

# 2020 - New Decade New Strategies



WayPoint  
analytics™

# 2020 Q1 Executive Brief

- state of the market
- what's next?
- return of *efficiency*
- new strategies
- analytics to support them



# The Market in 2020

- fundamentals from the past
- election uncertainty & result
- opportunity to retire debt
- build for the future
- this decade is what we make it



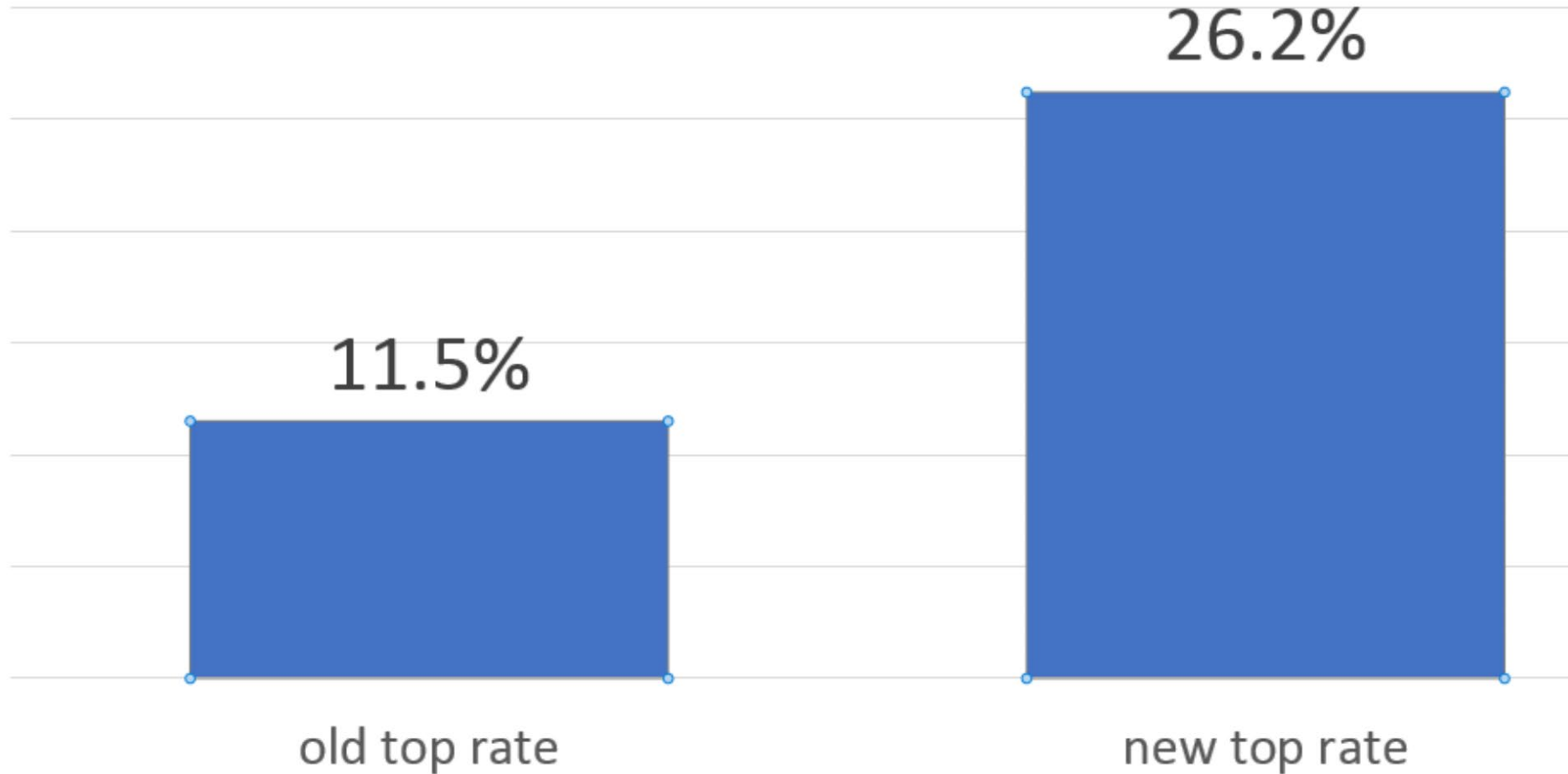
# Areas for New Focus

- operational efficiency
- customer relationship efficiency
- intelligent pricing
- heighten customer experience
- be analysis-driven



