

## HIGH IMPACT QUICK WINS:

recipes to increase your margin by 20%

LOON SPIELMANN SENIOR PRICING MANAGER

**PHILIPS** 

### LAY THE FOUNDATION

# POWER OF ANALYTICS

- Data need not be perfect, but should be accurate enough
- Leverage on data and analytics to generate actionable insights



#### **POWER OF VISUALS**



Sum of Tota Value		Date Sold 🔻					
SalesPerson <b>*</b>	Item Number 🚽	Feb	Jul	Aug	Sep	Oct	<b>Grand Total</b>
■ SalesPerson1	ITEM1	\$0.00	\$191,537.29	\$567,477.24	\$178,914.49	\$0.00	\$937,929.02
	ITEM2	\$0.00	\$240,220.60	\$0.00	\$409,748.66	\$0.00	\$649,969.26
	ITEM8	\$0.00	\$148,215.20	\$0.00	\$373,945.26	\$0.00	\$522,160.46
	ITEM6	\$0.00	\$486,481.51	\$0.00	\$0.00	\$0.00	\$486,481.51
	ITEM4	\$0.00	\$0.00	\$0.00	\$257,558.49	\$0.00	\$257,558.49
	ITEM5	\$0.00	\$0.00	\$11,106.27	\$63,121.94	\$21,014.01	\$95,242.23
	ITEM7	\$0.00	\$92,224.24	\$0.00	\$0.00	\$0.00	\$92,224.24
SalesPerson1 Total		\$0.00	\$1,158,678.84	\$578,583.51	\$1,283,288.84	\$21,014.01	\$3,041,565.23
<b>■ SalesPerson2</b>	ITEM6	\$0.00	\$1,205,733.14	\$249,684.22	\$538,029.22	\$256,933.11	\$2,250,379.70
	ITEM8	\$334,761.93	\$0.00	\$1,060,505.34	\$0.00	\$0.00	\$1,395,267.2
	ITEM1	\$0.00	\$0.00	\$597,113.39	\$352,340.80	\$0.00	\$949,454.19
	ITEM2	\$0.00	\$0.00	\$0.00	\$547,448.33	\$0.00	\$547,448.33
	ITEM4	\$0.00	\$0.00	\$481,423.08	\$0.00	\$0.00	\$481,423.08
	ITEM7	\$0.00	\$216,099.41	\$0.00	\$81,037.28	\$0.00	\$297,136.68
	ITEM5	\$0.00	\$0.00	\$94,203.51	\$0.00	\$0.00	\$94,203.51
SalesPerson2 Total		\$334,761.93	\$1,421,832.55	\$2,482,929.54	\$1,518,855.63	\$256,933.11	\$6,015,312.7
Grand Total		\$334,761.93	\$2,580,511.39	\$3,061,513.05	\$2,802,144.48	\$277,947.13	\$9,056,877.97

1.

## Price rise



## +3% Indexation on one single portfolio (1000 SKU)

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# InvestmentFlow Elasticity SensitivityIndexation Communication Business Margin Impact

# DISCUSSION

Do you implement regular price increases?

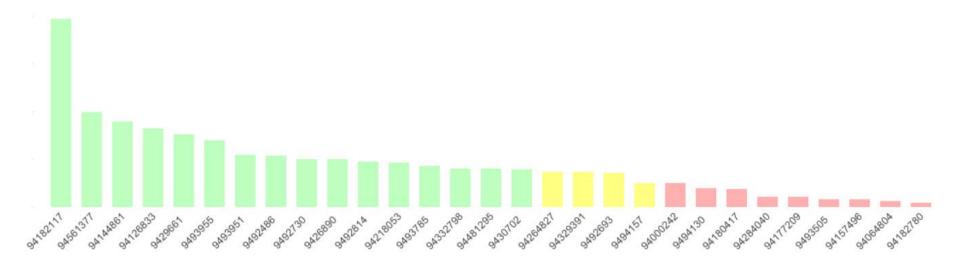
How did you do it?

What challenges did you face?

