

Transitioning to a High-Performance Company

Gateway to Profit and Market Leadership



WayPoint
analytics™

The nature of all companies:
maintain stasis.

The primary role of leadership:
effect change to break stasis.

Failure to effect change will result
in loss of profits, cash-flow
and market position.



How to Best Benefit

- leadership team participates in this session
- make notes on ideas that apply / need action
- individual team members develop change plans (let us help)
- enlist members / partners
- timeline for execution
- protect core | build on successes



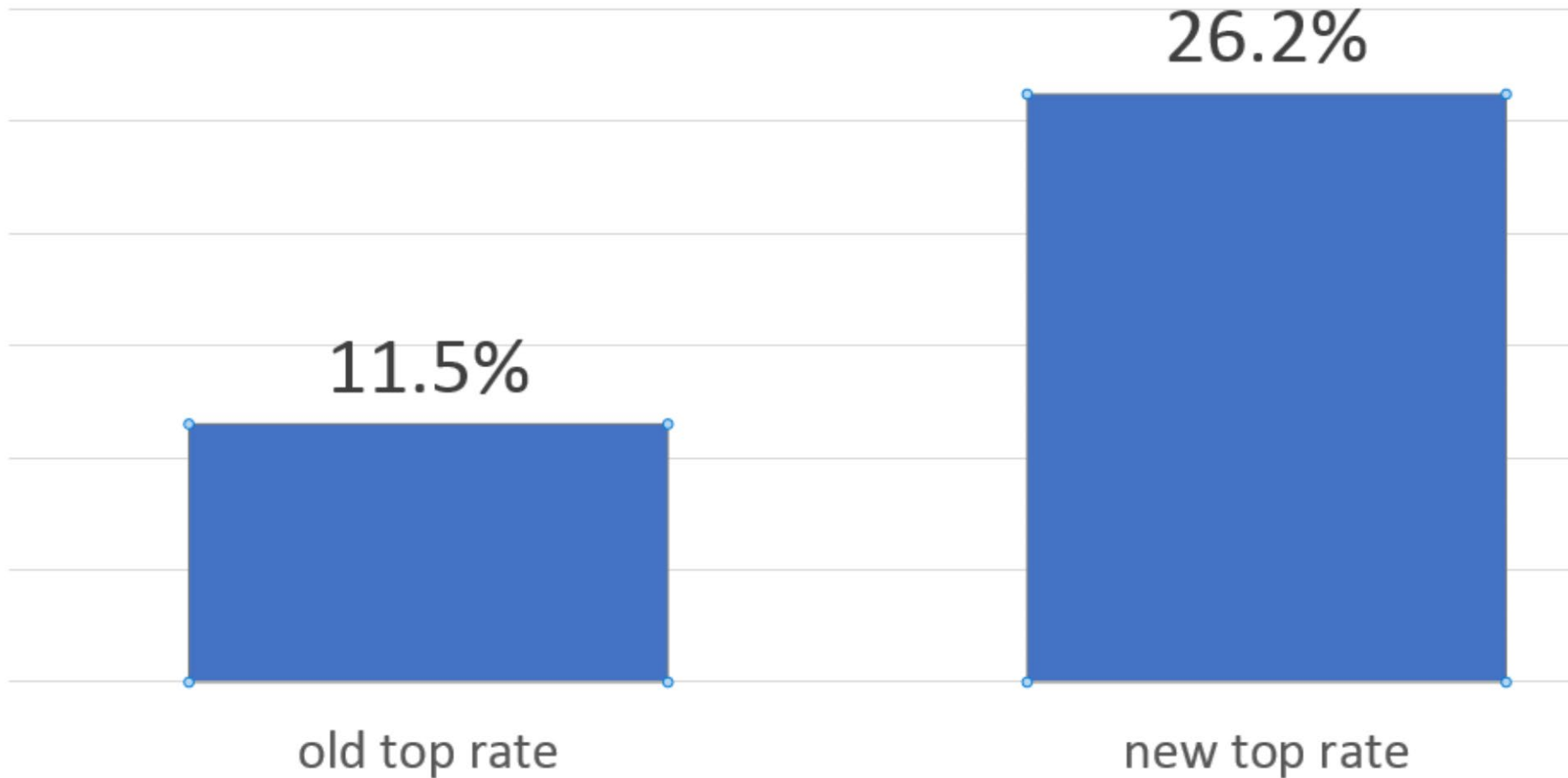
Session Outline

- Attributes of High-Performance Companies
- The Conversion Chain
- The Importance of Efficiency
- The Importance of Productivity
- Performance Analytics & Tools
- Concierge Customer Service