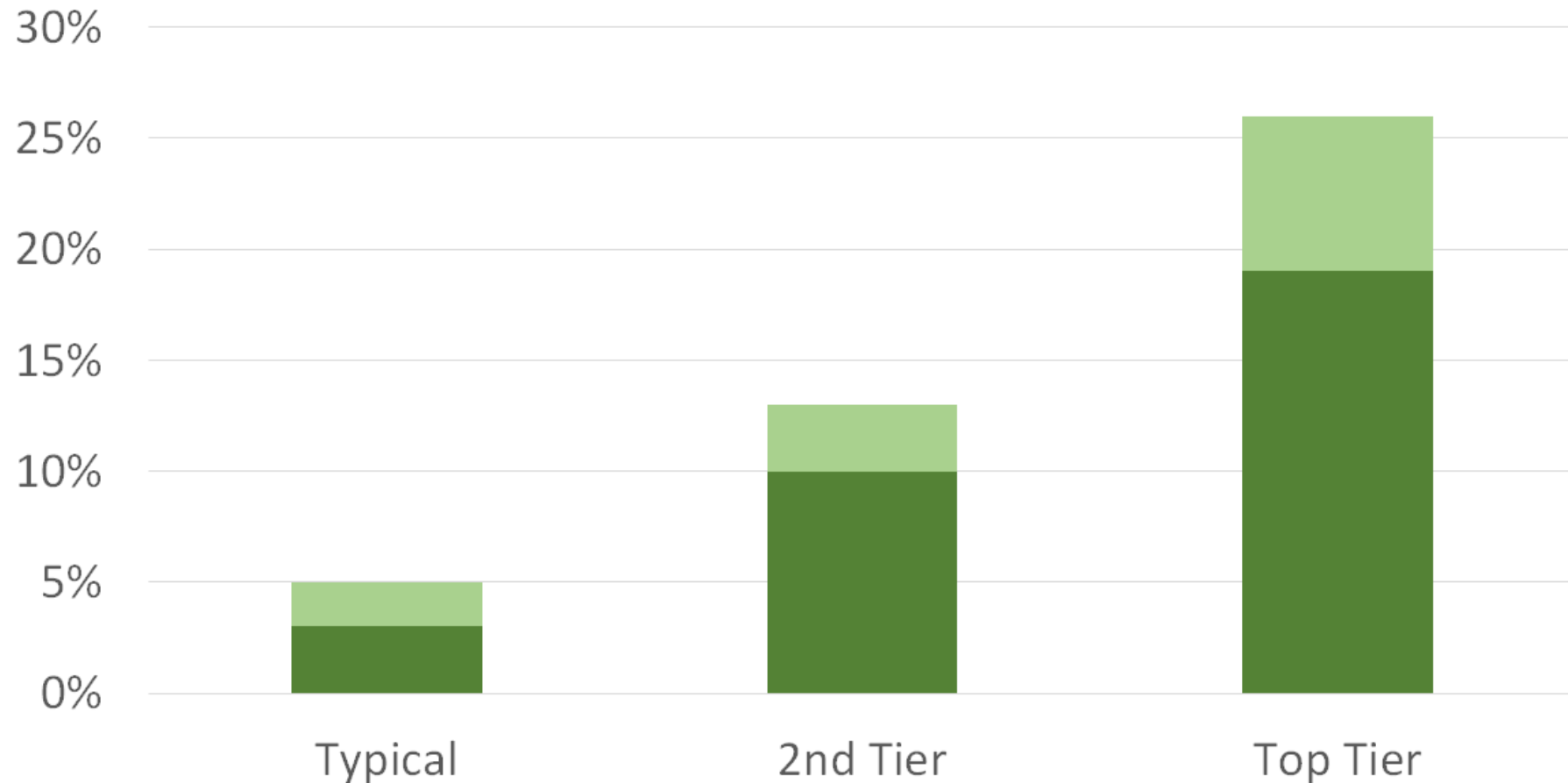
# Surprising New Industry Metrics

## Top Profit Rates



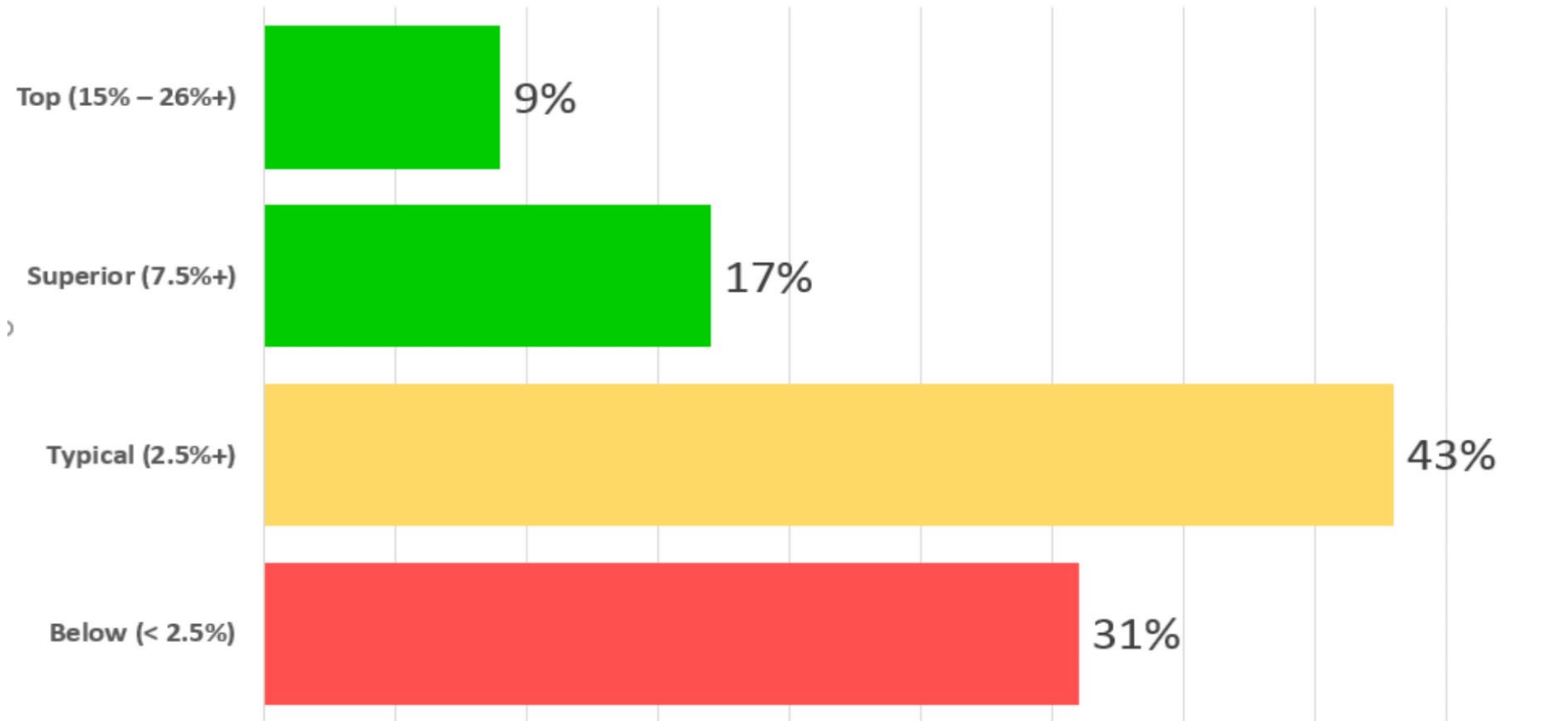
# Surprising New Industry Metrics

## Annual Profit Rate



# Profit-Rate Stratification

Profit Performance (% of companies)



# Attributes of Super-Performers

- really good at moving product
- restrict location count
- utilize transport options
- future sales model
- analytics – driven

