



# Getting Your Numbers Right

—  
Mark Gilham

Evangelist, Enable



## Presenter

---

**Mark Gilham**  
Evangelist, Enable



# Protecting Profit



|            |       |
|------------|-------|
| List Price | 100   |
| Units      | 1,000 |

|                       | <b>Discount</b> | <b>Price</b> | <b>Profit</b> |
|-----------------------|-----------------|--------------|---------------|
| Purchase Terms        | 40.0%           | 60,000       |               |
| Original Sales Terms  | 20.0%           | 80,000       | 20,000        |
| Requested Sales Terms | 24.0%           | 76,000       | 16,000        |

|                               |         |
|-------------------------------|---------|
| Growth for Profit Maintenance | 25.00%  |
| Additional Sales Required     | 20,000  |
| Rebate Target                 | 100,000 |
| Rebate Offer                  | 5.00%   |

Growth for Profit Maintenance 25.00%  
 Additional Sales Required 20,000  
 Rebate Target 100,000  
 Rebate Offer 5.00%

|                | Original | Discounted |         | Incentivised |         |
|----------------|----------|------------|---------|--------------|---------|
|                |          | 100%       | 100%    | 58%          | 100%    |
| Sales          | 80,000   | 76,000     | 44,080  | 100,000      | 58,000  |
| Rebate Paid    |          |            |         | -5,000       |         |
| Reported Sales | 80,000   | 76,000     | 44,080  | 95,000       | 58,000  |
| Cost of Sales  | -60,000  | -60,000    | -34,800 | -75,000      | -43,500 |
| Gross Profit   | 20,000   | 16,000     | 9,280   | 20,000       | 14,500  |
|                | 25.0%    | 21.1%      | 21.1%   | 21.1%        | 25.0%   |

# Protecting Margin



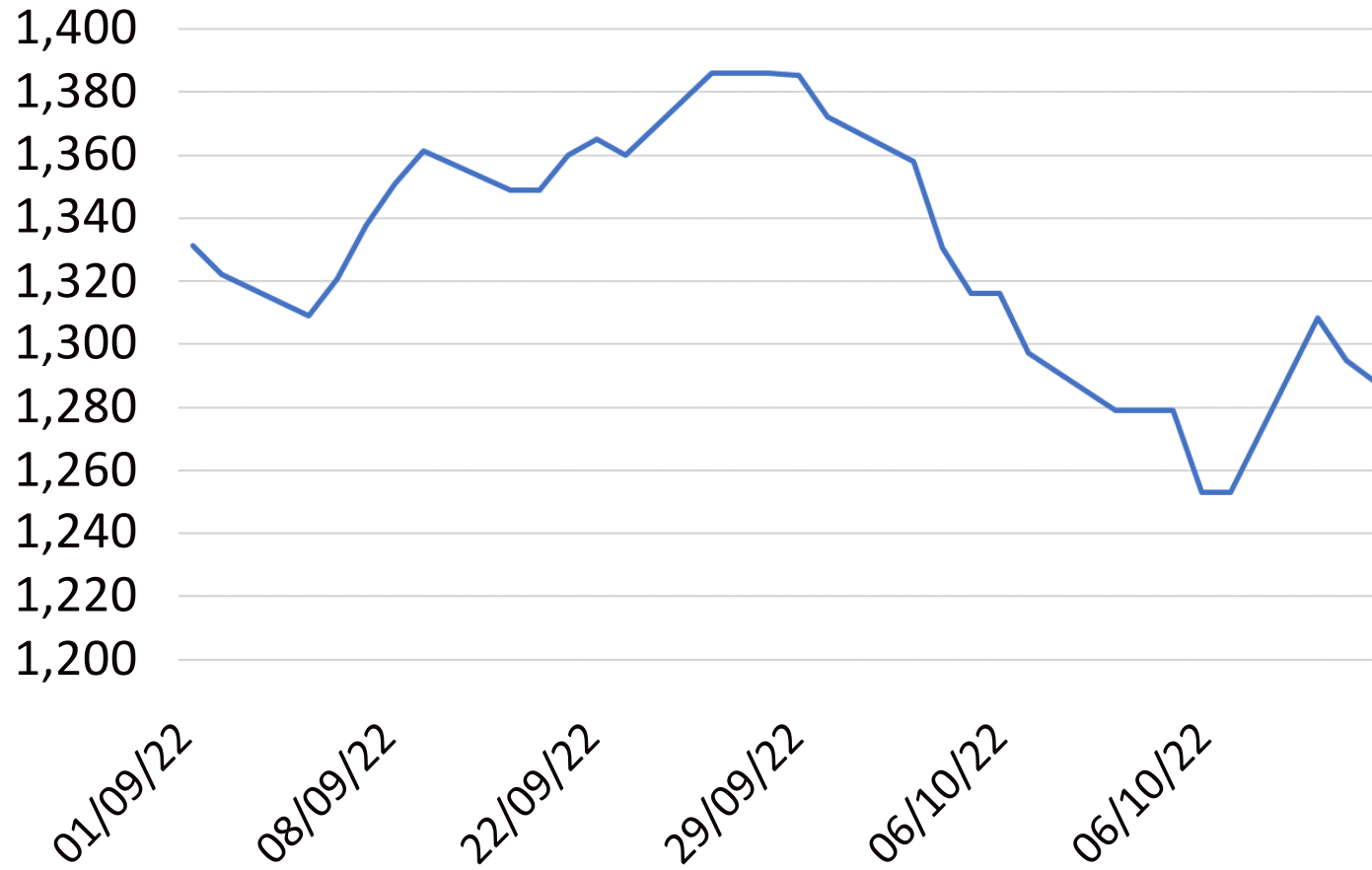
|                                    | Original  |            | Using a Fixed Rebate |            |
|------------------------------------|-----------|------------|----------------------|------------|
| <b>Manufacturer to Distributor</b> |           |            |                      |            |
| List Price                         |           | 1,000      |                      | 1,000      |
| Discount / Multiplier              | 50% / 0.5 | - 500      | 50% / 0.5            | - 500      |
| Invoice Price                      |           | <u>500</u> |                      | <u>500</u> |
| Rebate                             | 0%        | -          | 10%                  | - 50       |
| Net Cost                           |           | <u>500</u> |                      | <u>450</u> |
| <b>Distributor to Consumer</b>     |           |            |                      |            |
| Invoice Cost on System             |           | 500        |                      | 500        |
| Mark Up                            | 25%       | 125        | 25%                  | 125        |
| Sold for                           |           | <u>625</u> |                      | <u>625</u> |
| <b>Profit</b>                      |           | <u>125</u> |                      | <u>175</u> |
| <b>Margin</b>                      |           | <b>20%</b> |                      | <b>28%</b> |