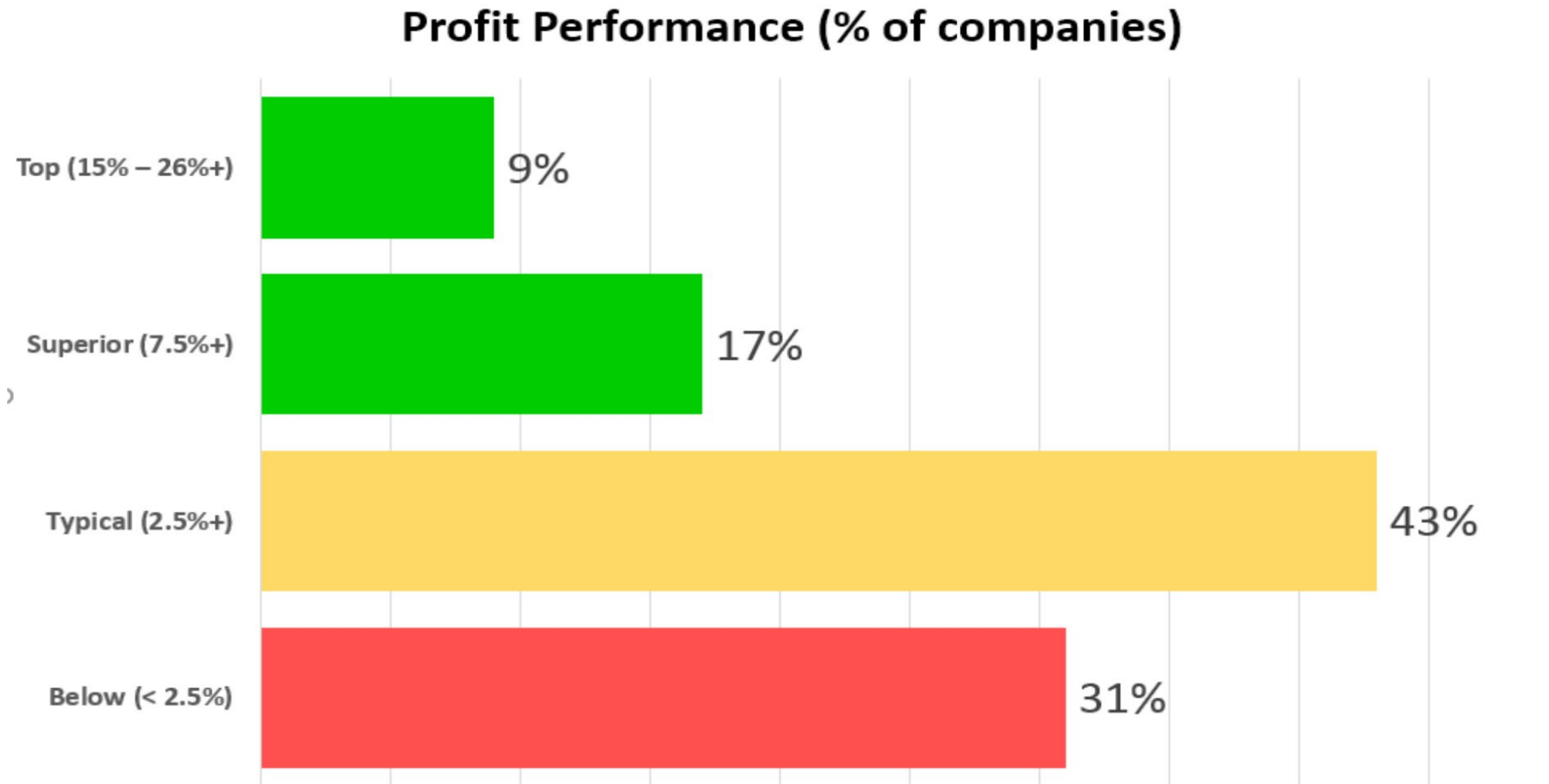


Surprising New Industry Metrics

Top Profit Rates



Profit-Rate Stratification



Attributes of Super-Performers

- Core Competence: moving product
- Restrict Locations: effective transport options
- Future Sales Model: specialization
- Customer Experience
- Analytics



The Conversion Chain

- converting inventory value into profit
- customer conversion efficiency
- your logistics chain
- optimize logistics productivity & efficiency



The Importance of Efficiency

- efficiency = op cash value / expense dollar
- measuring & improving efficiency metrics
- operational efficiency
- customer relationship efficiency
- improved customer experience
- enhanced customer relationships



The Importance of Productivity

- productivity = activity unit/ manpower hour
- drives manpower efficiency
- revise internal processes
- engage people at all levels
- incentives drive engagement



Performance Analytics & Tools

- customer profit-value segmentation
- MOQs - minimum order quantities
- credits & below cost sales
- vendor relationship metrics
- op cash ratios