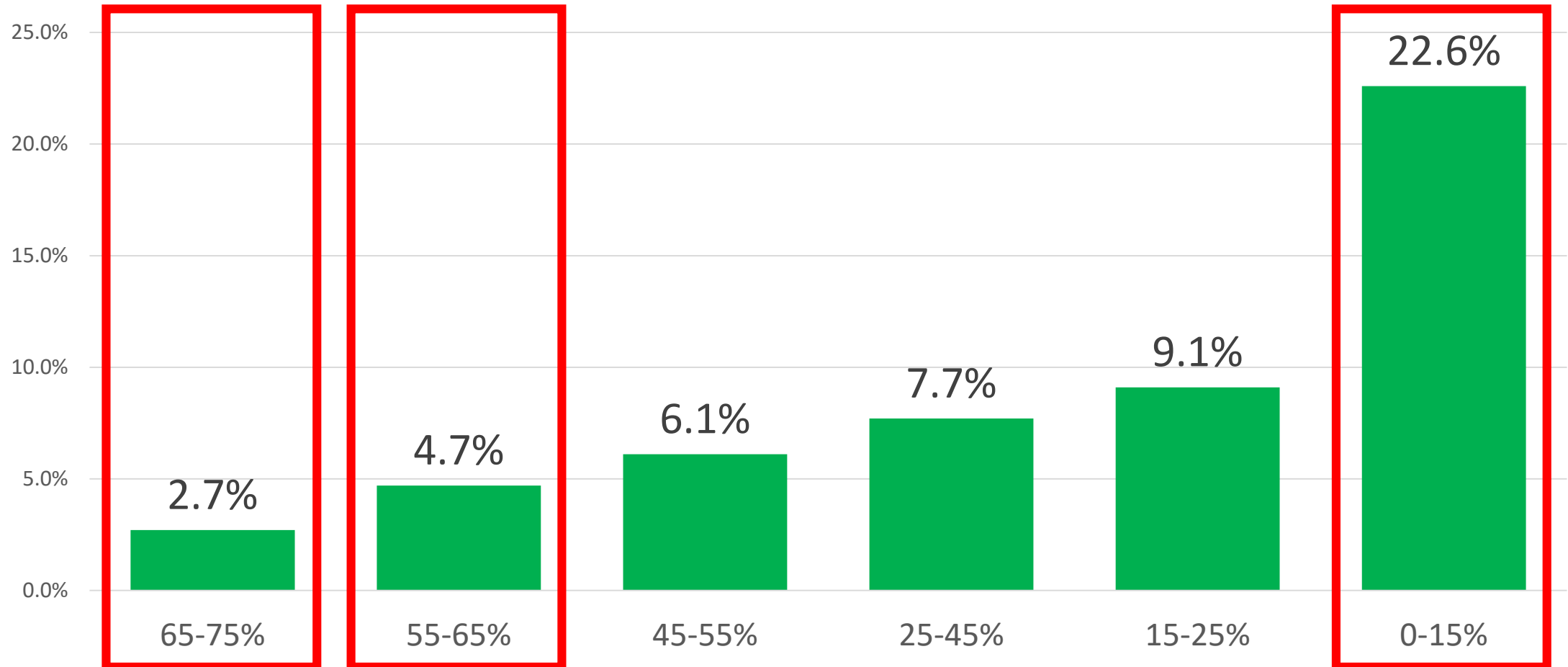




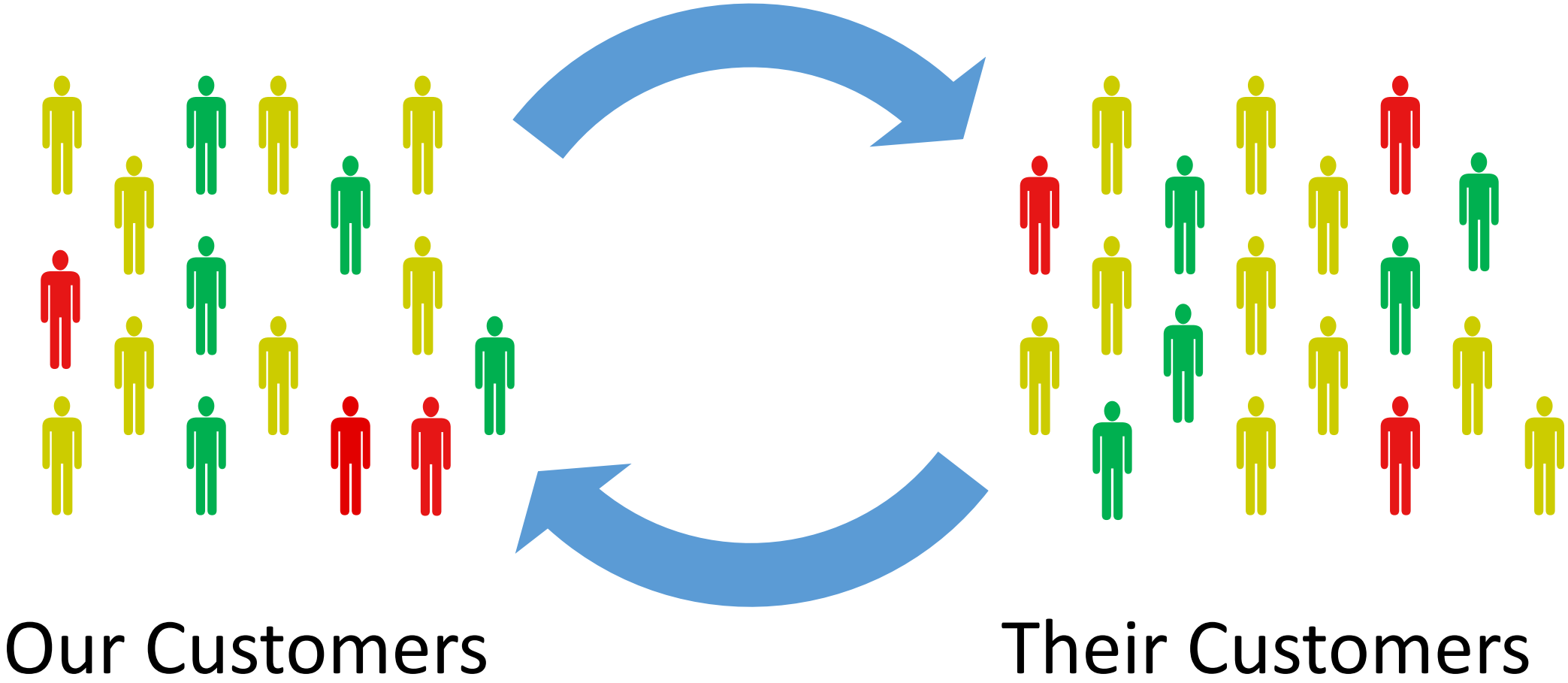
# Productivity – OpCash:Expense

P & L Metrics (Op Cash : Exp Ratio)						
	Auto Parts	Food Svc	Printing	House	Other	All Customer Types
Op Cash	1.00:1	1.00:1	1.00:1	1.00:1	1.00:1	1.00:1
Selling Exp	8.97:1	9.74:1	6.32:1	5.18:1	4.70:1	7.29:1
Order Entry Exp	34.98:1	34.53:1	31.69:1	20.79:1	15.17:1	32.45:1
Whse Exp	10.76:1	3.75:1	9.56:1	4.19:1	1.67:1	6.26:1
Delivery Exp	11.10:1	9.66:1	9.01:1	4.37:1	3.21:1	9.15:1
Warranty						
G & A + Other	4.80:1	4.78:1	4.03:1	2.86:1	2.18:1	4.26:1
Operating Exp	1.88:1	1.41:1	1.53:1	0.94:1	0.61:1	1.49:1
