



COLLABORATIVE

DITCH the DIRT

Increase Profit for Minimum Effort

We call it "Customer Value Management"

Choose the right customers...

and drive your business forward

Customers are a wonderful asset... or a costly luxury. Most businesses go for quantity rather than quality in their customer lists, but take a Collaborative approach to your customer base and you'll raise your business to new heights.

With an enviable track record, Collaborative specialises in maximising customer profitability for your business. Our Customer Value Management (CVM) system is rigorous, effective and proven.

Quite simply, it works.

Get the real picture...

The key to profitability is satisfying and developing your most profitable customers. But to achieve this you need to know exactly who they are. Collaborative CVM unravels the complexities of every customer's real value to your business.

From sales and service to tenders and targets, we calculate the net worth of each account you hold. We work closely with you and your team, turning numbers into straightforward, working information that will drive your whole organisation forward.

We're committed to realising positive and enduring results for every client. No holds barred.

Most organisations are losing profits when they could be growing them. Simplify your systems. Empower your profit line. Choose Collaborative.

Reap the rewards...

Combining professional expertise, experience and technology, Collaborative CVM transforms your profit line and delivers long-lasting business benefits:

- profitability maximised
- processes streamlined
- costs reduced
- cashflow optimised
- staff and customer satisfaction improved
- company reputation and profile raised.

The Facts

Research has shown that organisations still don't have a handle on true customer profitability. From experience, I know that some customers can be seriously unprofitable, and to continue doing business with such customers can have a significant impact on reducing profits and shareholder value.

It is common to find:

- 5-15% of all customers generating 100% of net profit
- 50-60% of all customers being unprofitable
- Profitable customers accounting for 70-90% of sales
- Unprofitable customers accounting for 35-45% of activity costs
- Unprofitable customers consuming 25-55% of total resources
- 25-45% of customers consuming 12-28% of resources - and accounting for only 1 - 5% of sales
- More resources consumed by very small unprofitable customers than all profitable customers combined



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The information included in this report is fictitious and is shown for illustration purposes only.

Operational Information

This table would typically be used at the beginning of the profit improvement process. It presents the management team with a picture of which clients are buying which product. It can then be used on a monthly basis to monitor improvements.

Customer	Sales	Number of		Average Order Value	2	3	4	5				
		Products sold	Orders						Product 1	Product 2	Product 3	Product 4
Customer 1	£15,174	10	8	£1,897	£30	£46	£0	£10,127				
Customer 2	£14,530	16	56	£259	£450	£224	£398	£4,601				
Customer 3	£13,579	8	6	£2,263	£0	£0	£0	£4,209				
Customer 4	£13,047	13	29	£450	£0	£68	£90	£4,839				
Customer 5	£10,143	1	22	£461	£0	£0	£0	£0				
Customer 6	£9,692	14	25	£388	£0	£166	£144	£3,209				
Customer 7	£9,511	10	17	£559	£0	£239	£0	£3,672				
Customer 8	£7,308	7	5	£1,462	£0	£0	£0	£3,235				
Customer 9	£6,849	9	2	£3,424	£0	£0	£826	£2,760				
Customer 10	£6,766	10	2	£3,383	£1,545	£38	£506	£2,192				
Customer 11	£6,523	11	17	£384	£0	£286	£168	£2,674				
Customer 12	£6,387	11	1	£6,387	£0	£0	£740	£2,640				
Customer 13	£6,321	11	6	£1,054	£91	£133	£152	£3,125				
Customer 14	£6,236	10	18	£346	£0	£17	£0	£2,563				
Customer 15	£6,004	8	4	£1,501	£0	£0	£266	£2,725				
Customer 16	£5,915	13	24	£246	£344	£19	£57	£3,209				
Customer 17	£5,896	5	7	£842	£0	£0	£0	£2,252				
Customer 18	£5,809	9	8	£726	£0	£0	£0	£2,031				
Customer 19	£5,712	11	19	£301	£0	£0	£96	£1,807				
Customer 20	£5,670	7	6	£945	£0	£0	£0	£3,205				
Customer 21	£5,606	11	2	£2,803	£0	£100	£570	£3,766				
Customer 22	£5,159	13	3	£1,720	£0	£72	£114	£2,249				

The management team can clearly see:-

- Which products are most popular with its largest customers.
- The total sales per customer.
- The average order value per customer and number of orders.
- How many products each customer is buying.