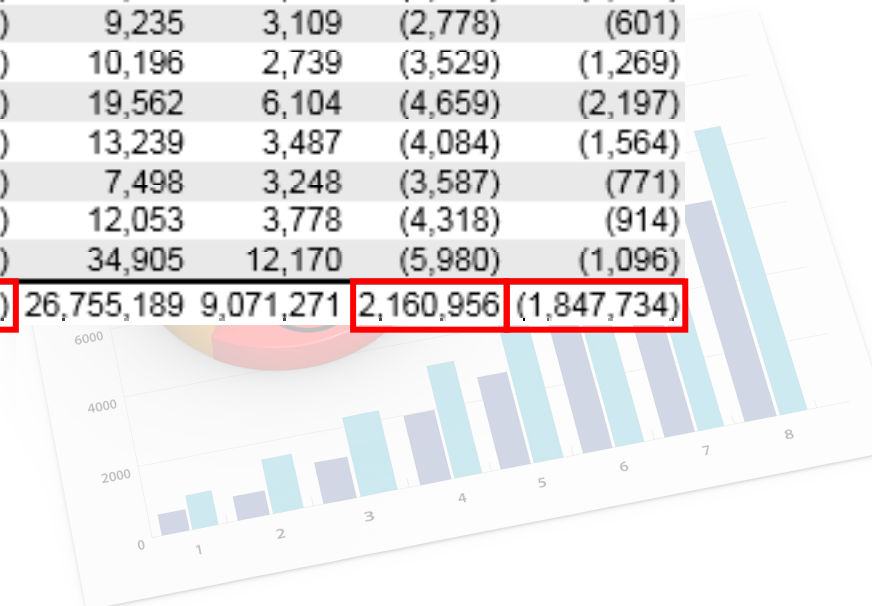
Customer Segmentation

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%	

	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
	skuUM	ttlQty	ttlRev	ttlGP	ttlExp	ttlNBC	lineRev	lineGP	lineExp	lineNBC	unitRev	unitGP	unitExp	unitNBC	GM	NBCrate	pickQty	pickTimes
325	EA	6	14	1	14	(13)	\$2.34	\$0.21	\$2.32	(\$2.11)	\$2.34	\$0.21	\$2.32	(\$2.11)	9.0%	(90.0%)	1	6
326	EA	4	9	1	3	(2)	\$4.64	\$0.30	\$1.53	(\$1.23)	\$2.32	\$0.15	\$0.77	(\$0.62)	6.5%	(26.5%)	2	2
327	EA	452	1,274	298	393	(96)	\$11.28	\$2.63	\$3.48	(\$0.85)	\$2.82	\$0.66	\$0.87	(\$0.21)	23.4%	(7.5%)	4	113
328	EA	32	85	18	15	3	\$21.30	\$4.62	\$3.86	\$0.76	\$2.66	\$0.58	\$0.48	\$0.10	21.7%	3.6%	8	4
329	EA	60	158	29	15	14	\$31.58	\$5.83	\$3.04	\$2.79	\$2.63	\$0.49	\$0.25	\$0.23	18.5%	8.8%	12	5
330	EA	72	190	32	11	21	\$94.76	\$16.16	\$5.44	\$10.72	\$2.63	\$0.45	\$0.15	\$0.30	17.0%	11.3%	36	2
331	EA	60	149	17	3	13	\$148.64	\$16.81	\$3.34	\$13.46	\$2.48	\$0.28	\$0.06	\$0.22	11.3%	9.1%	60	1
332	EA	62	171	34	24	9	\$171.12	\$33.81	\$24.48	\$9.33	\$2.76	\$0.55	\$0.39	\$0.15	19.8%	5.5%	62	1
333	EA	63	169	42	21	20	\$168.57	\$41.72	\$21.42	\$20.31	\$2.68	\$0.66	\$0.34	\$0.32	24.8%	12.0%	63	1
334	EA	144	410	92	14	78	\$410.10	\$92.43	\$14.10	\$78.33	\$2.85	\$0.64	\$0.10	\$0.54	22.5%	19.1%	144	1
335	EA	4	34	5	11	(6)	\$8.50	\$1.16	\$2.66	(\$1.50)	\$8.50	\$1.16	\$2.66	(\$1.50)	13.7%	(17.6%)	1	4
336	EA	422	3,711	613	751	(138)	\$17.59	\$2.91	\$3.56	(\$0.66)	\$8.79	\$1.45	\$1.78	(\$0.33)	16.5%	(3.7%)	2	211
