was caused by the absence of a governance mechanism to prevent AMs from saying yes to discounts nobody demanded. That history is the strongest argument for treating the weekly exception report and the incentive-structure conversation not as optional add-ons to this plan, but as the load-bearing wall of the entire margin recovery effort — every other lever in this report, from lighting's repricing to the brake-kit phased increase, depends on the governance mechanism actually holding this time.

90-Day Action Plan

The 90-day plan below sequences every action already recommended in this report — realized-price reconciliation, discount governance tightening, category-specific repricing, tier simplification, and risk monitoring — into three horizons. Nothing here introduces a new lever; each row traces to a specific finding or recommendation made earlier.

0–30 Days: Foundation, Data, and Governance Rollout

The first 30 days are deliberately front-loaded with data work and policy rollout before any price change compounds — this sequencing directly reflects the finding that the prior 4% increase eroded to 1.5% realized because governance wasn't in place before the price moved.

Action	Owner	Effort	Milestone / Done-When
Pull 60–90 days of NetSuite order data; calculate realized ASP and margin by category and account tier	Finance analyst	3–5 days	Reconciliation report delivered, explaining the 22% vs. 25.4% gap
Cross-reference top 15–20 filters/fluids SKUs against top-20 account purchases and realized pricing	Finance analyst + VP Sales	2–3 days	SKU/account match list finalized
Run 30-min AM check-ins on lighting/electrical competitor pressure	VP Sales	1 day	All 5–6 AMs interviewed; "no competitor pressure" finding confirmed or flagged
Add "competitor named / competitor price" fields to CRM quote notes	VP Sales + Sales Ops	<1 day setup	Fields live in CRM, mandatory on quotes
Assign every active account to Tier 1/2/3 using revenue and fleet-size criteria	VP Sales + Finance	2–3 days	100% of active accounts tagged

Finalize and distribute new discount authority table by tier	VP Sales	1 day	Policy document issued
Hold mandatory 60-minute rollout session with all 18 sales/AM staff	VP Sales	1 session	Session held; framing emphasizes Tier 3 doesn't push back, not "sales failed"
Update lighting & electrical list price ($65 -> ~$69)	Finance/Ops pricing admin	<1 day	New price live in NetSuite for next order cycle
Update brake & suspension list price Phase 1 (+2%, $340 -> ~$347)	Finance/Ops pricing admin	<1 day	New price live
Publish filters/fluids SKU-level pricing (hold/reduce matched SKUs, raise remainder 2–3%)	Finance/Ops + VP Sales sign-off	1–2 days	Updated price list live, VP Sales sign-off logged
Manually flag the 5 price-locked accounts "no change through Dec 31" in CRM	VP Sales	2–3 days (20 short 1:1s)	All 5 accounts confirmed excluded from any price change
Build weekly discount-exception report from NetSuite export	Finance analyst	1 day build	Report running, flags any order above new tier ceiling

Milestone marking end of 0–30: New tier structure, discount ceilings, and Phase 1 category prices are live; baseline realized-margin reconciliation is complete; zero price-locked account has been touched.

31–60 Days: Enforcement, Monitoring, and Early Correction

This horizon is about proving the governance mechanism holds — the report's central risk finding is that the last price initiative failed organizationally, not commercially, so this window exists specifically to catch drift before it compounds.

Action	Owner	Effort	Milestone / Done-When
Review weekly exception report every Monday; require retroactive justification for any over-ceiling discount	VP Sales	1 hr/week	4+ consecutive weekly reviews completed with logged outcomes
Brief all 15 non-locked Tier 1 AMs individually on brake/lighting price changes before full-book exposure	VP Sales	2–3 days	All 15 briefed; case-by-case hold authority confirmed for early resistance
Monitor CRM competitor-note field biweekly for filters/fluids competitor mentions	VP Sales	Ongoing, ~1 hr biweekly	Two biweekly reviews logged; expand matched-SKU list if new competitor mentions surface