The report also highlights opportunities:-

- Which customers should be spending more.
- Which additional products it *could* sell to existing customers.
- How it can increase average order value of customers by changing the product mix.
- Which type of companies buy which type of product, and hence find new customers of the same type.

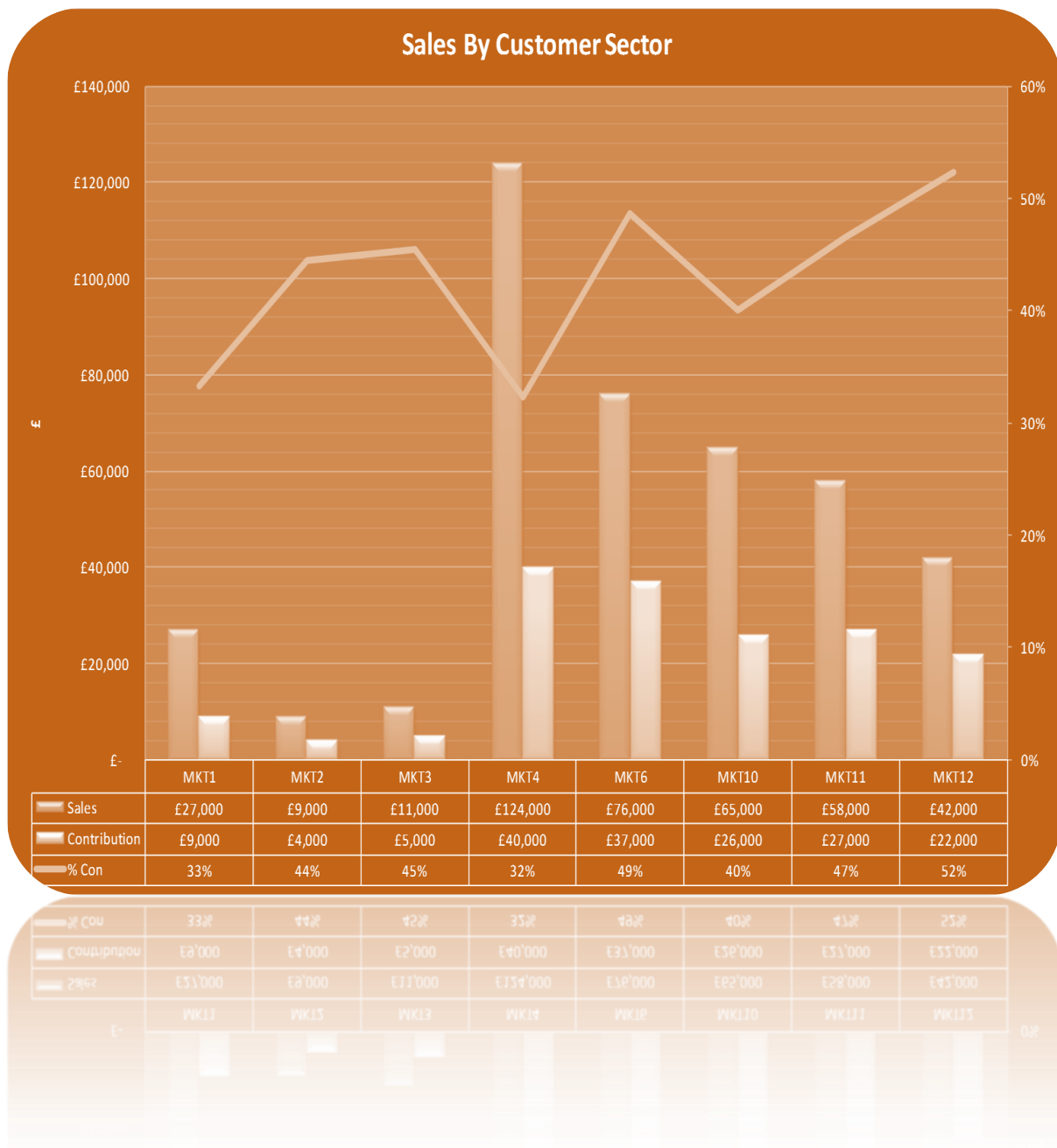


Contribution

Whilst the sales information is valuable, and can help companies significantly increase their turnover, it is vital to understand the contribution to profit attributable to each of its customers.

By selling more of the higher profit products/services to the customers who have the need for those products, and who utilise less resource, the company can improve its profit margin significantly.