337	EA	3	24	2	2	(0)	\$23.57	\$1.56	\$1.69	(\$0.13)	\$7.86	\$0.52	\$0.56	(\$0.04)	6.6%	(0.5%)	3	1
338	EA	232	2,061	346	240	106	\$35.53	\$5.96	\$4.13	\$1.83	\$8.88	\$1.49	\$1.03	\$0.46	16.8%	5.2%	4	58
339	EA	8	63	4	2	2	\$62.85	\$4.16	\$2.20	\$1.96	\$7.86	\$0.52	\$0.28	\$0.24	6.6%	3.1%	8	1
340	EA	13	102	7	3	4	\$102.13	\$6.76	\$2.72	\$4.04	\$7.86	\$0.52	\$0.21	\$0.31	6.6%	4.0%	13	1
341	EA	290	1,449	252	520	(268)	\$10.00	\$1.74	\$3.59	(\$1.85)	\$5.00	\$0.87	\$1.79	(\$0.92)	17.4%	(18.5%)	2	145
342	EA	1,048	5,238	934	916	18	\$19.99	\$3.56	\$3.50	\$0.07	\$5.00	\$0.89	\$0.87	\$0.02	17.8%	0.3%	4	262
343	EA	24	120	21	16	5	\$29.89	\$5.26	\$3.90	\$1.36	\$4.98	\$0.88	\$0.65	\$0.23	17.6%	4.5%	6	4
344	EA	476	4,395	793	795	(2)	\$18.47	\$3.33	\$3.34	(\$0.01)	\$9.23	\$1.67	\$1.67	(\$0.00)	18.0%	(0.0%)	2	238
345	EA	112	1,023	182	116	66	\$36.53	\$6.49	\$4.13	\$2.36	\$9.13	\$1.62	\$1.03	\$0.59	17.8%	6.5%	4	28
346	EA	6	52	6	4	2	\$52.18	\$6.43	\$4.00	\$2.43	\$8.70	\$1.07	\$0.67	\$0.41	12.3%	4.7%	6	1
347	EA	610	6,227	1,106	1,046	59	\$20.42	\$3.62	\$3.43	\$0.19	\$10.21	\$1.81	\$1.72	\$0.10	17.8%	1.0%	2	305
348	EA	240	2,445	429	253	176	\$40.75	\$7.14	\$4.21	\$2.93	\$10.19	\$1.79	\$1.05	\$0.73	17.5%	7.2%	4	60
349	EA	30	310	55	21	34	\$62.08	\$10.90	\$4.16	\$6.74	\$10.35	\$1.82	\$0.69	\$1.12	17.6%	10.9%	6	5
350	EA	542	3,488	615	1,014	(399)	\$12.87	\$2.27	\$3.74	(\$1.47)	\$6.44	\$1.14	\$1.87	(\$0.74)	17.6%	(11.4%)	2	271