# Volatile Pricing

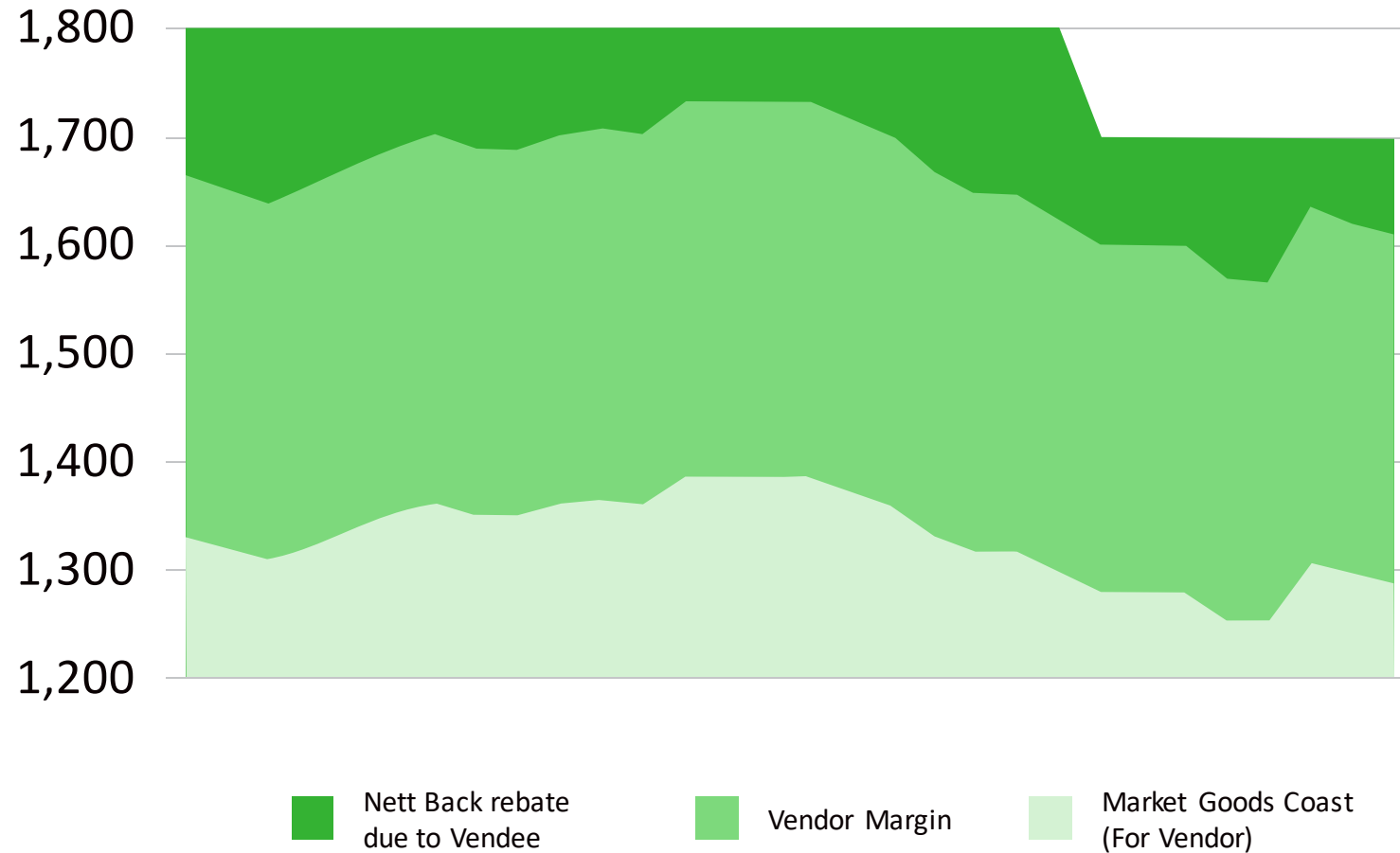




## Market Price of Goods



## Example of a Nett Back Rebate



| Date       | Market Goods Cost (For Vendor) | Vendor Sell Price Using Cost Plus | Vendor Margin | %   | Invoice Cost to Vendee | Nett Back Rebate due to Vendee | Notes                                                    |
|------------|--------------------------------|-----------------------------------|---------------|-----|------------------------|--------------------------------|----------------------------------------------------------|
| 01/09/2022 | 1,331                          | 1,664                             | 333           | 20% | 1,800                  | 136                            |                                                          |
| 02/09/2022 | 1,322                          | 1,653                             | 331           | 20% | 1,800                  | 147                            |                                                          |
| 05/09/2022 | 1,309                          | 1,636                             | 327           | 20% | 1,800                  | 164                            |                                                          |
| 06/09/2022 | 1,321                          | 1,651                             | 330           | 20% | 1,800                  | 149                            |                                                          |
| 07/09/2022 | 1,338                          | 1,672                             | 334           | 20% | 1,800                  | 128                            |                                                          |
| 08/09/2022 | 1,351                          | 1,689                             | 338           | 20% | 1,800                  | 111                            |                                                          |
| 09/09/2022 | 1,362                          | 1,702                             | 340           | 20% | 1,800                  | 98                             |                                                          |
| 12/09/2022 | 1,349                          | 1,686                             | 337           | 20% | 1,800                  | 114                            |                                                          |
| 13/09/2022 | 1,349                          | 1,686                             | 337           | 20% | 1,800                  | 114                            |                                                          |
| 14/09/2022 | 1,360                          | 1,700                             | 340           | 20% | 1,800                  | 100                            |                                                          |
| 15/09/2022 | 1,365                          | 1,706                             | 341           | 20% | 1,800                  | 94                             |                                                          |
| 16/09/2022 | 1,360                          | 1,700                             | 340           | 20% | 1,800                  | 100                            |                                                          |
| 19/09/2022 | 1,386                          | 1,733                             | 347           | 20% | 1,800                  | 68                             |                                                          |
| 20/09/2022 | 1,386                          | 1,733                             | 347           | 20% | 1,800                  | 68                             |                                                          |
| 21/09/2022 | 1,386                          | 1,733                             | 347           | 20% | 1,800                  | 68                             |                                                          |
| 22/09/2022 | 1,385                          | 1,732                             | 346           | 20% | 1,800                  | 68                             |                                                          |
| 23/09/2022 | 1,372                          | 1,715                             | 343           | 20% | 1,800                  | 85                             |                                                          |
| 26/09/2022 | 1,358                          | 1,698                             | 340           | 20% | 1,800                  | 103                            |                                                          |
| 27/09/2022 | 1,331                          | 1,663                             | 333           | 20% | 1,800                  | 137                            |                                                          |
| 28/09/2022 | 1,316                          | 1,645                             | 329           | 20% | 1,800                  | 155                            |                                                          |
| 29/09/2022 | 1,316                          | 1,645                             | 329           | 20% | 1,800                  | 155                            |                                                          |
| 30/09/2022 | 1,297                          | 1,621                             | 324           | 20% | 1,800                  | 179                            |                                                          |
| 03/10/2022 | 1,279                          | 1,599                             | 320           | 20% | 1,700                  | 101                            | Invoice price reduced based on predicted costs for month |
| 04/10/2022 | 1,279                          | 1,599                             | 320           | 20% | 1,700                  | 101                            |                                                          |
| 05/10/2022 | 1,279                          | 1,599                             | 320           | 20% | 1,700                  | 101                            |                                                          |
| 06/10/2022 | 1,253                          | 1,566                             | 313           | 20% | 1,700                  | 134                            |                                                          |
| 07/10/2022 | 1,253                          | 1,566                             | 313           | 20% | 1,700                  | 134                            |                                                          |
| 10/10/2022 | 1,308                          | 1,635                             | 327           | 20% | 1,700                  | 65                             |                                                          |
| 11/10/2022 | 1,295                          | 1,619                             | 324           | 20% | 1,700                  | 81                             |                                                          |
| 12/10/2022 | 1,288                          | 1,610                             | 322           | 20% | 1,700                  | 90                             |                                                          |

# Special Pricing Agreements



### Selling One Widget

#### **Manufacturer to Distributor**

|                       |           |   |            |
|-----------------------|-----------|---|------------|
| List Price            |           |   | 1,000      |
| Discount / Multiplier | 50% / 0.5 | - | 500        |
| Invoice Price         |           |   | <u>500</u> |

|          |     |   |            |
|----------|-----|---|------------|
| Rebate   | 10% | - | 50         |
| Net Cost |     |   | <u>450</u> |

#### **Distributor to Consumer**

|                       |           |   |            |
|-----------------------|-----------|---|------------|
| List Price            |           |   | 1,000      |
| Discount / Multiplier | 40% / 0.6 | - | 400        |
| Sold For              |           |   | <u>600</u> |

|        |  |  |            |
|--------|--|--|------------|
| Profit |  |  | <u>150</u> |
|        |  |  | 25%        |

### Selling 100 Widgets

#### **Manufacturer to Distributor**

|                       |           |   |               |
|-----------------------|-----------|---|---------------|
| List Price            |           |   | 100,000       |
| Discount / Multiplier | 50% / 0.5 | - | 50,000        |
| Invoice Price         |           |   | <u>50,000</u> |

|          |     |   |               |
|----------|-----|---|---------------|
| Rebate   | 10% | - | 5,000         |
| Net Cost |     |   | <u>45,000</u> |