NBC	2.13:1	3.46:1	2.89:1	(17.07):1	(1.55):1	3.05:1
Sales Comp	3.66:1	4.55:1	3.71:1	3.36:1	3.93:1	3.94:1
Cost-to-Serve	1.24:1	1.07:1	1.08:1	0.74:1	0.53:1	1.08:1
Net Profit	5.12:1	14.52:1	12.96:1	(2.81):1	(1.11):1	13.42:1

# Money-Losing Invoices vs Profit Rate



# Trading Customers



# Profit-Value Segmentation

- group customers by:
  - cash-flow production
  - relationship efficiency
  - profit rate
- homogeneity within groups, so works for almost all accounts
- drives sales programs & activities



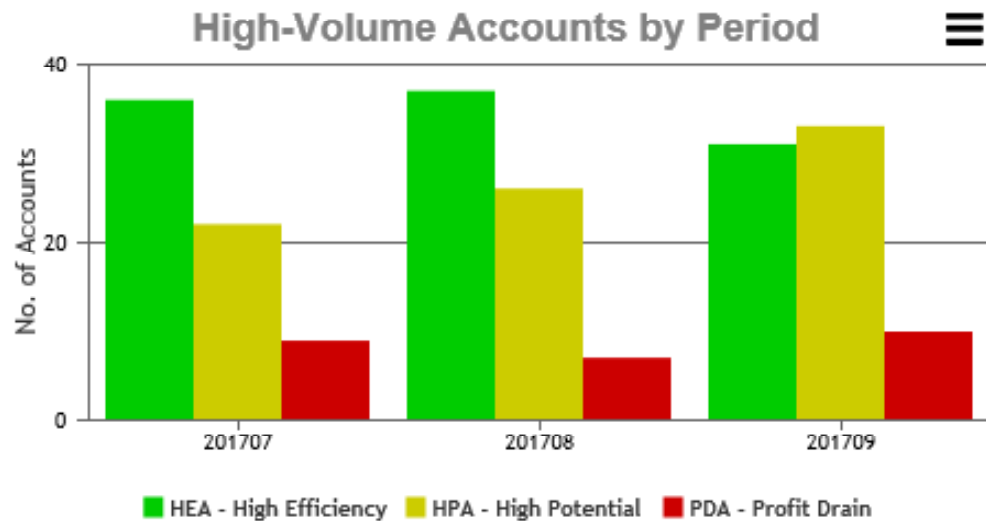
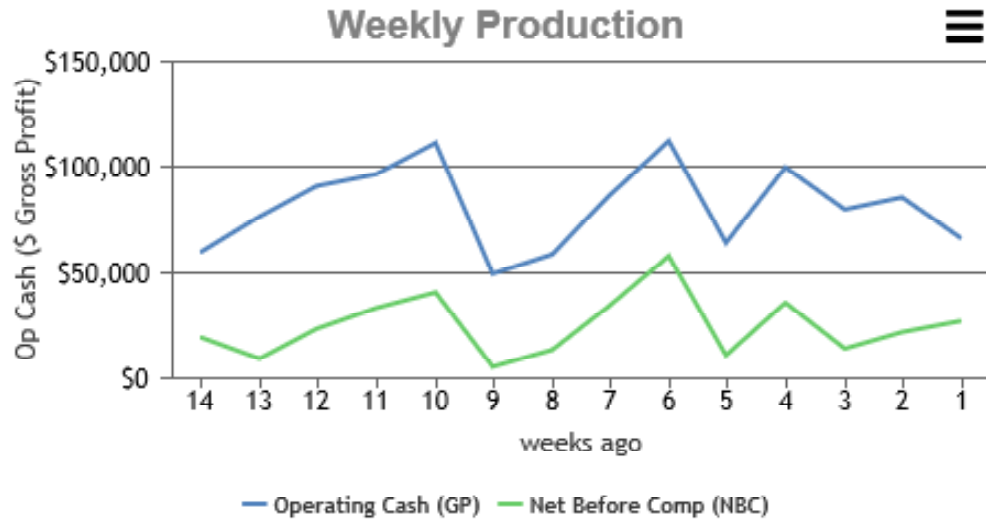
# Customer Segmentation

