

## CUSTOMER AND PRODUCT PROFITABILITY SOLUTION

*Customer and Product Profitability Solution increases profit margins and leads to a higher ROI by identifying profitability and potential projected growth of customers & prospects; enhancing strategies to target profitable customers, leveraging information to enhance negotiations and protect margins against loss making customers.*

The team at Sempre Analytics, are working in Partnership with Action KPI, a North American Management consultancy firm, to implement their Customer and Product Profitability solution to our UK clients.

### **Business Problems Solved:**

- Which customers and prospects should the sales team focus on?
- Reduce sales effort on low margin (non-strategic) customers
- Drop loss making customers – instant increase in profitability

### **The benefit is increased profit margins and higher EBITDA**

- Enhance decision making for go-to-market strategy
- Allocate resources, prioritise and rank accounts helping to maximise sales time and lead to increased customer margins.
- Management can make better decisions around pricing, product mix and other policies by using what if scenarios and instantly seeing the impact to the bottom line.

**Sempre Analytics** is a business intelligence and performance management consultancy based in London.

**Action KPI** is a North American Management Consultancy firm, specialising in Performance Management and Analytics.

## CAN YOU ANSWER THE FOLLOWING QUESTIONS?

- Which customers should we serve?
- Which customers are the most profitable, and most important to us?
- Do we have customers that aren't profitable?
- How do we make our customers more profitable?
- Which prospects should we target to grow our business?
- Who are the prospects in each of our regions that we should be trying to win?
- Which prospects will behave like our most profitable customers?
- Who are the top / bottom 50 profitable customers and why?
- What are the key drivers of profitability for different groups of customers?
- How should we prioritise our sales and service teams' time based on the profitability of customers and estimated profitability of prospects?
- What percent of the total market profitability is our company capturing (instead of market share)?
- What is the impact to the bottom line if we change our discounts and rebates policies?
- What is the level of profitability is contributed by each Sales Executives based on their customers?

The Customer and Product Profitability solution will enable to you answer these questions and make better business decisions.

### Solution Functions:

- **Tailored P&L Statement** by customer, prospect, region and line of business
- Ability to **report on your Most and Least profitable customers**
- Ability to **define and rank customers on their profitability** and growth opportunity based on their customer profile (i.e. region, customer size, business line, & product mix)
- **Combines** up-to-date information from **multiple data sources** from different platforms (e.g. Salesforce, Oracle, SQL, etc.)
- High level informative **dashboards** with the **ability to drill** down to the lowest level of detail
- **What if Analysis** - change assumptions to view impact on profitability
- **Two-way integration with CRM Systems** (i.e. Salesforce)

### Benefits Realised:

- **Within the first two weeks** of using the solution one of our North American clients saved \$40k on one customer.
- **Divert sales effort to profitable customers and reduce time spent with low margin customers.** By incorporating customer profitability analysis into account planning activities, organisations become more focused on driving profitability.
- **Establish better pricing and cost control for customers to maximise margins.** Review Customer Profit and Loss Statements collectively with all Departments (Pricing, Logistics, Supply Chain, Sales & Marketing, Quality Control & Finance) to ensure customers are priced accordingly, discount policies adhered to, costs and customer charges are effectively managed and payment terms are enforced.
- **Greater accountability across the supply chain.** Manage costs at a deeper level.

### Competitive Advantage:

1. **Maximise profitability from your existing customers:** What If scenario planning around changing policies, product mix and pricing.
2. **Protect your profit margins:** Develop policies to reduce or eliminate the burden of loss making customers
3. **Enhance your go-to-market strategy:** Incorporate market information to project market size, identify share of wallet for existing customers and prospects and target profitable market segments
4. **Integration with CRM System (Salesforce):** Sales staff have access to key customer information leading to better customer negotiations
5. **Prioritise and Rank customers and prospects:** based on the specific market and company/user defined criteria

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