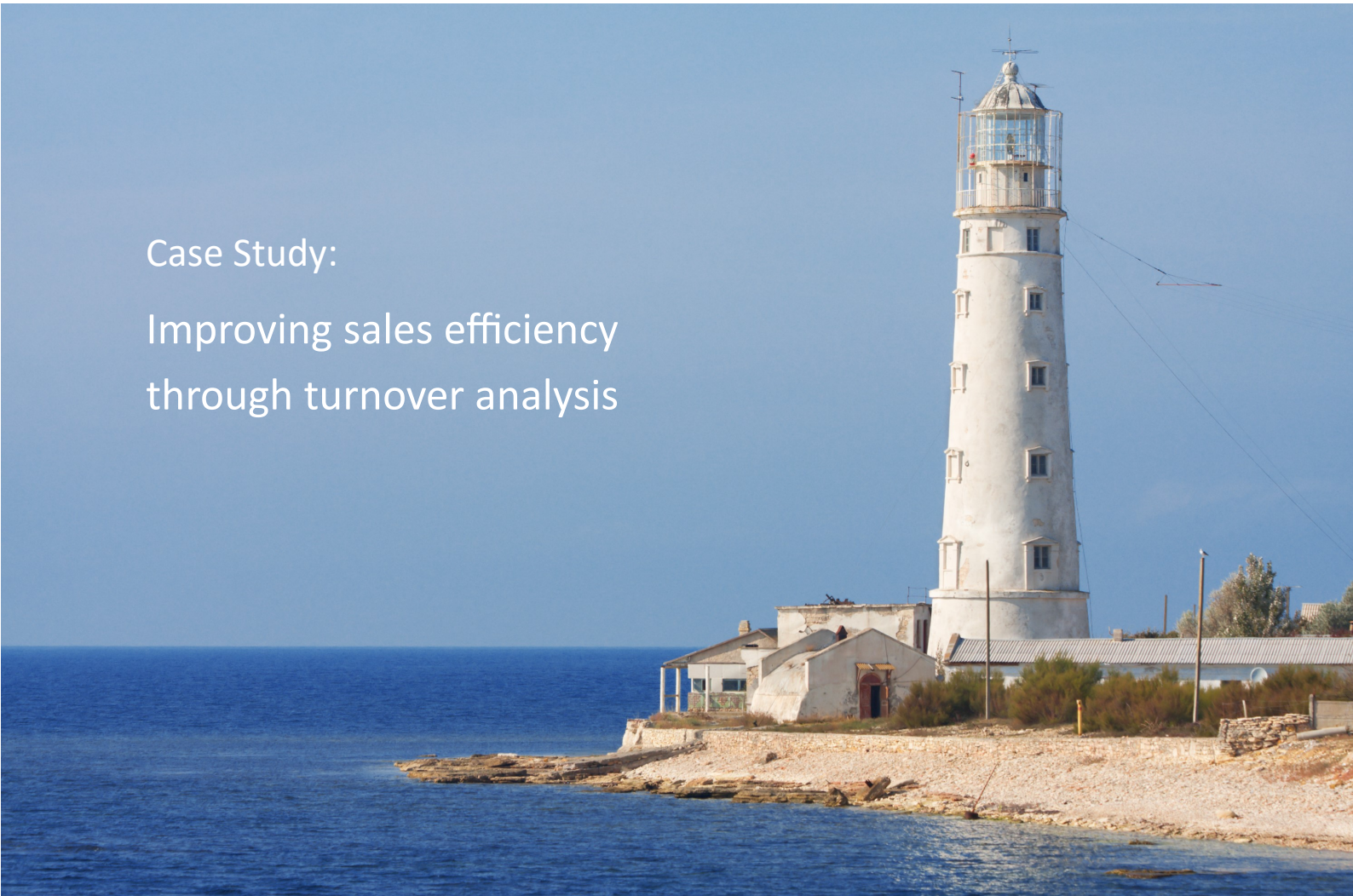




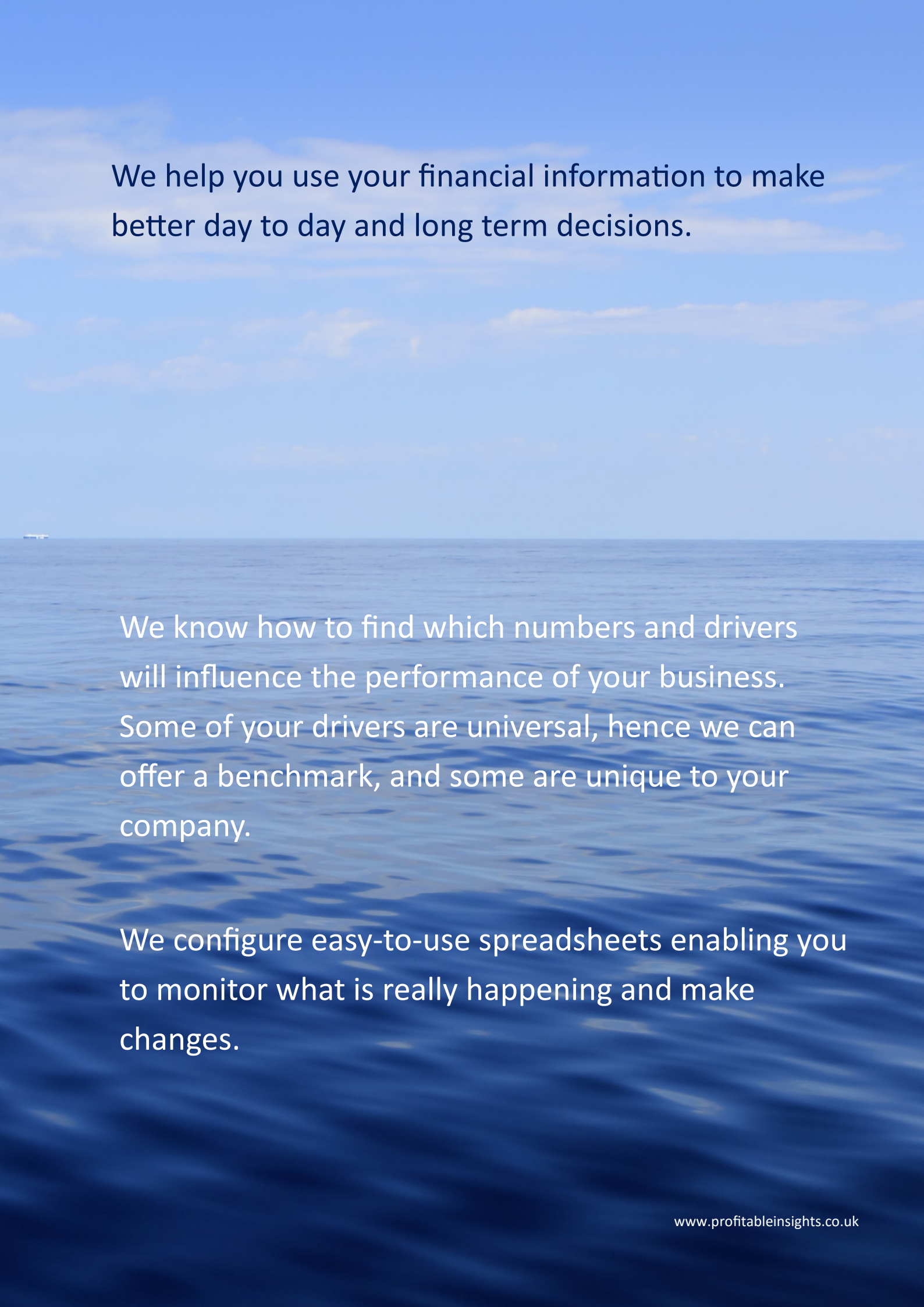
PROFITABLE  
INSIGHTS

Case Study:

Improving sales efficiency  
through turnover analysis



BECOME MORE PROFITABLE



We help you use your financial information to make better day to day and long term decisions.