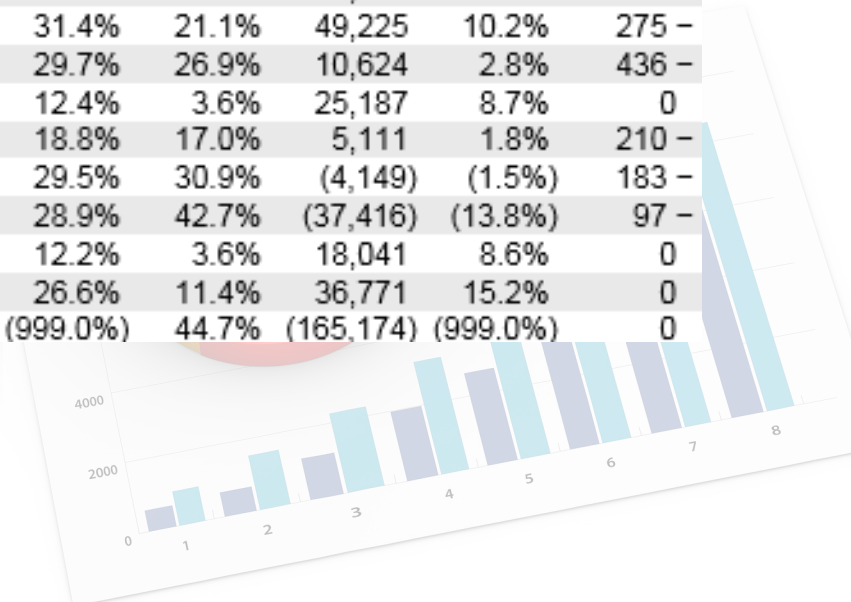
Credits & Below-Cost Sales

Credits / Below-Cost													
	Clean Sales			Returns			Below-Cost			All Invoices			NBC
	Rev \$	GP \$	NBC \$	Rev \$	GP \$	NBC \$	Rev \$	GP \$	NBC \$	Rev \$	GP \$	NBC \$	Delta \$
Com...	5,566	955	(1,630)	(193)	8	(43)	1,829	(174)	(1,377)	7,202	788	(3,050)	(1,420)
	14,119	3,286	(1,646)	(1,059)	(237)	(495)	159	(68)	(980)	13,218	2,982	(3,121)	(1,476)
	7,135	3,083	(1,648)	0	0	0	68	(12)	(354)	7,202	3,071	(2,059)	(410)
	9,427	3,946	(1,788)	0	0	0	0	0	0	9,427	3,946	(1,788)	0
stry	4,653	2,433	(1,789)	(20)	(10)	(127)	13	(5)	(129)	4,646	2,418	(2,956)	(1,168)
Q Acc...	4,532	615	(1,800)	0	0	0	0	0	0	4,532	615	(1,800)	0
is DD...	3,495	218	(1,973)	0	0	0	0	0	0	3,495	218	(1,973)	0
\$	12,841	4,987	(2,113)	(231)	(110)	(438)	93	(21)	(411)	12,703	4,855	(2,962)	(849)
ix-Facial	7,399	3,906	(2,145)	(22)	(11)	(249)	18	(5)	(132)	7,395	3,890	(3,188)	(1,043)
	9,040	3,147	(2,177)	0	0	0	195	(38)	(601)	9,235	3,109	(2,778)	(601)
	10,507	2,766	(2,260)	(546)	5	(301)	236	(32)	(644)	10,196	2,739	(3,529)	(1,269)
	20,436	6,448	(2,461)	(1,372)	(296)	(1,131)	498	(49)	(1,066)	19,562	6,104	(4,659)	(2,197)
	12,815	3,606	(2,520)	0	0	0	424	(119)	(1,564)	13,239	3,487	(4,084)	(1,564)
	7,612	3,326	(2,816)	(204)	(64)	(191)	90	(15)	(580)	7,498	3,248	(3,587)	(771)
DS	12,276	3,899	(3,403)	(280)	(92)	(271)	57	(29)	(406)	12,053	3,778	(4,318)	(914)
	35,148	12,360	(4,883)	(493)	(163)	(574)	250	(27)	(465)	34,905	12,170	(5,980)	(1,096)
Tals (Net)	27,457,810	9,874,002	4,008,690	(951,880)	(576,301)	(858,374)	249,260	(342,276)	(842,863)	26,755,189	9,071,271	2,160,956	(1,847,734)



Vendor Relationship Metrics

Vendor Relationship Metrics															
Vendor	Credits	Credit Rate	Cust Rebates	Rebate Rate	Inv CoGS	Vend Rebates	Rebate Rate (%CoGS)	Frgt In	Frgt In Rate	GP /Line	GM	Exp Rate	NBC	NBC Rate	Rebate Impact
