

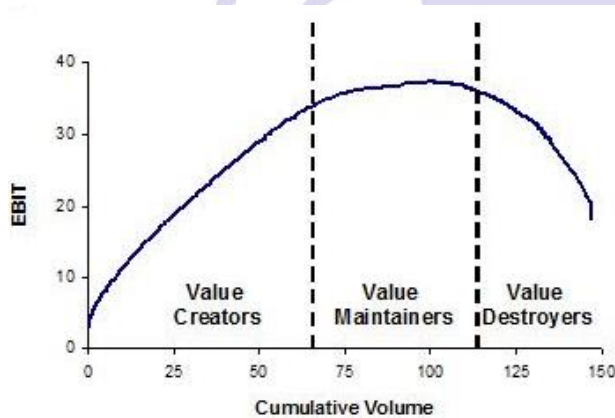
Revenue & Margin Enhancement

“Achieving your full profit potential requires a deep understanding of your product and customer profitability drivers. Exploiting this knowledge can increase profits 5-20% or more.”

Is your sales staff always asking for price discounts? Do you wonder if you left value on the table when you land a contract? We believe that product and service pricing is too often a taboo subject. This doesn't have to be the case. Simple analysis of your customer and product / service profitability can open your eyes to value and unlock a new source of profit.

Across industries, we typically see the same cumulative customer profitability curve with three customer types:

Figure 1 – Cumulative Customer Profits



- Value Creators: customers who contribute significant profits,
- Value Maintainers: customers who are marginal or breakeven profitable,
- Value Destroyers: customers that contribute negative returns. We see from 5-50% of profits destruction.

To tap this value, companies need only to develop in house capabilities to analyze and better understand their profitability drivers. We suggest a structured, five step process:

- What To Sell: Understand the product profitability drivers and the optimal product mix to maximize profits. Develop pricing and service strategies to move towards an optimal mix.
- Who To Sell To: Evaluate customer product mix, discounts, and special requirements that erode profits. Identify attractive customer segments for further penetration
- How Much To Sell For: Develop a strategy for all components of the pocket price waterfall to reinforce product and customer strategies
- How to Sell: Realign sales force incentives, measures and tools to support the increased focus on profitability
- How to Increase Value: Develop a detailed customer value map to identify areas to create further differentiated value

This approach has delivered profit increases of 5-20% for our clients.

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Lion & Stutz is dedicated to assisting companies to achieve their full potential through practical solutions. Our size ensures that experienced consultants are personally involved on a daily basis.