We know how to find which numbers and drivers will influence the performance of your business. Some of your drivers are universal, hence we can offer a benchmark, and some are unique to your company.

We configure easy-to-use spreadsheets enabling you to monitor what is really happening and make changes.



## Improving sales efficiency through turnover analysis

Small businesses have limited sales resources. The person who sells is usually the owner, with the help of a couple of senior people. They are also heavily involved in the delivery of the service and lack the time to focus solely on sales.

To make the most of available time, they need to concentrate their sales effort in order to:

- ⚓ maximise existing opportunities in their market
- ⚓ find the 'path of least resistance' i.e. make the most of current trends
- ⚓ get the best return on investment for sales effort.

### What works against sales efficiency in small business:

Turnover is highly uncertain because small businesses don't have the power to negotiate long-term deals. This is especially true if they sell to bigger companies than themselves. Small businesses tend to settle for anything for fear that there will be no deal. This leads to under-pricing or frequent selling to a low value segment.

The turnover uncertainty encourages a belief that each year is an exception and hence business owners rarely analyse their market data to draw conclusions.




Small businesses have little market data to base their strategy on. There is no time or resources for proper market research so they usually sell to anybody in an untargeted fashion.

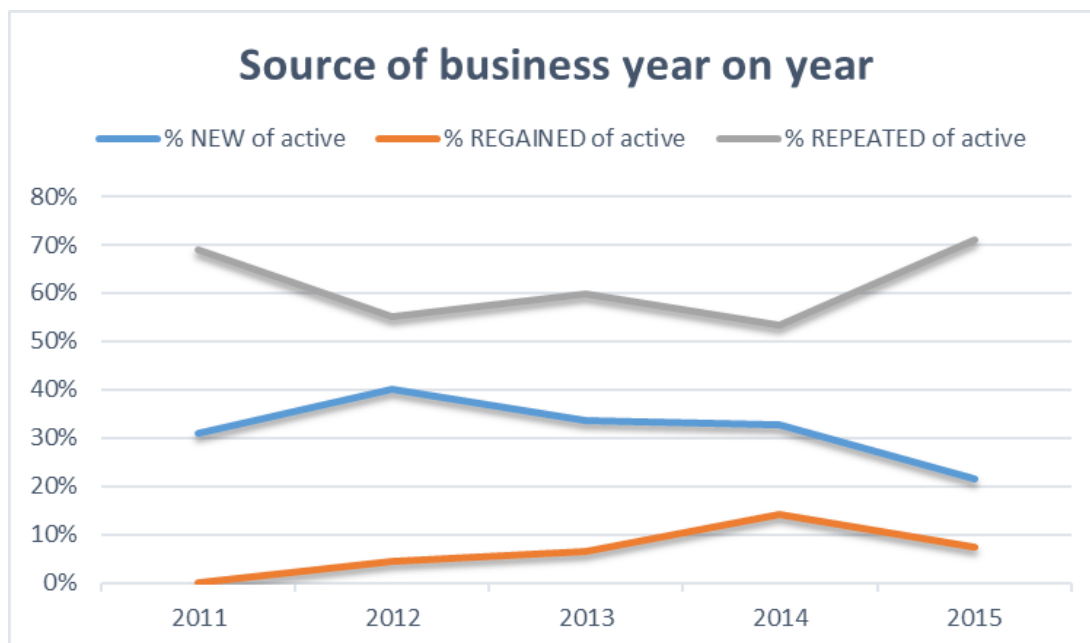


## The solution: client churn and turnover analysis

We regularly help our clients use their turnover data and appropriate segmentation criteria in order to identify trends and maximise existing opportunities. Here is one example.