Monitor CRM field for any new brake/lighting competitor pricing signals	VP Sales	Ongoing	Reviewed alongside filters/fluids check; flag any signal for Phase 2 pause
Publish monthly discount-discipline scorecard by AM	Sales director	1 day/month	First scorecard published, visible to sales leadership
Pull realized margin by category/tier again; compare to Week 1 baseline	Finance analyst	3–4 days	60-day margin snapshot delivered
Review lighting margin against 22% Q2 target; escalate if list-price gain is being eaten by discounting	VP Sales + Finance	1 day	Go/no-go decision logged on whether Tier 2/3 lighting discount needs further tightening
Confirm zero pushback from non-locked Tier 1 accounts on brake/lighting increases	VP Sales	Ongoing, reviewed at 60-day mark	Explicit account-by-account confirmation logged
Decide on brake Phase 2 (+2%, to ~$354) based on Phase 1 read	Finance/Ops pricing admin + VP Sales	<1 day to execute if approved	Phase 2 live, or explicitly paused per-account with documented reason

Milestone marking end of 31–60: 60-day reconciliation shows discount ceilings holding (Tier 3 avg discount trending toward 6–7%, Tier 2 toward 10%); no top-20 account lost; brake Phase 2 decision made and executed or deliberately deferred.

61–90 Days: Full-Quarter Reconciliation and Q3 Handoff

The final horizon closes the loop on the two-quarter target and prepares the transition to system-enforced controls once the NetSuite freeze lifts in Q3, as flagged in the implementation checklist.

Action	Owner	Effort	Milestone / Done-When
Full blended margin reconciliation across all three lines vs. 27% target	Finance/Ops leadership	3–5 days	Interim marker assessed against 25.5–26.5% realistic Q2 range
Confirm zero attrition among top 20 accounts, explicit sign-off on all 5 locked accounts remaining untouched	VP Sales	1 day, direct review	Written confirmation delivered to leadership
Present interim findings and go/no-go recommendation to leadership (3-person team)	Finance/Ops + VP Sales	1 day prep + 1 meeting	Leadership decision recorded on lighting's move to 24% and filters/fluids broader review

Assess Finance/Ops bandwidth strain from 90 days of reconciliation, reporting, and monitoring workload	VP Sales + Finance lead	1 day	Documented recommendation on whether biweekly cadence should replace weekly once system controls arrive
Prepare readiness assessment for NetSuite-based tier/discount automation once Q3 freeze lifts	Finance/Ops	2–3 days	Requirements document drafted for eventual system-enforced discount ceilings
Review full-quarter CRM competitor-note dataset (filters/fluids and lighting) to replace estimated competitor pricing with real data	VP Sales	1–2 days	Updated competitive benchmark memo produced, replacing Week 1 assumptions
Decide whether to proceed with lighting's move to 24% margin target in Q4	VP Sales + Finance	1 day	Decision logged, contingent on discount discipline holding through Day 90

Milestone marking end of 61–90 (end of engagement window): Documented realized-margin trajectory toward 27%, zero top-20 attrition, discount ceilings sustained without reversion, and a clear, leadership-approved handoff plan for Q3 system automation and any remaining category adjustments.

Across all three horizons, the sequencing logic is consistent: data and governance come before price changes; price changes are phased and reversible since no ERP change is involved; and every checkpoint is designed to catch erosion or churn signals within days or weeks, not at quarter-end — directly addressing the report's core finding that the prior pricing initiative failed from lack of monitoring, not from customer resistance.

Appendix: Methodology & Assumptions

This analysis was built entirely from client-provided intake data, structured through a standard distributor pricing methodology, and supplemented with external benchmark ranges where the intake did not supply a precise figure. Given the compressed sprint format, no independent primary research (customer interviews, direct competitor quote-shopping, or third-party market data purchase) was conducted — this section makes explicit where the resulting numbers are measured fact versus reasoned estimate, so the client can weigh confidence accordingly before acting on any single figure.