Customer Segments												
Type	Customers		Revenue		Gross Profit		Expenses		NBC		Invoices	
HEA	66	8.3%	11,713,824	57.4%	2,377,066	52.7%	732,277	23.1%	1,644,789	122.7%	4,543	32.9%
HPA	40	5.0%	3,868,628	19.0%	1,076,504	23.9%	716,587	22.6%	359,917	26.8%	3,236	23.5%
PDA	28	3.5%	2,297,183	11.3%	517,183	11.5%	867,756	27.4%	(350,574)	(26.2%)	2,419	17.5%
Reg+	258	32.4%	1,299,615	6.4%	341,766	7.6%	152,685	4.8%	189,082	14.1%	1,168	8.5%
Reg-	404	50.8%	1,223,730	6.0%	198,329	4.4%	700,949	22.1%	(502,620)	(37.5%)	2,423	17.6%
Total	796	100.0%	20,402,979	100.0%	4,510,848	100.0%	3,170,253	100.0%	1,340,595	100.0%	13,789	100.0%
HLA	45	5.7%	5,101,206	25.0%	1,485,678	32.9%	408,342	12.9%	1,077,336	80.4%	2,289	16.6%

# Profit-Value Segmentation

Customer	High-Volume Accounts													
	Rev		GP	/inv	Exp		NBC		Type		Invoices		NBC	
	\$	\$	%		\$	%	\$	%			Total	Losing	realiz	lost
Statoil Marketing & Trading...	798,084	272,791	34.2%	798	76,184	9.5%	196,606	24.6%	HEA	HLA	342	17.0%	93.1%	(14,663)
Presbyterian Ltc-1 Inc	491,438	139,407	28.4%	989	32,887	6.7%	106,519	21.7%	HEA	HLA	141	24.1%	94.6%	(6,030)
I Party Retail Store	1,040,680	146,317	14.1%	536	49,703	4.8%	96,614	9.3%	HEA	---	273	15.4%	74.6%	(32,859)
Parker Seal Group	541,949	122,882	22.7%	650	39,447	7.3%	83,436	15.4%	HEA	HLA	189	43.9%	87.7%	(11,749)
12th Street Associates LP	871,521	133,120	15.3%	571	51,549	5.9%	81,571	9.4%	HEA	---	233	34.3%	72.6%	(30,826)
Ohio Machinery Co	481,422	110,812	23.0%	656	34,463	7.2%	76,349	15.9%	HEA	HLA	169	37.3%	85.0%	(13,448)
Carland Industries Inc	217,813	81,254	37.3%	883	12,979	6.0%	68,275	31.3%	HEA	HLA	92	12.0%	95.6%	(3,174)
Private Indstry Cncl of Phila	263,417	82,287	31.2%	623	27,991	10.6%	54,296	20.6%	HEA	HLA	132	69.7%	73.0%	(20,117)
Raytheon Company	173,887	59,544	34.2%	1,452	5,478	3.2%	54,066	31.1%	HEA	HLA	41	17.1%	86.2%	(8,671)
Caliber Learning Network, Inc	155,790	61,635	39.6%	1,081	8,409	5.4%	53,226	34.2%	HEA	HLA	57	7.0%	98.5%	(785)
Uniland Partnership of Del LP	410,926	69,875	17.0%	907	16,948	4.1%	52,927	12.9%	HEA	---	77	15.6%	80.2%	(13,038)
Liberty Mutual Insurance Co	328,113	73,644	22.4%	498	25,866	7.9%	47,778	14.6%	HEA	HLA	148	26.4%	43.6%	(61,683)
Locke Insulators Inc	140,353	54,389	38.8%	892	8,969	6.4%	45,421	32.4%	HEA	HLA	61	16.4%	96.7%	(1,566)
Cadema Corporation	215,808	53,474	24.8%	1,138	12,487	5.8%	40,987	19.0%	HEA	HLA	47	10.6%	96.1%	(1,647)
Kilian Mfg Co	179,609	51,289	28.6%	564	14,321	8.0%	36,968	20.6%	HEA	HLA	91	19.8%	95.7%	(1,665)
Alstom Signaling Inc	332,988	47,040	14.1%	2,240	11,695	3.5%	35,345	10.6%	HEA	---	21	9.5%	99.7%	(89)

