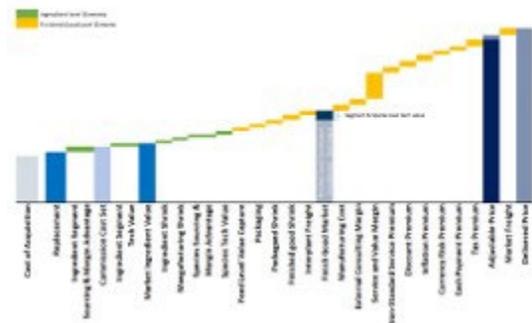


The Power of Price Builds in Agriculture

Because agriculture firms make money by capturing value in sourcing, the most successful firms are the ones that know every part of their sourcing chain, maximizing the value within each component. To understand the value of each component of the sourcing chain, firms often create price builds to get a true understanding of not just the cost to produce goods, but also to determine where each product's margin comes from.

The initial challenge lies in gathering the data – not just the costs within each component of your sourcing chain but also data regarding your competition, and even your customers. Competition can have input costs, operational efficiencies, and transport networks that all could differ in meaningful ways from your business and need to be evaluated. Different customers will have varying levels of willingness to pay based on several factors, including the availability of substitute products, brand loyalty, and order quantity. Without segmenting your customers and knowing your competition, you won't know which areas of the price build can be tweaked most easily during sales negotiations to secure a deal.

One rule that is non-negotiable: you must create a strategic level of transparency among your teams to create a fully realized price build. A good price build connects operations, finance, manufacturing, and more. Teams that prioritize withholding information are leaving money on the table and the price build's potential will go unmet.



Price builds can be as detailed as you want, and the number of components can change over time as your initiative matures

Once the price build is created, your organization must have someone ultimately responsible –and given the appropriate authority – for maintaining the price build and updating it as new information becomes available. Some firms choose to keep this functionality within their sales teams since salespeople typically set prices, but others choose to build a separate pricing team (often directly reporting to the CFO) to balance the incentives of the sourcing and sales teams against strategic goals. Where the pricing function is built is less important than communicating to the rest of the firm the criticality of their work and the need to collaborate.

Surava can be your trusted advisor to ensure your price build initiative is successful. We have the expertise and tools to not just identify your opportunities, but to work with your team to turn those opportunities into reality. [Contact us today](#) to learn more about how Surava can boost your firm's revenues and create a dynamic pricing culture that is built to last.