The graph below illustrates our client's annual sources of turnover, labelled 'active clients.' The active clients were then divided based on their status that respective year:

-  'new' if they never bought before
-  'regained' if they had bought before, stopped for a couple of years, and came back
-  'repeated' if they bought year on year



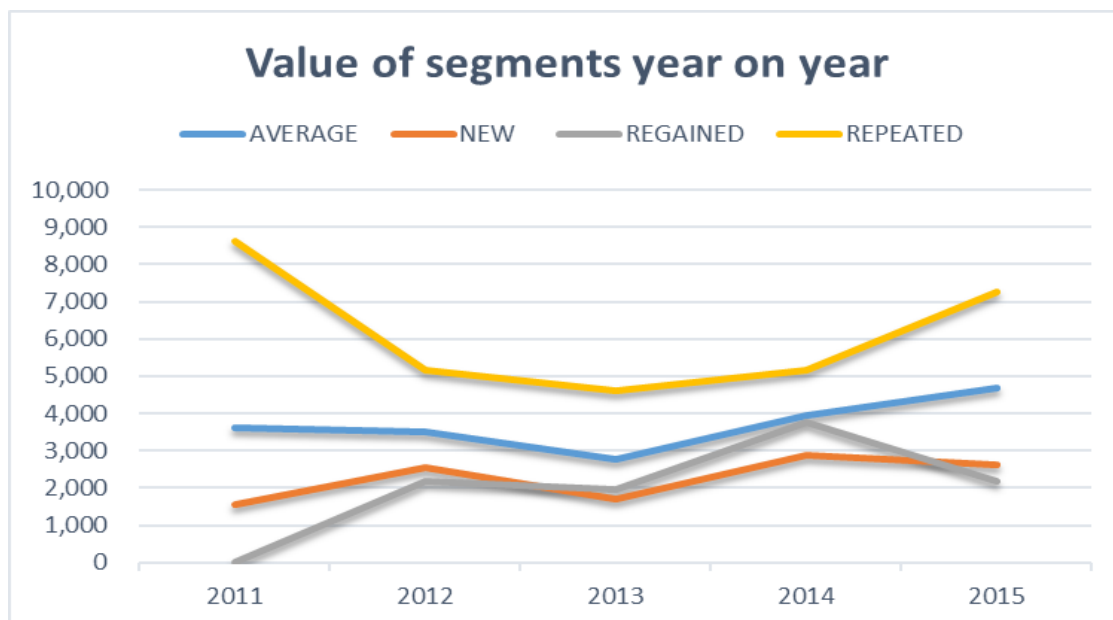
The highest turnover is brought in by repeated clients, which signals our client had a stable market and a healthy business. New clients have been slowing down and former clients do not seem to rush back.

Should our client maintain and encourage repeated business, increase efforts to attract new clients or reconvert previous relationships?

## Making a more profitable decision

We needed more information in order to help our client decide whether they should go for repeated business, new clients or regained.

We helped them identify the value of each segment and hence increase the chances of making a better decision with maximum impact.



Both new and regained clients bought less than the average value per active clients. Repeated clients are constantly above the new and the regained, which tells us this is a business based on trust.

Trust takes time to build. Rather than chase new clients or reconvert lost ones, our client would be better off increasing the value added offering to repeated clients and maximise the turnover they already bring.

Sometimes the solution is more of the same. Our client increased account management efforts for their stable client base and added higher value services to their offering.



We are a team of financial analysts with a background in small and medium size companies and extensive entrepreneurial experience. We know the value of understanding what you are looking at when it comes to financial information.

I am Adina Luca and I lead the team.

My clients are owners and managers of small businesses in the field of professional services. I use my personal experience to help entrepreneurs grow their business.

I know the joys and pains of setting up and growing a small business. I set up and ran my own medium-sized training and consulting business, where I employed fifteen people, and sold it after nine years. I then then co-founded an analytics company that is now successfully run by my former business partner.



I also apply, where appropriate, strategies and methods that I learned as a consultant and a former employee of bigger companies.

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At Profitable Insights we spend our days making the most of our clients' information. Gathering financial, marketing and any other business data in order to derive insights that inform their day-to-day strategic decisions. The aim is to set up tools to monitor the effects of client's decisions by setting up fully customised financial reports and hence building a 'virtuous cycle' of profitability.

This is how we manage to turn businesses with losses of over 5% into +12% profitable ones.

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