

 CASE STUDY

B2B BOOK DISTRIBUTOR REVERSES PROFIT DECLINE

13% INCREASE IN EBITDA
5% LIFT IN REVENUE

Key Points:

A leading distributor missed its profit target during its peak season despite having a higher deal count. Pressure had been mounting on its sales organization as a competitor was grabbing share. The sales team further grew volume during its peak period using incentives in a bid for customers.

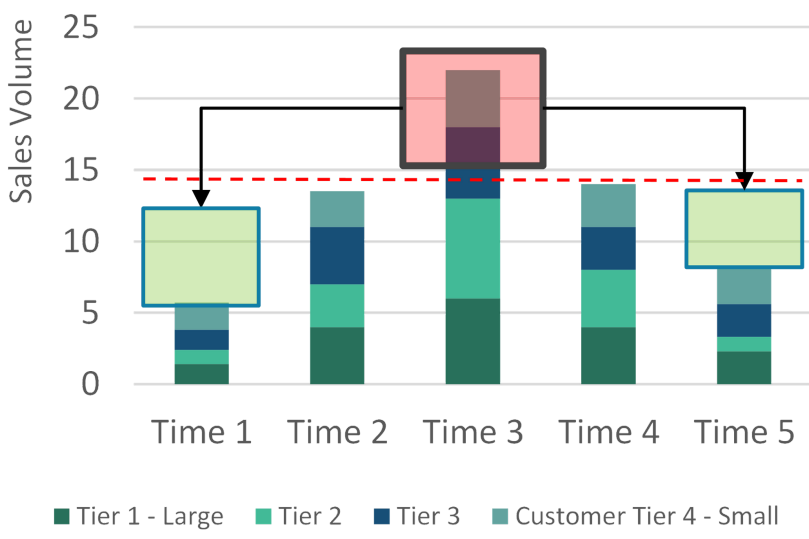
As a result, many of its distribution centers increased use of expensive transportation outsourcing and warehouse labor overtime which contributed to higher costs. This higher peak demand also created a need for more inventory on hand and more equipment to process orders, thereby tying up more working capital.

GOALS

1. Identify where and why demand was unprofitable or marginally less profitable
2. Shift how unprofitable customer demand was served (timing, method)
3. Grow revenue and improve the customer experience in a competitive market



ACHIEVEMENTS



- Simulated the result of shifting unprofitable peak volumes to off-peak periods in select markets
- Automated triggered alerts to commercial teams on select accounts to adjust product sizes and booking windows integrated into Salesforce workflows
- BI dashboards related commercial activity to operational efficiencies, powered by a unified cost to serve model

Figure 1 - Shifting Unprofitable Peak Volumes to Off-Peak

KEY RESULTS



In over a decade, I haven't had a better season - I was a skeptic given revenue risk but we setup a system to improve margin while balancing the customer experience, and it worked, with surprising favorability to the top line
SVP of Sales



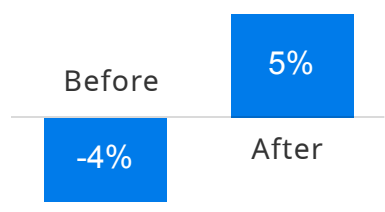
1300 **BPS**
Net margin

by reducing use of transportation outsourcers and warehouse overtime;

Knock-on effect of improved working capital from reduced inventory requirements



Reversed Revenue Decline



improved customer satisfaction from top accounts, in part attributed to less constrained operations



Outsourced Transport Spend Drop

