

Business Challenge

One of the top 10 national consumer goods retailers and distributors began looking for opportunities to increase profits within their existing customer base. Leveraging transactional and behavior data, the organization found that the biggest opportunities to increase the bottom line appeared in the local customer base rather than their national customer base. Local customers force very competitive vendor negotiations especially with the particular products that drive their business. As a result, senior management worked out a strategic initiative to evaluate all sales representative pricing policies on a customer by customer basis. However, the business issue became how management could objectively evaluate sales representatives who knew more about their products and customers than they did. They also needed to determine how this effort could be deployed to a distributed sales organization with different technology configurations. The solution required an analytical application that supported standardized pricing, sales, and commission reporting.

As with many large organizations, this company had grown extensively through acquisition over the past decade. This had created significant issues throughout their 82 divisions. These issues included non-standard systems, heterogeneous commission structures, nonstandard pricing strategies and processes, and data quality problems. Data quality was identified as the most important component of user acceptance as the sales force had the intimate knowledge of their customers, sales revenue and volume. To compound the issue of complex business rules and calculations, the volume of data required to complete the calculations was overwhelming. Technically, deploying the same tool and regular updates to a distributed sales force with all types of laptop configurations became a major concern. The technical design had to scale to meet all these demands without any additional investment in software or hardware.

Business Solution

Objective comparisons of sales representatives can be a very difficult and time consuming process. AmberLeaf created a sales reporting application that included benchmark analysis of both customers and individual peer sales reps to compare an individual's pricing patterns against the divisional averages. Based on the size of the customer and the volatility of the pricing of the particular products, risk variables were derived to rank the likelihood of losing a customer to a competitor based on pricing changes. Taking all of these factors into consideration, a custom analysis for each sales rep was deployed so managers could review pricing by individual customer and product. The application highlighted the best opportunities, areas where customers could be lost, and ways to increase overall commissions.

Sales Management worked directly with the sales force to determine which pricing recommendations to accept based on direct knowledge of the customer, account, or marketplace that may not be reflected in the data. After accepting the pricing changes in the tool, additional commission dollars based on historical ordering patterns calculated the amount of gross commission dollars a sales rep could expect by accepting the pricing suggestions. Finally, a printed report was created for each rep that reflected the agreed upon pricing changes for specific customers and products. Other reports helped sales management track the success on new pricing plans. Based on early successes, the first phases of the project were estimated to drive \$150M of additional profit in the first year.

To further enhance adoption of the tool, AmberLeaf worked with the organization to optimize the data processing and calculation engine so the sales force could receive up to date numbers. Distribution of the reports and analyses used familiar tools like e-mail and Excel so as to decrease any learning curve of the system.