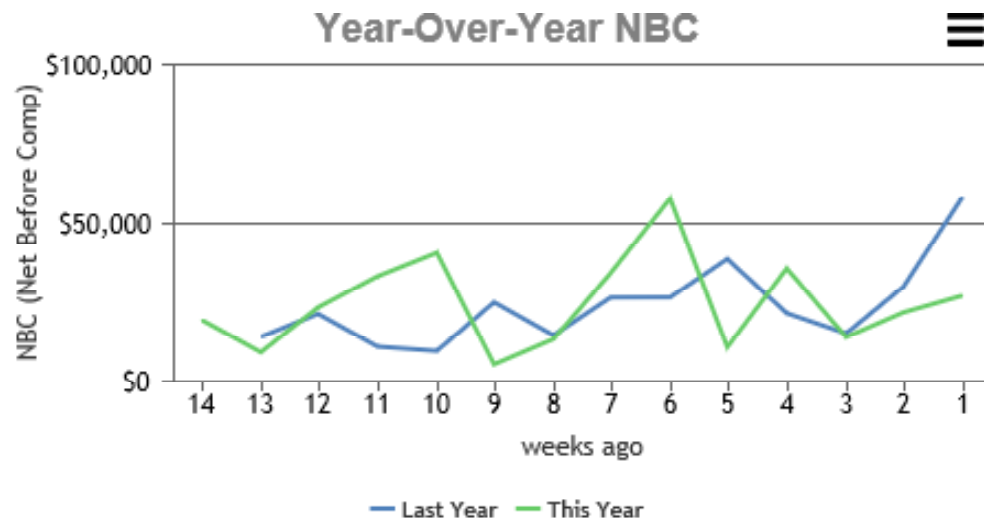
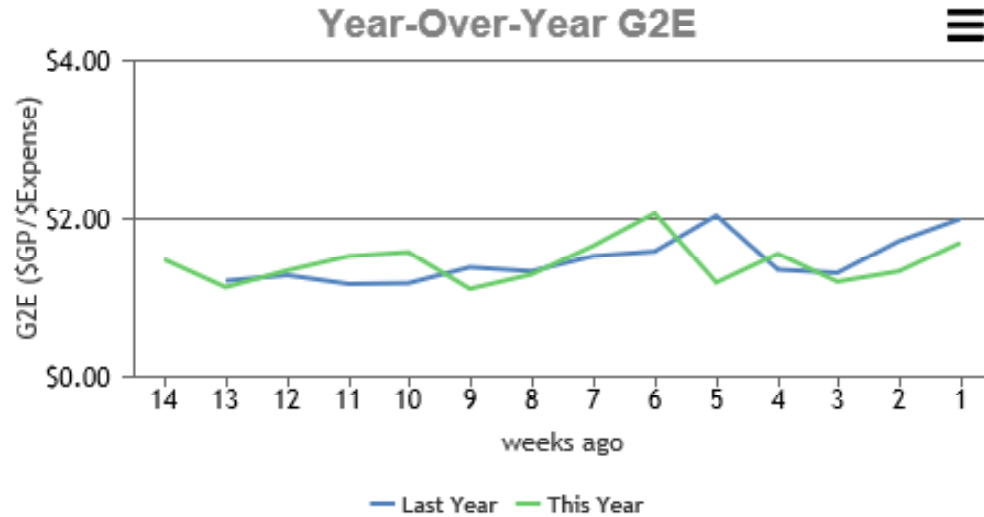
# Sales Dashboard



Efficiency Opportunities	Margin	Losing/Making	Unrealized
Royco International Inc	11.1%		14,019
Charles Ritter Inc	42.9%		11,830
Bonitz Brothers Inc	43.1%		9,016
Private Indstry Cncl of Phila	30.9%		7,732
First American Equity Ln Svcs	14.2%		7,339
Speedimpex U S A Inc	12.6%		6,887
## Misc Sales ##	34.2%		6,412
## Counter Sales ## - Staff	16.7%		5,924
Stokes Merrill Inc	21.5%		5,784
Transamerica Holdings LLC	39.2%		5,365
Noveon International, Inc	41.7%		5,347
12th Street Associates LP	15.8%		5,238

Sales-Focus Customers	Sales	GM%	\$GP	\$NBC
Columbia Communications Corp	96,887	16.0%	15,547	13,276
Netrex Holdings LLC	7,315	94.4%	6,906	6,591
Justice Resource Institute	14,089	48.1%	6,778	6,267
Alstom Signaling Inc	72,659	13.3%	9,671	8,087
Q-Panel Lab Products Corp	39,700	21.9%	8,684	7,790
Raytheon Company	37,398	36.9%	13,790	11,465
Connoisseurs Products Corporation	12,399	24.8%	3,070	2,838
Day & Zimmermann Incorporated	6,156	49.8%	3,063	2,708
Cadema Corporation	37,919	23.1%	8,756	7,647
George Campbell Painting	18,070	13.3%	2,409	2,065
Uniland Partnership of Del LP	133,977	16.0%	21,419	18,296
Locke Insulators Inc	33,774	38.9%	13,136	11,300

# Sales Dashboard















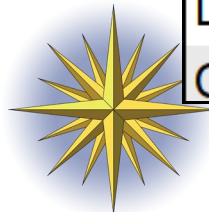
Model Customers	Sales	GM%	Inv	G2E
Netrex Holdings LLC	7,315	94.4%	3	21.92
Justice Resource Institute	14,089	48.1%	3	13.27
Connoisseurs Products Corporation	12,399	24.8%	2	13.23
Schaller Manufacturing Corp	23,596	32.1%	8	9.80
Q-Panel Lab Products Corp	39,700	21.9%	4	9.71
Day & Zimmermann Incorporated	6,156	49.8%	2	8.61
Cadema Corporation	37,919	23.1%	6	7.90
Uniland Partnership of Del LP	133,977	16.0%	19	7.81
Kilian Mfg Co	36,535	29.6%	22	7.27
Schick Technologies, Inc	31,936	18.0%	11	7.17
Locke Insulators Inc	33,774	38.9%	13	7.16
George Campbell Painting	18,070	13.3%	2	6.99

