

Open for Innovation

KNIME

Welcome to:

**P&L simulation to better manage
profitability across customers
and products**

Starting to stream at:

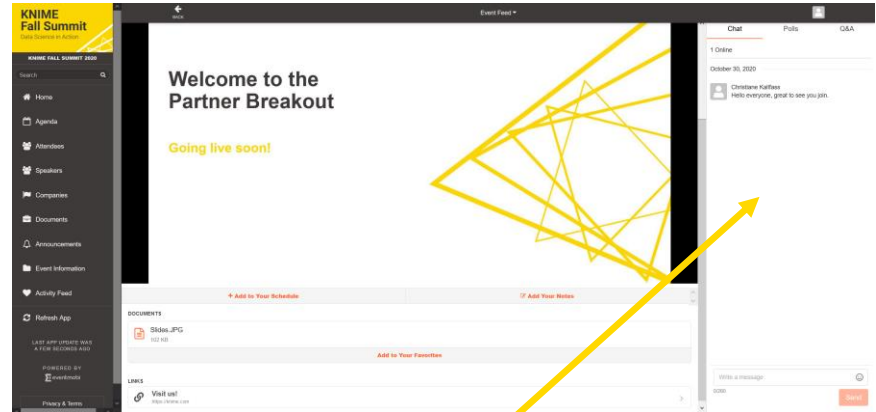
Chicago	12:50 PM
San Francisco	10:50 AM
New York	1:50 PM
Berlin	7:50 PM



Housekeeping

- Post in the chat where you are dialing and discuss with other attendees
- Take part in Polls
- Questions? Post them in the Q&A

Questions will be answered after the presentation.





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About Clarkston

LEADING
MANAGEMENT
AND
TECHNOLOGY
CONSULTING
FIRM

Headquarters in Research
Triangle Park, NC, with offices
across the U.S.

Focused on the life
sciences, consumer
products, and
retail industries

SERVING
GLOBAL
COMPANIES
SINCE 1991

PARTNERSHIP
MODEL,
ORGANICALLY
GROWN, AND
PRIVATELY HELD

Success measured by
client and employee
satisfaction

KEY MEASURES OF
CLARKSTON'S
SUCCESS:

97%

20-YEAR AVERAGE
CLIENT SATISFACTION
RATING

70%

REPEAT
CLIENTS AND
REFERRALS

87%

NET
PROMOTER
SCORE

AS MEASURED
BY:

THE CONFERENCE BOARD



CLIENT OPINIONS[®]

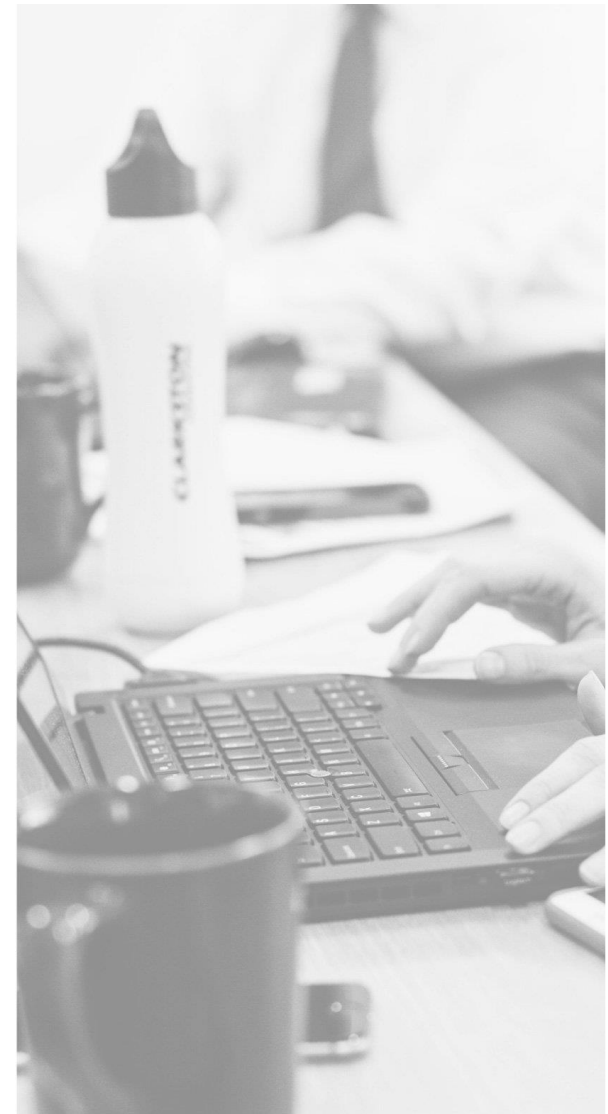
Agenda

THE BREAKOUT SESSION WILL WALK THROUGH A COUPLE USE CASES AND TOUCH ON THEMES OF:

1 Why / what should we be doing for more analytical customer/product profitability?

2 How can we get there?

- Diagnosing
- Evaluating
- Simulating
- Optimizing



Analytics Maturity Benchmark

POLL QUESTION #1

Where is your company today in analytics maturity?