Consortium	(23,093)	0.9%	(3,878)	(0.2%)	1,822,252	(55,557)	(3.0%)	70,335	3.9%	78	24.4%	19.9%	111,098	4.5%	51,679 +
o.	(21,188)	1.0%	(15,140)	(0.7%)	1,548,719	(39,505)	(2.6%)	10,396	0.7%	100	27.7%	22.6%	107,522	5.1%	24,364 +
industries	(34,822)	1.7%	(6,287)	(0.3%)	1,540,288	(39,744)	(2.6%)	43,705	2.8%	126	22.7%	12.8%	200,063	10.0%	33,457 +
oration	(13,671)	1.0%	(9,867)	(0.7%)	1,141,603	(23,067)	(2.0%)	6,736	0.6%	192	17.1%	10.4%	92,035	6.7%	13,200 +
	(19,150)	1.9%	(11)	(0.0%)	814,962	---	---	4,818	0.6%	407	17.3%	3.2%	140,002	14.1%	11 -
Inc	(25,898)	3.5%	(870)	(0.1%)	557,161	(8,874)	(1.6%)	4,441	0.8%	204	22.4%	16.5%	42,203	5.9%	8,004 +
	(2,518)	0.4%	(886)	(0.1%)	549,428	---	---	27,288	5.0%	132	18.4%	10.4%	56,506	8.0%	886 -
.and	(4,886)	0.8%	(602)	(0.1%)	422,663	---	---	19,803	4.7%	115	26.4%	16.5%	60,039	9.9%	602 -
	(31)	0.0%	(1,579)	(0.4%)	337,598	---	---	5,047	1.5%	200	20.4%	13.7%	29,015	6.7%	1,579 -
ublic Bank	(66,402)	14.1%	---	---	330,424	---	---	2,519	0.8%	1,473	16.8%	2.9%	55,986	13.9%	0
industries	(11,441)	2.3%	(275)	(0.1%)	326,294	---	---	2,177	0.7%	197	31.4%	21.1%	49,225	10.2%	275 -
batsu	(4,585)	1.2%	(436)	(0.1%)	256,862	---	---	10,629	4.1%	85	29.7%	26.9%	10,624	2.8%	436 -
c	---	---	---	---	250,333	---	---	1,427	0.6%	2,098	12.4%	3.6%	25,187	8.7%	0
ow	(4,466)	1.6%	(210)	(0.1%)	226,391	---	---	1,317	0.6%	180	18.8%	17.0%	5,111	1.8%	210 -
frican Airlines	(1,630)	0.6%	(183)	(0.1%)	196,057	---	---	4,314	2.2%	112	29.5%	30.9%	(4,149)	(1.5%)	183 -
opper	(902)	0.3%	(97)	(0.0%)	190,457	---	---	1,703	0.9%	83	28.9%	42.7%	(37,416)	(13.8%)	97 -
arpet Cleaners	---	---	---	---	183,106	---	---	1,044	0.6%	887	12.2%	3.6%	18,041	8.6%	0
pace Corporatio	(1,077)	0.4%	---	---	175,323	---	---	1,009	0.6%	318	26.6%	11.4%	36,771	15.2%	0
ines	(6,123)	39.1%	---	---	170,314	---	---	59	0.0%	(277)	(999.0%)	44.7%	(165,174)	(999.0%)	0