#### **Distributor to Consumer**

|                       |            |   |               |
|-----------------------|------------|---|---------------|
| List Price            |            |   | 100,000       |
| Discount / Multiplier | 55% / 0.45 | - | 55,000        |
| Sold For              |            |   | <u>45,000</u> |

|        |  |  |          |
|--------|--|--|----------|
| Profit |  |  | <u>-</u> |
|        |  |  | 0%       |

### Selling 100 Widgets with a SPA

#### **Manufacturer to Distributor**

|                       |           |   |               |
|-----------------------|-----------|---|---------------|
| List Price            |           |   | 100,000       |
| Discount / Multiplier | 50% / 0.5 | - | 50,000        |
| Invoice Price         |           |   | <u>50,000</u> |

|                         |     |   |          |
|-------------------------|-----|---|----------|
| SPA Claim               |     |   | - 10,000 |
| Revised cost for Rebate |     |   | 40,000   |
| Rebate                  | 10% | - | 4,000    |

|          |  |  |               |
|----------|--|--|---------------|
| Net Cost |  |  | <u>36,000</u> |
|----------|--|--|---------------|

#### **Distributor to Consumer**

|                       |            |   |               |
|-----------------------|------------|---|---------------|
| List Price            |            |   | 100,000       |
| Discount / Multiplier | 55% / 0.45 | - | 55,000        |
| Sold For              |            |   | <u>45,000</u> |

|        |  |  |              |
|--------|--|--|--------------|
| Profit |  |  | <u>9,000</u> |
|        |  |  | 20%          |

# Improving Margin



|                        | Manufacturer |       |        |        |        |        | Distributor |        |       |        |        |
|------------------------|--------------|-------|--------|--------|--------|--------|-------------|--------|-------|--------|--------|
|                        | Cost         | Sales | Ratio  | Rebate | Profit | Margin | Cost        | Rebate | Sales | Profit | Margin |
| <b>Product Range A</b> | 675          | 900   | 90.0%  | -      | 225    | 25.0%  | 900         | -      | 1,200 | 300    | 25.0%  |
| <b>Product Range B</b> | 55           | 100   | 10.0%  | -      | 45     | 45.0%  | 100         | -      | 182   | 82     | 45.0%  |
|                        | 730          | 1,000 | 100.0% | -      | 270    | 27.0%  | 1,000       | -      | 1,382 | 382    | 27.6%  |

|                        | Manufacturer |       |        |        |        |        | Distributor |        |       |        |        |
|------------------------|--------------|-------|--------|--------|--------|--------|-------------|--------|-------|--------|--------|
|                        | Cost         | Sales | Ratio  | Rebate | Profit | Margin | Cost        | Rebate | Sales | Profit | Margin |
| <b>Product Range A</b> | 675          | 900   | 90.0%  | -      | 225    | 25.0%  | 900         | -      | 1,200 | 300    | 25.0%  |
| <b>Product Range B</b> | 55           | 100   | 10.0%  | -      | 45     | 45.0%  | 100         | -      | 182   | 82     | 45.0%  |
|                        | 730          | 1,000 | 100.0% | -      | 270    | 27.0%  | 1,000       | -      | 1,382 | 382    | 27.6%  |

|                        | Manufacturer |       |        |        |        |        | Distributor |        |       |        |        |
|------------------------|--------------|-------|--------|--------|--------|--------|-------------|--------|-------|--------|--------|
|                        | Cost         | Sales | Ratio  | Rebate | Profit | Margin | Cost        | Rebate | Sales | Profit | Margin |
| <b>Product Range A</b> | 675          | 900   | 79.6%  | -      | 225    | 25.0%  | 900         | -      | 1,200 | 300    | 25.0%  |
| <b>Product Range B</b> | 127          | 230   | 20.4%  | -      | 104    | 45.0%  | 230         | -      | 354   | 124    | 35.0%  |
|                        | 802          | 1,130 | 100.0% | -      | 329    | 29.1%  | 1,130       | -      | 1,554 | 424    | 27.3%  |