Money-Losing Customers	GM%	\$GP	\$Exp	Loss	G2E
Charles Ritter Inc	42.9%	16,220	27,769	(11,549)	0.58
Bonitz Brothers Inc	43.1%	3,553	11,768	(8,215)	0.30
First American Equity Ln S...	14.2%	6,688	13,160	(6,473)	0.51
## Misc Sales ##	34.2%	3,293	9,566	(6,273)	0.34
Noveon International, Inc	41.7%	3,806	9,014	(5,208)	0.42
Stokes Merrill Inc	21.5%	13,949	18,950	(5,001)	0.74
Royco International Inc	11.1%	9,673	14,278	(4,605)	0.68
Lakewest Group Ltd	24.0%	3,078	7,517	(4,439)	0.41
Transamerica Holdings LLC	39.2%	4,118	8,241	(4,124)	0.50
Millennium Bostonian Hotel	14.1%	7,396	10,275	(2,879)	0.72
Palomar Medical Technolo...	11.5%	3,049	5,899	(2,850)	0.52
Crown Central Petroleum...	35.0%	3,868	5,659	(1,791)	0.68



# Money-Losing Invoices

Efficiency Opportunities	Margin	Losing Making	Unrealized
Royco International Inc	14.2%		64,635
Bonitz Brothers Inc	39.1%		35,305
First American Equity Ln Svcs	18.1%		25,897
12th Street Associates LP	15.2%		24,089
Westover Companies	22.7%		18,001
Stokes Merrill Inc	23.2%		16,907
Spartan Steel Co	11.4%		14,655
I Party Retail Store	13.9%		13,996
David Penske Chevrolet Inc	25.4%		13,880
Bjr Associates Inc	17.8%		13,442
Dynamics Research Corporation	16.8%		12,662
Choate Hall & Stewart	30.3%		12,657



# G2E – GP per Expense (ROE)

<b>Model Customers</b>	<b>Sales</b>	<b>GM%</b>	<b>Inv</b>	<b>G2E</b>
Columbia Communications Corp	228,145	15.6%	9	7.70
Uniland Partnership of Del LP	434,631	17.6%	75	4.24
Sealy Mattress Company Memphis	82,458	15.0%	12	4.12
Kilian Mfg Co	181,362	28.4%	91	3.58
Prestige Delivery Systems Inc	50,354	21.8%	19	3.42
Hyde Park Savings Bank	40,900	28.0%	24	3.37
Beverage Equipment Supply Inc	43,277	27.6%	15	3.10
Interdigital Communications Corporation	159,172	16.5%	11	2.99
I Party Retail Store	1,056,379	14.8%	273	2.94
Equitrans L P	183,507	21.6%	74	2.78
12th Street Associates LP	889,978	16.2%	233	2.58
Dynamics Research Corporation	332,287	18.4%	128	2.56

# G2E – GP per Expense (ROE)

Money-Losing Customers	GM%	\$GP	\$Exp	Loss	G2E
Bonitz Brothers Inc	39.1%	16,071	50,476	(34,404)	0.32
First American Equity Ln S...	18.1%	24,968	45,698	(20,730)	0.55
Spartan Steel Co	11.4%	13,269	27,282	(14,014)	0.49
William Penn Association	38.0%	15,117	25,302	(10,185)	0.60
Noveon International, Inc	35.2%	11,222	20,731	(9,510)	0.54
Lakewest Group Ltd	23.6%	15,560	23,778	(8,219)	0.65
The Rouse Company	27.5%	10,170	13,855	(3,685)	0.73
Comsat Corporation	21.8%	11,395	14,658	(3,263)	0.78
Mortex Fiber Corporation	22.7%	14,407	16,089	(1,682)	0.90
Premier Farnell	66.2%	9,513	10,807	(1,294)	0.88
Goodwin Procter & Hoar LP	22.1%	17,073	17,159	(86)	1.00

# Raising Customer Experience

- convenient, efficient order communication
- range of delivery options
- fast problem resolution (customer service)
- low (or no) interaction



# Provoking Thought (and Action)

- you can't price product
- internal efficiencies & profitable order threshold
- managing deltas
- credits and below-cost sales



# 2020 - Time for a New Approach

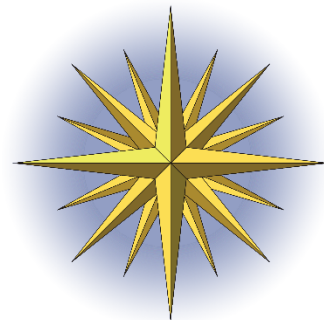
- return of *efficiency*
- market is stratifying by profit / cash flow
- delivering what customers want
- new sales model
- analytics:  
the haves and the have nots



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