- A: Just getting started
- B: Pockets of analytics but not widespread
- C: Organization-wide success stories
- D: Established for automation & optimization

Analytics Maturity Benchmark

POLL QUESTION #2

Is growth in analytics a priority for your organization right now?

Yes/No

Analytics Maturity Benchmark

POLL QUESTION #3

Do you rely on “out of the box” solutions for most of your analytics or do it yourself?

- A: Insights come from tools
- B: I explore and share insights myself
- C: Both

Analytics Maturity Benchmark

POLL QUESTION #4

What type of analysis are you doing outside of function-specific software?

Building Blocks of Analytics Maturity



DIAGNOSING



EVALUATING



SIMULATING



OPTIMIZING

Building Blocks of Analytics Maturity



DIAGNOSING

What are examples of activities at the “diagnosing” level?

- Purchasing point of sale data
- Recognizing when data is ‘bad’, incomplete, or not aligned with expectations like incremental volume occurring in in-store data without promotional activity
- Exploring helpful analyses like measuring lift, monitoring retailer adherence to promotional plans, comparing promotional effectiveness across customers and products
- Understanding range of possibilities that can be done with results like plugging data into TPM system, re-evaluating promotional plans by customer, evaluating promotional effectiveness

Building Blocks of Analytics Maturity



DIAGNOSING



EVALUATING

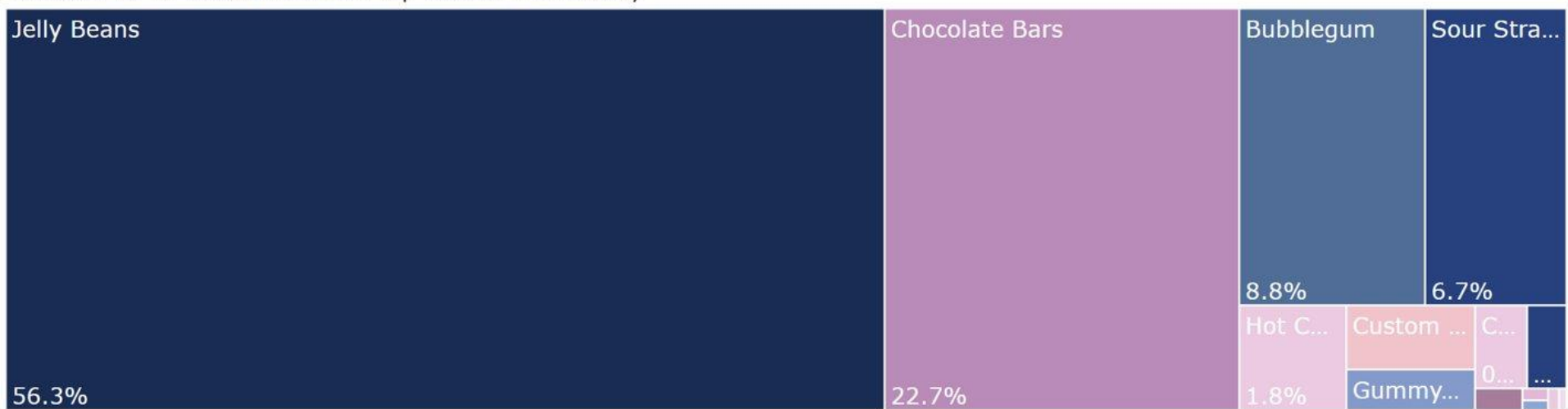


SIMULATING

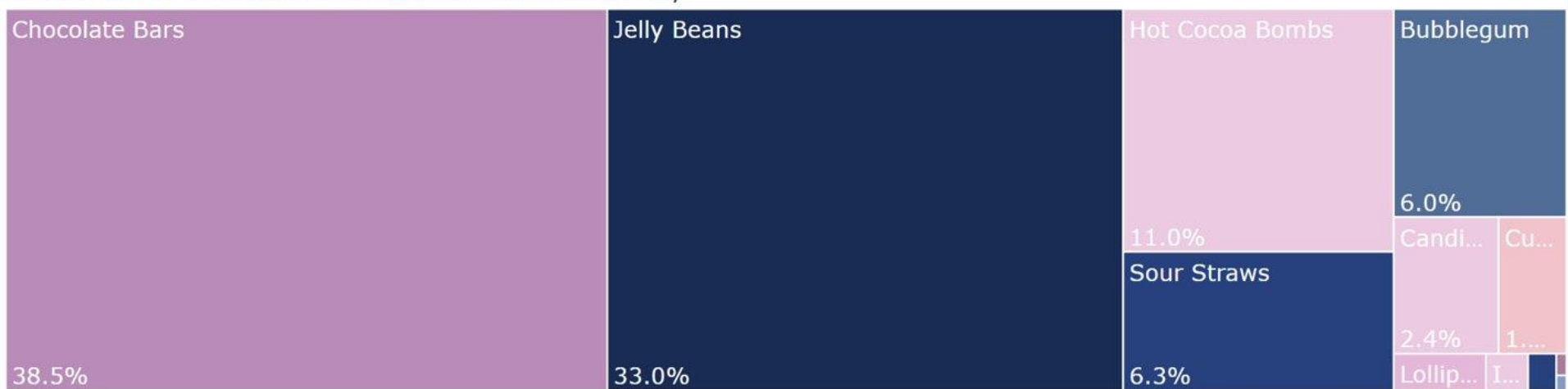


OPTIMIZING

Product Mix for Customers with Top Overall Profitability

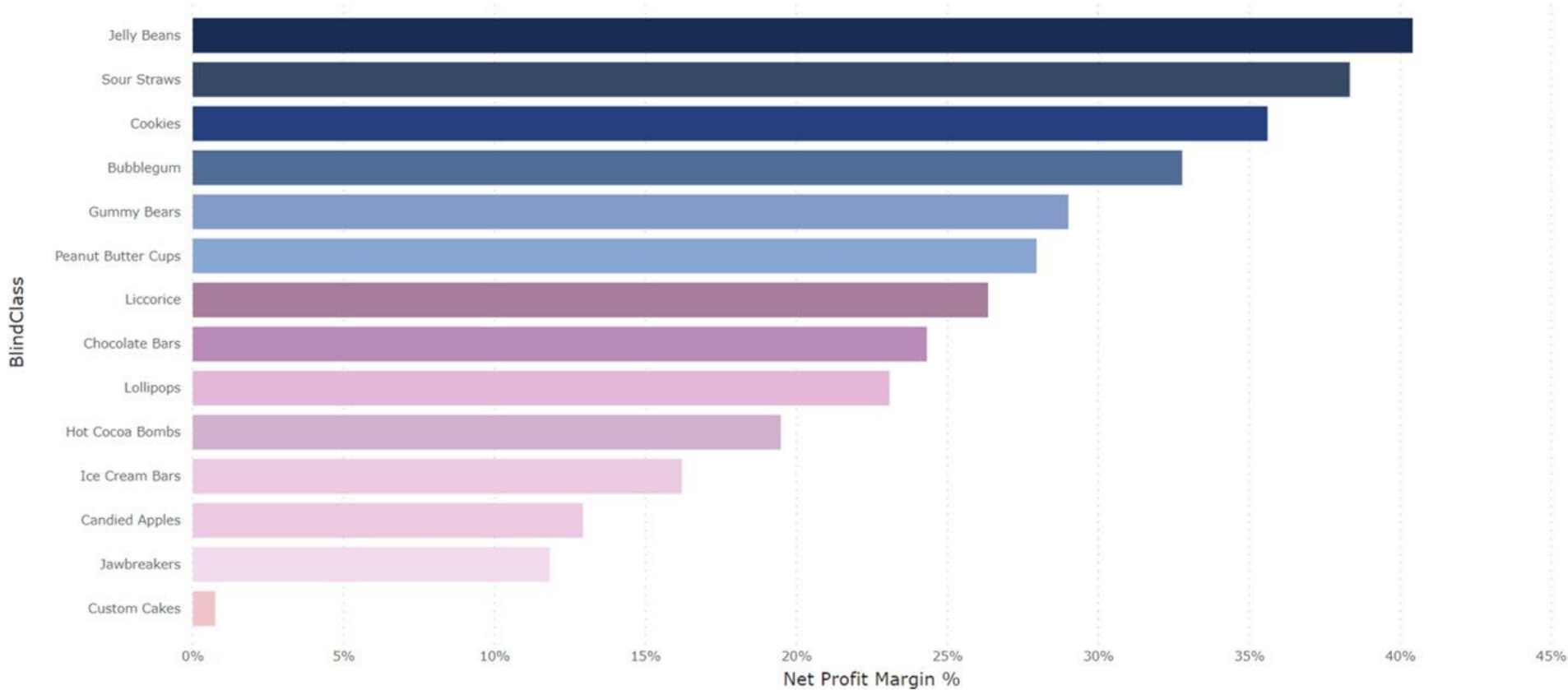


Product Mix for Customers with Lowest Overall Profitability



Slide on profitability of each item

Net Profit Margin % by Product Class



Building Blocks of Analytics Maturity



DIAGNOSING



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SIMULATING



OPTIMIZING

How can I get to a X% profit margin on this customer?