Op Cash Ratios

P & L Metrics (Op Cash : Exp Ratio)					
	FY 2017 Q1	FY 2017 Q2	FY 2017 Q3	FY 2017 Q4	FY 2017
Op Cash	1.00:1	1.00:1	1.00:1	1.00:1	1.00:1
Selling Exp	7.24:1	6.98:1	7.40:1	7.55:1	7.30:1
Order Entry Exp	32.68:1	31.31:1	32.51:1	33.07:1	32.44:1
Whse Exp	6.78:1	6.44:1	6.48:1	5.53:1	6.26:1
Delivery Exp	9.75:1	9.04:1	8.82:1	8.97:1	9.15:1
G & A + Other	2.97:1	2.78:1	2.90:1	3.01:1	2.92:1
Operating Exp	1.32:1	1.25:1	1.28:1	1.27:1	1.28:1
NBC	4.08:1	5.02:1	4.51:1	4.70:1	4.53:1
Sales Comp	7.75:1	9.60:1	9.25:1	9.56:1	8.93:1
Cost-to-Serve	1.13:1	1.10:1	1.13:1	1.12:1	1.12:1
Net Profit	8.64:1	10.55:1	8.80:1	9.23:1	9.20:1



Concierge Customer Service

- what makes you different? really...
- every company needs this capability
- limited customer group
- dedicated staff
- market the capability



Action Plan for High-Performance

- identify bright spots & challenges
- protect the core
- work on the biggest items
- simultaneous action (parallel)
- actual & sustainable change
- execute now

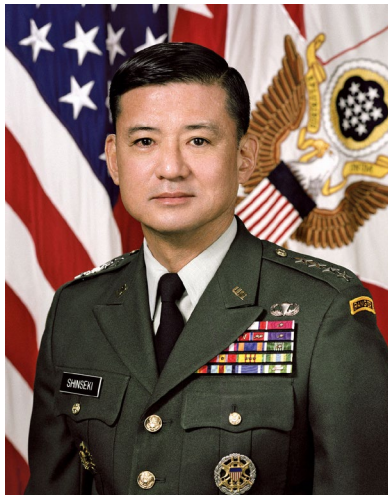


Attributes of Super-Performers

- Core Competence: moving product
- Restrict Locations: effective transport options
- Future Sales Model: specialization
- Customer Experience
- Analytics



“If you dislike change, you're going to dislike irrelevance even more.”



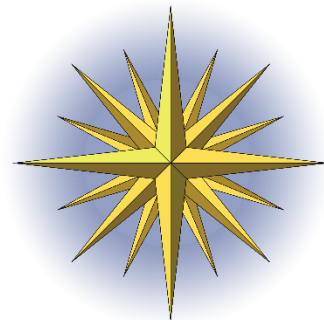
Gen. Eric Shinseki,
U.S. Army Chief of Staff (ret)



Randy MacLean

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