Methodology. The core analytical approach combined (1) a root-cause decomposition of the 22%-to-27% margin gap into discount governance, category mix, and competitive exposure components; (2) category-level unit economics modeled from the client's stated volumes, list prices, and unit costs; (3) a realized-price (pocket price) lens applied wherever list-price figures conflicted with stated discount behavior; (4) a three-tier account segmentation framework built from the client's own qualitative account-behavior descriptions rather than a formal RFM or CLV model, since transaction-level account data wasn't provided; and (5) a phased, reversible implementation design constrained explicitly by the NetSuite freeze and the top-5 contract locks. Financial impact estimates were built bottom-up from the client's stated revenue/volume splits, not from a top-down industry model, and should be treated as directional planning estimates rather than audited forecasts.

Labeled assumptions. The following figures or judgments were not present in the client intake and were estimated for the purposes of this analysis:

- **Industry margin benchmarks (24–32% blended; 18–25% commodity; 28–38% technical categories)** — triangulated from general aftermarket/heavy-duty distribution literature, not Northline- or Midwest-specific data.
- **Discount-band benchmark (60–70% of volume within 5–12% off list for well-governed distributors)** — a general B2B distribution governance norm, not a sourced statistic from a comparable company.
- **FleetPart Direct's implied margin (26–28%) at their undercut price** — calculated backward from Northline's own cost basis, assuming a similar cost structure; Northline has no direct visibility into FleetPart Direct's actual costs.
- **Fleet procurement weighting (60–70% price/TCO, 30–40% service for large accounts)** — drawn from general B2B fleet procurement literature, applied to Northline's large-fleet segment as a directional support point, not a Northline-specific survey finding.
- **Account tier population sizes** ("~60–80" Tier 2 accounts, "~15–20%" revenue share for Tier 3) — inferred from the 55%-of-revenue-to-top-20 ratio; actual account counts and per-tier revenue were not in intake and need to be confirmed once accounts are tagged (Action #5).
- **Typical price-increase erosion benchmark (20–40%)** used as a comparison point against Northline's 62.5% erosion — a general distribution-sector reference range, not a matched-company data point.
- **The reconciliation explanation for the 22% (stated) vs. 25.4% (calculated) margin gap** — offered as two plausible hypotheses (unallocated costs vs. list/realized price mismatch) rather than a confirmed finding, since order-level data wasn't available during this engagement.
- **Representative discount rate (15% midpoint)** used in illustrative recalculations — the intake gave a 12–18% range; 15% was chosen as a working midpoint, not a verified average.
- **Estimated dollar impact ranges for each lever** (e.g., $300–350K from Tier 3 tightening) — modeled from stated volumes and assumed discount-reduction magnitudes; actual results depend on the Week 1 reconciliation and will need recalibration once real realized-margin data is in hand.

Benchmark sources referenced. Ranges cited throughout draw on general aftermarket/heavy-duty parts distribution industry commentary (of the type published by organizations such as MEMA, the Auto Care Association, and market-research firms like Frost & Sullivan), alongside standard B2B distribution pricing and discount-governance norms commonly cited in commercial pricing practice. No paid, proprietary, or Northline-specific competitive intelligence subscription was used; all competitor pricing figures (FleetPart Direct's 8–10% undercut, Ironclad's SLA positioning) come directly from client intake, not independent verification.

Confidence Notes. Three areas of this report are meaningfully thinner than the rest and would benefit most from additional client input before final sign-off. First, the **filters/fluids competitive response** rests on a single client-estimated discount range (8–10%) with no confirmed competitor price point — this is the highest-stakes, lowest-confidence recommendation in the report given the $310K churn precedent, and should be revisited once the CRM competitor-price field (Action #4) produces real data. Second, the **account tier sizing and revenue splits for Tier 2 and Tier 3** are inferred, not counted — the client should treat Action #5 (tier tagging) as urgent, since several dollar-impact estimates depend on these proportions being roughly correct. Third, the **brake-kit elasticity assumption** leans heavily on one won account ($95K) and one lost account (in a different category) as evidence that brakes can absorb a price increase; this is a thin evidentiary base for a $115–160K estimate, and the phased rollout (2% now, 2% later) is designed specifically to compensate for that thinness rather than resolve it outright. Finally, the **17% lighting margin's "no named competitor pressure" finding** is an absence of evidence, not confirmed evidence of absence — Week 1's AM check-in (Action #3) is a lightweight validation step, not a rigorous market study, and should be treated as a fast gut-check rather than proof.