What will a 5% increase in trade do to profit margin across these customers?

How much can I affect profit margin if I reduce damages by 10%?

Simulate Future P&L by Customer and Product to Optimize Spend, Margin, or Revenue

Gross Sales	\$120,000
Cases Sold	11,000
Term/Cash Discounts	\$(2000)
Returns & Other Deductions	--
<i>Damages</i>	--
<i>Deductions - Other</i>	--
<i>Gross Returns</i>	--
Trade	\$(3,000)
Distribution Allowance / Slotting	--
Net Sales	\$115,000
Cost At Standard	\$(60,000)
Interplant Expense	\$(1,500)
Delivery Expense	\$(2,500)
Brokerage	\$(2000)
Shopper Marketing	--
Net Product Margin	\$49,000
Net Product Margin %	41%

PREDICT CASES SOLD

Using trade, slotting, customer and product data, and seasonality

PREDICT DELIVERY EXPENSE

Using cases sold by weight and volume, location and logistics information

PLUG INTO P&L

Identify projected revenue, costs, and margin for various scenarios

VISUALIZE OUTCOMES

Explore outcomes using score cards, segmentation, and visuals

TAKE ACTION

Execute on the optimal scenarios maximizing revenue or margin

Wireframe of our profitability approach

USER INTERFACE

Customer Profitability Simulator

Customer Name: SAFEWAY AUBURN

Product Class: CHOCOLATE BARS

Month-Year: May 2020

Damages: 0

Returns: 1000

Other Deductions: 0

Trade: 2000

Distribution Allowance: 0

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SAFEWAY	CHOCOLATE BARS	MAY 2020
Profit & Loss		
P&L		Amount
Predicted Cases Sold		5243.0
Gross Sales		\$53,011.74
Terms Discount		-\$1,060.23
Damages		\$0.00
Gross Returns		-\$1,000.00
Other Deductions		\$0.00
Trade		-\$2,000.00
Distribution Allowance		\$0.00
Net Sales		\$48,951.50
Cost at Standard		-\$24,862.21
Delivery Expense		-\$555.63
Interplant Expense		-\$4,841.86
Brokerage		-\$1,060.23
Net Profit		\$17,831.56
Net Profit %		33.64%



Predict Cases Sold
by customer, SKU, month



Predict Delivery Expense
by customer, SKU, month



Combine results into P&L

Send to Power BI

[Download P&L](#)



Customer Name: INGLES MARKETS

Product Class: CHOCOLATE BARS

Month-Year: May 2020

Damages: 0

Returns: 0

Other Deductions: 0

Trade: 2000

Distribution Allowance: 0

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Profit & Loss	
Predicted Cases Sold	11,242
Gross Sales	\$119,339.83
Terms Discount	(\$2,386.80)
Damages	\$0
Gross Returns	\$0
Other Deductions	\$0
Trade	(\$2000.00)
Slotting Fees	\$0
Net Sales	\$114,953.04
Cost	(\$59,498.41)
Delivery Expense	(\$2,346.20)
Other expenses	(\$2,386.80)
Net Profit	\$49,194.93
Net Profit %	41%

Customer Name: INGLES MARKETS

Product Class: CHOCOLATE BARS

Month-Year: May 2020

Damages: 0

Returns: 0

Other Deductions: 0

Trade: 5000

Distribution Allowance: 0

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Profit & Loss	
Predicted Cases Sold	14,349
Gross Sales	\$157,307.11
Terms Discount	(\$3,146.14)
Damages	\$0
Gross Returns	\$0
Other Deductions	\$0
Trade	(\$5000.00)
Slotting Fees	\$0
Net Sales	\$149,160.97
Cost	(\$79,666.72)
Delivery Expense	(\$3,122.71)
Other expenses	(\$5,183.46)
Net Profit	\$61,188.08
Net Profit %	39%

Building Blocks of Analytics Maturity



DIAGNOSING



EVALUATING



SIMULATING



OPTIMIZING

Scenario Planning helps hit KPIs and maximize revenue, volume, or margin

Which customer will benefit the most from a trade spend increase?

How much money do I need to invest (and where) to hit my revenue target in Q3?

What do my trade dollars need to be next quarter to maximize net profit?

How optimization assists change management

A SIMULATOR TOOL GIVES WAY TO A QUICK WIN

Adoption of the tool at the analyst level and executive buy-in through the project process builds organization adoption in analytics

INSIGHTS TO ACTION

Value is only created when action is taken – a quick win with an actionable result is crucial to change management for the project and the future

BRIDGING OF SKILLS

A simulator only leads to optimization when SME knowledge is incorporated – this symbiosis demonstrates analytics would not remove an analyst's experience, but enhance their ability to uncover insights

Questions?