The graph below demonstrates this point:



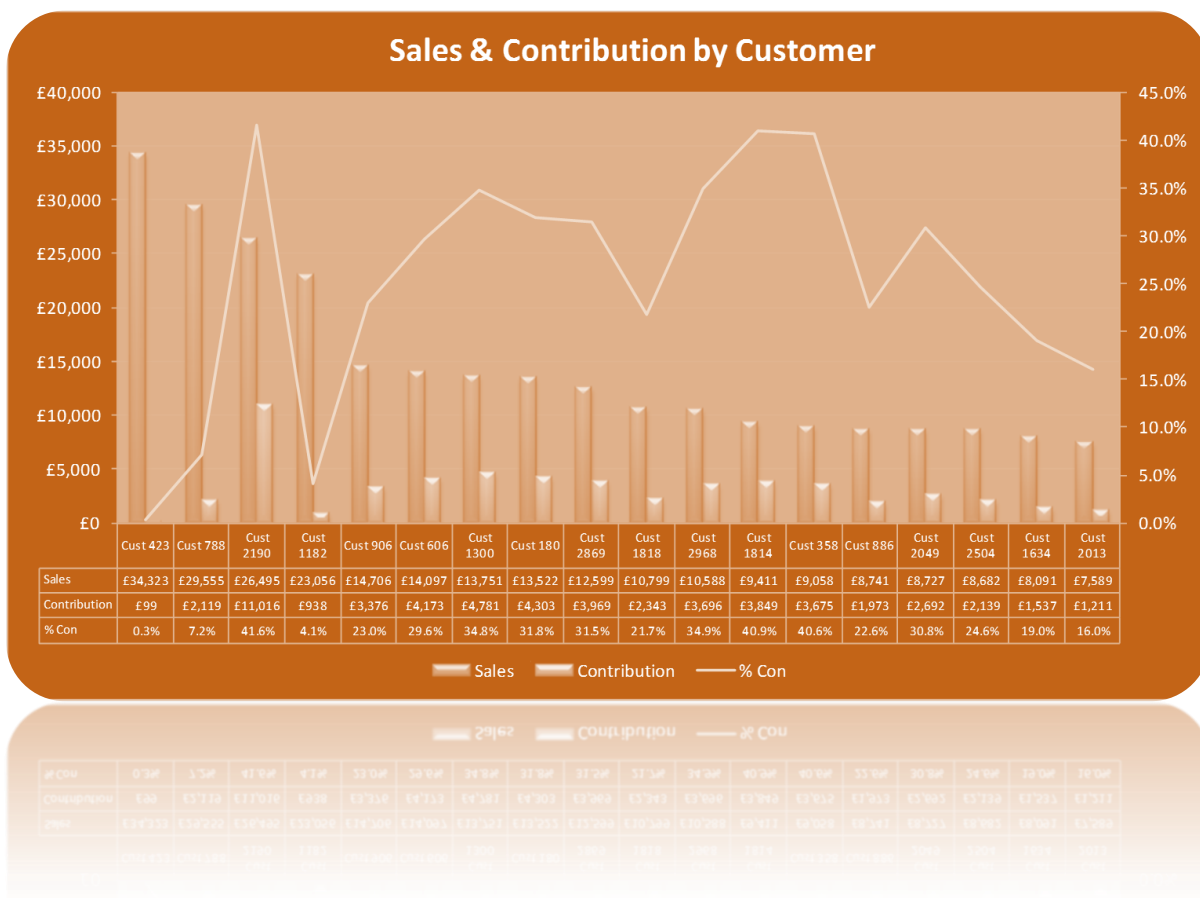


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For example, we can see from the chart above that the customer sector entitled “MKT4” contributes significantly to the turnover of the company, and yet adds less contribution as a percentage than every other sector. It does, nonetheless, add significantly to the profit as a whole.

We can also see the sector “MKT6” brings in 49% contribution. If these sales could be increased, the drop through to profit would be significant.

This information can be portrayed, either by sector (whether that be customer type as above or market sector), or by customer. The extract below shows the impact of a Customer Value Management.



We can see very clearly from the above report that our top customer in terms of sale adds almost nothing to profit. This can be due to product mix, or the cost of servicing the customer, all of which can be included in the customer value calculations.

Once the company knows these facts, it can then begin to improve its profitability.

Collaborative is passionate about making a difference to its clients bottom line. To find out more call us on 0845 527 7507 and we'll ring you back.