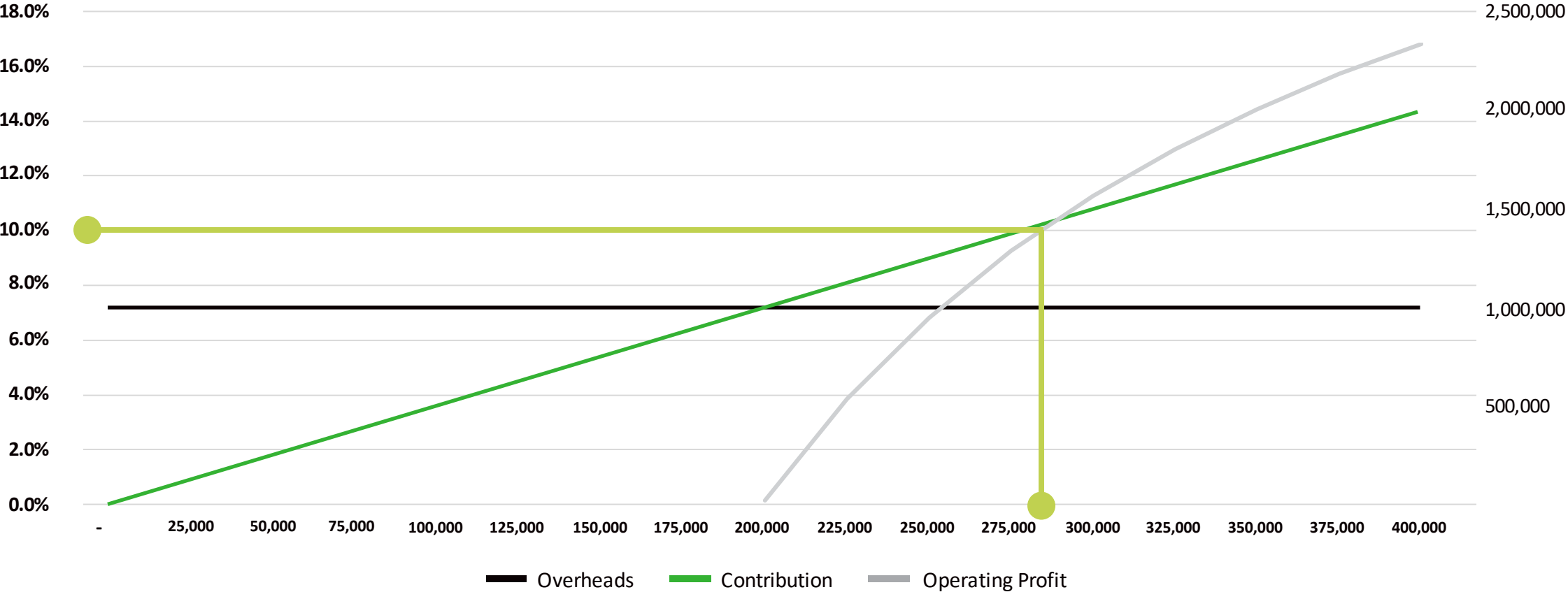


# Generating Growth



| Scenario              |              |
|-----------------------|--------------|
| Fixed Overheads       | 1,000,000.00 |
| Variable Cost         | 10.00        |
| Sold for              | 15.00        |
| Contribution Per Unit | 5.00         |
|                       | <b>33.3%</b> |

### Break Even & Target OP% Illustration



## Assume we want to make 10% Operating Profit

$$\text{Profit (P)} = \text{Revenue (R)} - \text{Costs (C)}$$

$$10\% * R = R - C$$

$$0.1R = R - C$$

$$-0.9R = -C$$

$$R = 15 * \text{Quantity (Q)} = 15Q$$

$$C = 1,000,000 + 10Q$$

$$0.9 * 15Q = 1,000,000 + 10Q$$

$$13.5Q = 1,000,000 + 10Q$$

$$3.5Q = 1,000,000$$

$$Q = 285,714$$

$$\text{Sales} = 285,714 * 15$$

**Quantity = 285,714**  
**Sales = 4,285,710**

Therefore once the sales (or units) are achieved, you could offer...

**A non-retrospective rebate**

10% contribution = 11.11

This is 3.89 less than normal sales price which can now be returned as a rebate, therefore:

**26%**

Or you can blend the benefit with prior sales using a **retrospective rebate**:

| Sales        | Rebate |
|--------------|--------|
| 4,500,000.00 | 1.1%   |
| 4,875,000.00 | 2.8%   |
| 5,250,000.00 | 4.3%   |
| 5,625,000.00 | 5.6%   |
| 6,000,000.00 | 6.7%   |

# Variance Analysis



| Product | Prior Sales | Prior Mix | Prior Margin | Prior Profit | Current Sales | Current Mix | Current Margin | Current Profit  |
|---------|-------------|-----------|--------------|--------------|---------------|-------------|----------------|-----------------|
| PROD1   | 10,000      | 18.9%     | 20.0%        | 2,000.00     | 10,000        | 17.5%       | 20.0%          | 2,000.00        |
| PROD2   | 11,000      | 20.8%     | 27.3%        | 3,000.00     | 12,000        | 21.1%       | 25.0%          | 3,000.00        |
| PROD3   | 10,000      | 18.9%     | 20.0%        | 2,000.00     | 10,000        | 17.5%       | 20.0%          | 2,000.00        |
| PROD4   | 12,000      | 22.6%     | 33.3%        | 4,000.00     | 13,000        | 22.8%       | 38.5%          | 5,000.00        |
| PROD5   | 10,000      | 18.9%     | 20.0%        | 2,000.00     | 12,000        | 21.1%       | 20.0%          | 2,400.00        |
|         | 53,000      |           | 24.5%        | 13,000       | 57,000        |             | 25.3%          | 14,400          |
|         |             |           |              |              |               |             |                | <u>1,400.00</u> |

| Product | Volume | Rate   | Mix             | Mix 2  |       |
|---------|--------|--------|-----------------|--------|-------|
| PROD1   | 150.94 | -      | -               | 150.94 | 34.18 |
| PROD2   | 226.42 | -      | 272.73          | 46.31  | 4.66  |
| PROD3   | 150.94 | -      | -               | 150.94 | 34.18 |
| PROD4   | 301.89 | 666.67 | 31.45           | 8.31   |       |
| PROD5   | 150.94 | -      | 249.06          | -      | 56.39 |
|         | 981.13 | 393.94 | 24.93           | 24.93  |       |
|         |        |        | <u>1,400.00</u> | 2.64%  |       |
|         | 1.85%  | 0.74%  | 0.05%           | 2.64%  |       |