# 2.

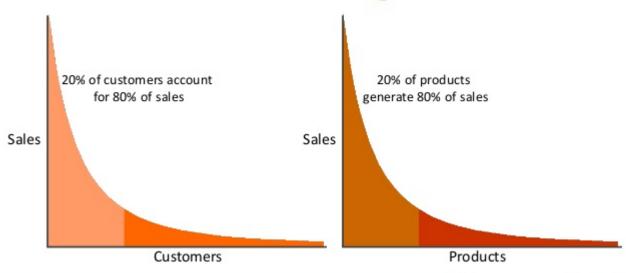
## Trim the tail





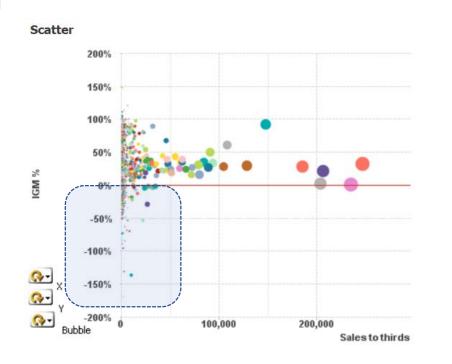
#### PARETO 1 & 2

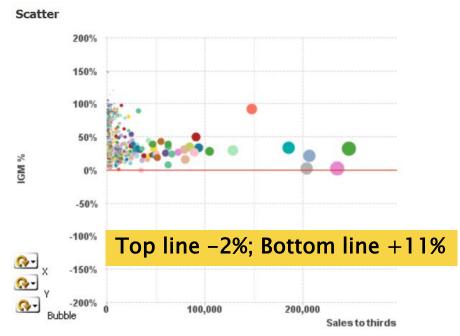
#### The Pareto Curve – Long Tail





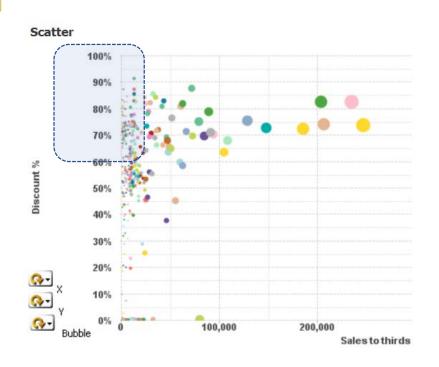
#### Impact on a 7mio € business

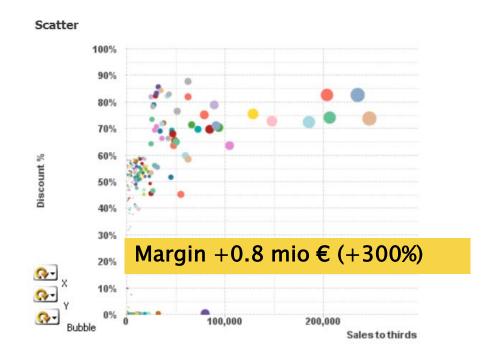






#### Impact of commercial policy





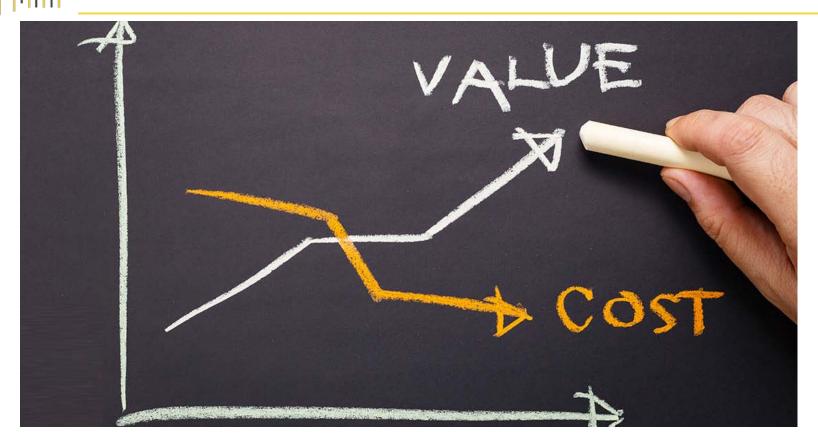
# | | | | | | | DISCUSSION

- How do you recognize the long tail in your business?
- What is the reason for the long tail?
- What challenges will you face when trimming the tail?

# 3.

## Shift the mix

#### **SHIFT THE MIX**





#### PRODUCT-PRICE MIX

Product	A	В
Price	100	120
Quantity	50	10
Cost	60	60
Margin	2000	600

Product	A	В
Price	100	120
Quantity	10	50
Cost	60	60
Margin	400	3000



#### +10% margin improvement with the right mix

#### **Option Combination**

OptionString	Quan ∨ tity	Sales Orders	Total	Total	ASP	IGM%	Quantity
	727	174	727	100.0%	2,780	50%	
A03 C15,E22,E24,H01	51	1	727	-	1,804	34%	
A04,E22,E24(H42)	38	5	727	12%	2,654	49%	
A04,E22,E24,H11	36	8	727	5.0%	3,126	68%	
A04,E22,E24,H12	36	8	72	5.0%	3,032	59%	
A06,E24,H12	34	3	7 /	4.7%	1,764	30%	
A04,E22,E24,H11,J25,M05	29	1	727	4.0%	5,978	71%	1
A04,E22,E24(H41)	26			3.6%	3,304	59%	
A06,E22,E24,H12,M05	24	2	727	3.3%	3,364	56%	
A04,E22,H11	23	4	727	3.2%	2,940	70%	
A04,E21,E22,E24,H11	20	1	727	2.8%	3,766	62%	
A06,E24,H12,M05	20	2	27	2.8%	4,267	57%	
A06,E24,H21	20	1	7 7	2.8%	1,394	18%	
A06,E24,H02	20	1	72	2.8%	1,300	13%	
A06,E24,H12,M12	19	2	727	2.6%	1,855	33%	
A06,E24,H12,M05,M12	17	1	727	2 %	1,762	30%	
A04 E22,H01	15	3	727		1,730	46%	
A04,E24,H12,M12,P01	13	1	727	1.5%	4,682	59%	
A04,E05,E24,H01	13	2	727	1.8%	2,018	41%	
A04,E05,E22,E24,H42	13	7	727	1.8%	4,460	57%	
A04,E05,E22,E24,H01	13	4	727	1.8%	1,811	15%	

# DISCUSSION

- How relevant is mix in your business?
- How do you determine the optimal mix?
- What is needed to effectively execute the mix?

### **KEY LEARNINGS**



#### **SUSTAIN THE IMPACT**



# 

- Keep it simple
- Choose your battles wisely
- Speak the same language
- Your role as a business partner: consult vs audit

