



Quantum Profit Gram #14

After the most challenging 18 months in decades, and with domestic industries 20-50% below their peaks, the “new consumer frugal” makes a traditional V-back recovery seem unlikely. With still too much industry capacity, and sales driven by price-sensitive commodities, where's your most promising strategic edge?

The key is to surpass the thinking of competitors who're using their "experience" to "try harder" in place of a real strategy.

Bain Research reports 90% of firms that renewed themselves started by finding “hidden” opportunities within their “core business”. The trick to discovering hidden profits (and hidden losses) is adding deeper analytical insights to your instinctive and experiential knowledge. Especially in the "new normal", there are profits to be had in the business you're already doing. Accurate and detailed profit information, used to develop the right tactics, can put you out in front of the pack.

Why not resolve, in 2010, to improve your profit analytics so you can:

- Ask tough questions that elicit a deeper look at customer value and drive new service models that give a strategic edge.
- Insist that planning and problem solving sessions be much more fact-based. (In fact-free discussions, everyone has an opinion, but the highest-paid person's will win.) (Again.)
For example: don't declare: “Good idea, but we're already doing that”. Instead, ask: “How important is this objective? Is it an 'A' priority? If so, where is each person on the performance curve? What can we do to quickly leverage our best performer?”
- Rank all elements – customers, items, suppliers, territories – by profitability, and then ...
 - Determine why super winners and losers are that way, to then ...
 - Decide on tactics to protect and grow the winners while transforming or weeding super losers.
 - Increase profits by curing active profit killers.
 - Support your new insights through: education for employees; detailed profit tracking reports; and incentive plans geared to driving and growing net profit, (not money-losing sales or margin volume).

If this sounds good, but you're not sure how to get started, contact me, or the folks at WayPoint Analytics; register for upcoming Quantum Profit Management webinar; or go to the links elsewhere on this page.

Wishing You Every Success in 2010!

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