| Product | Prior Units | Prior Mix | Prior Price PU | Prior Cost PU | Prior Cost | Prior Sales | Prior Profit | Prior Margin | Current Units | Current Mix | Current Price PU | Current Cost PU | Current Cost | Current Sales | Current Profit | Current Margin |
|---------|-------------|-----------|----------------|---------------|------------|-------------|--------------|--------------|---------------|-------------|------------------|-----------------|--------------|---------------|----------------|----------------|
| PROD1   | 10,000      | 20.0%     | 1.00           | 0.80          | 8,000      | 10,000      | 2,000        | 20.0%        | 10,000        | 20.0%       | 1.00             | 0.80            | 8,000        | 10,000        | 2,000          | 20.0%          |
| PROD2   | 10,000      | 20.0%     | 1.10           | 0.80          | 8,000      | 11,000      | 3,000        | 27.3%        | 10,000        | 20.0%       | 1.20             | 0.90            | 9,000        | 12,000        | 3,000          | 25.0%          |
| PROD3   | 10,000      | 20.0%     | 1.00           | 0.80          | 8,000      | 10,000      | 2,000        | 20.0%        | 10,000        | 20.0%       | 1.00             | 0.80            | 8,000        | 10,000        | 2,000          | 20.0%          |
| PROD4   | 10,000      | 20.0%     | 1.20           | 0.80          | 8,000      | 12,000      | 4,000        | 33.3%        | 10,000        | 20.0%       | 1.30             | 0.80            | 8,000        | 13,000        | 5,000          | 38.5%          |
| PRODS   | 10,000      | 20.0%     | 1.00           | 0.80          | 8,000      | 10,000      | 2,000        | 20.0%        | 12,000        | 24.0%       | 1.00             | 0.80            | 9,600        | 12,000        | 2,400          | 20.0%          |
|         | 50,000      | 100.0%    |                |               | 40,000     | 53,000      | 13,000       | 24.5%        | 52,000        | 104.0%      |                  |                 | 42,600       | 57,000        | 14,400         | 25.3%          |

1,400  
2.64%

| Account | Volume | Pricing | Mix | Overheads | Nett Profit | %      |        |       |
|---------|--------|---------|-----|-----------|-------------|--------|--------|-------|
| PROD1   | -      | -       | -   | 80        | Opening     | 10,600 | 2,400  | 4.53% |
| PROD2   | -      | -       | -   | 120       | Closing     | 11,000 | 3,400  | 5.96% |
| PROD3   | -      | -       | -   | 80        |             | -      | 400.00 |       |
| PROD4   | -      | 1,000   | -   | 160       |             |        |        |       |
| PRODS   | 520    | -       |     | 320       |             |        |        | -0.8% |
|         | 520    | 1,000   | -   | 120       |             |        |        |       |
|         |        |         |     | 1,400     |             |        |        |       |

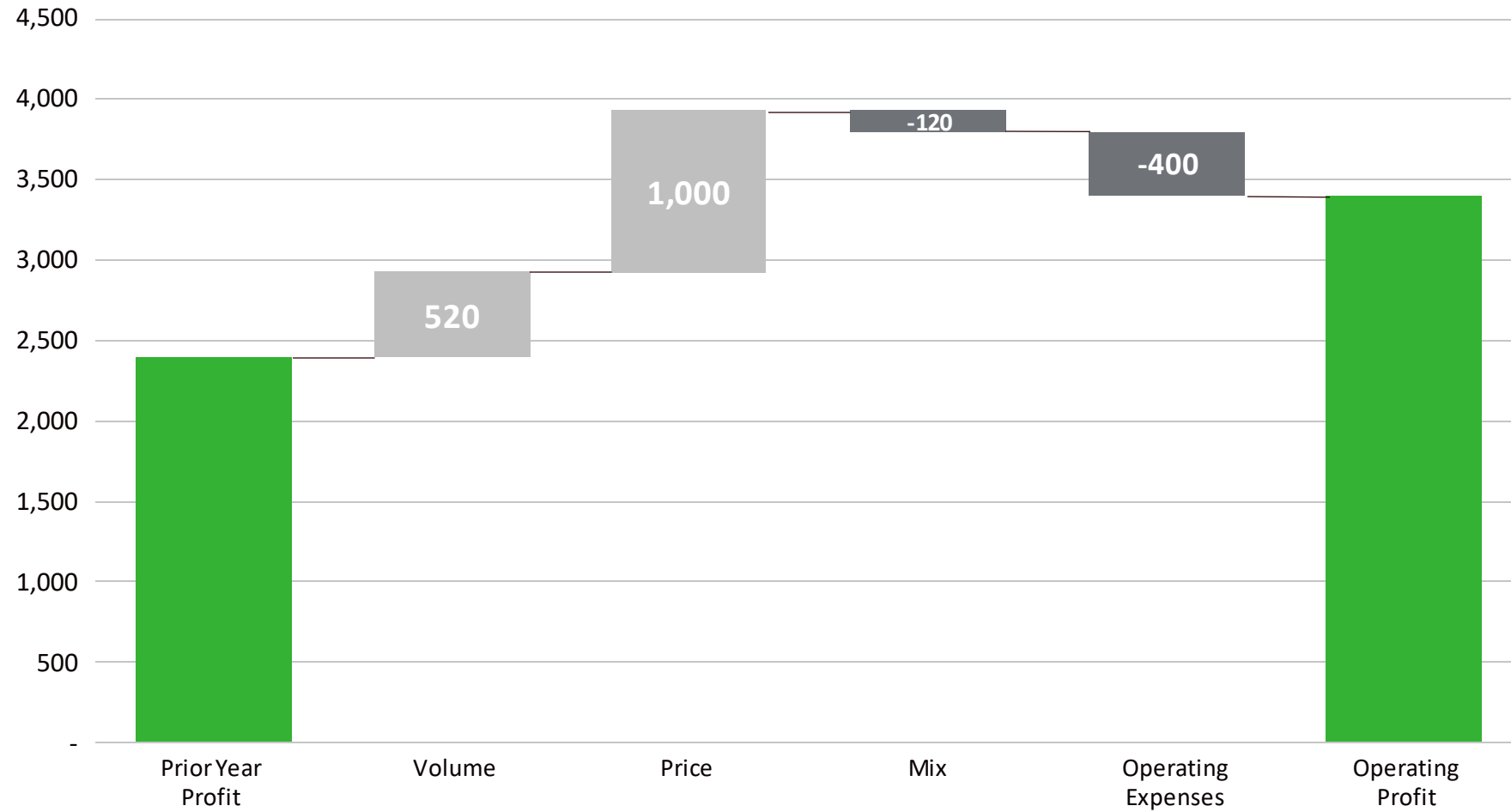
TRUE

| Account | Volume | Pricing | Mix    |
|---------|--------|---------|--------|
| PROD1   | 0.00%  | 0.00%   | -0.15% |
| PROD2   | 0.00%  | 0.00%   | -0.23% |
| PROD3   | 0.00%  | 0.00%   | -0.15% |
| PROD4   | 0.00%  | 1.89%   | -0.30% |
| PRODS   | 0.98%  | 0.00%   | 0.60%  |
|         | 0.98%  | 1.89%   | -0.23% |
|         |        |         | 2.64%  |

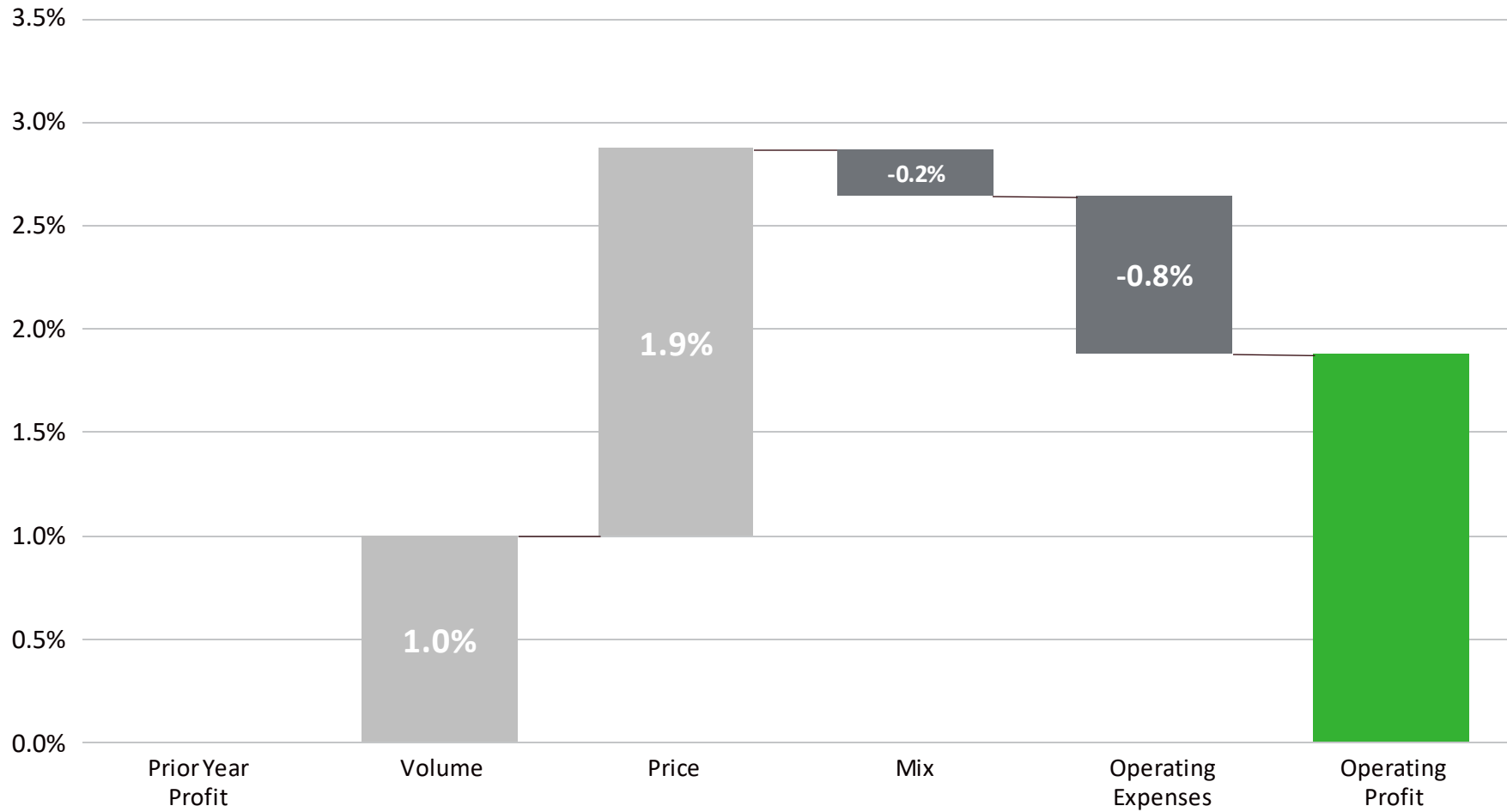
TRUE



## Profit Variance Bridge



## % Profit Variance Bridge



# Influencing Decisions



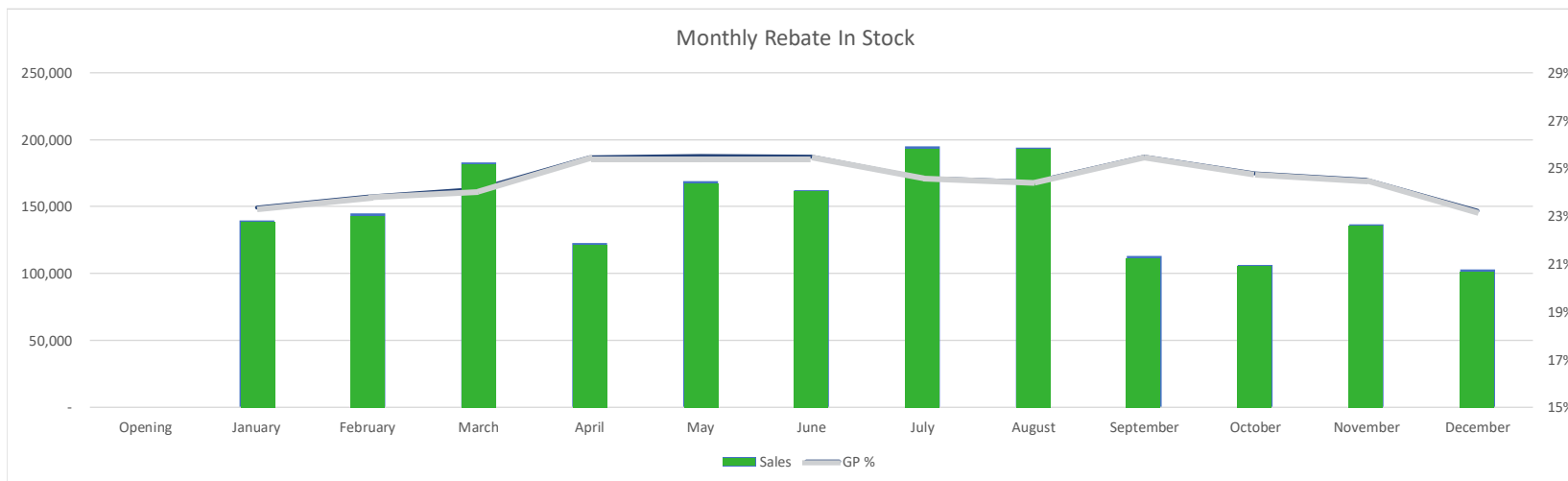
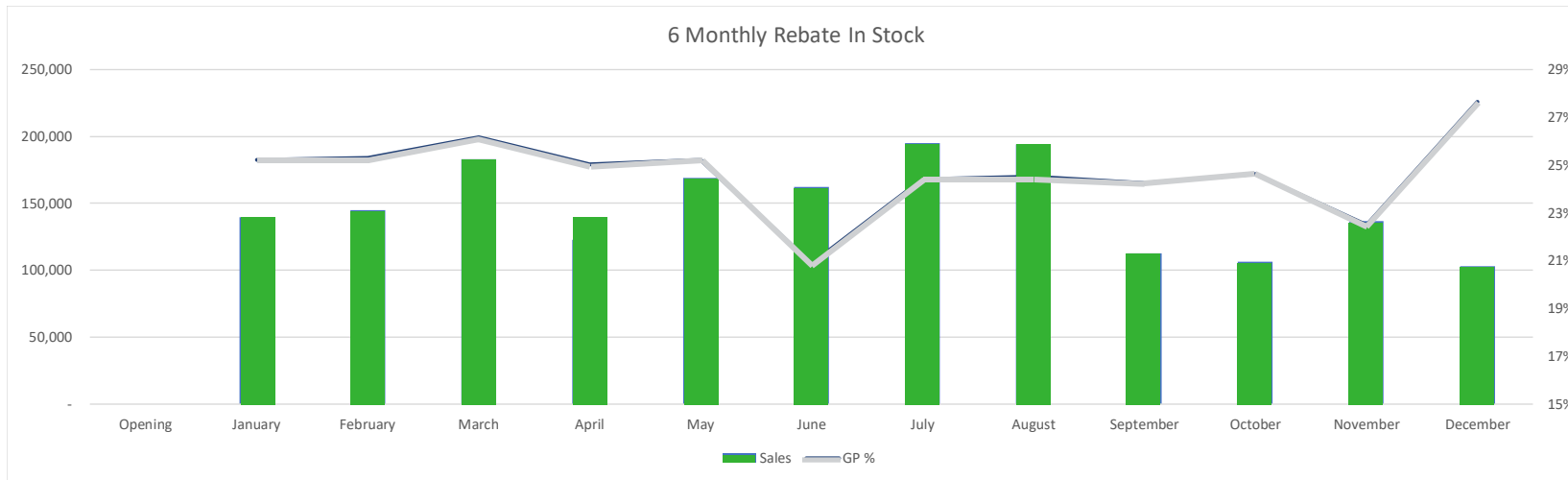
|                                           | Screen Margin | Sales   | Profit | Rebate |        | Nett Profit |       |
|-------------------------------------------|---------------|---------|--------|--------|--------|-------------|-------|
| <b>Bricks &amp; Blocks<br/>Insulation</b> | 20.0%         | 50,000  | 10,000 | 5.0%   | 2,000  | 12,000      | 24.0% |
|                                           | 10.0%         | 50,000  | 5,000  | 30.0%  | 13,500 | 18,500      | 37.0% |
|                                           |               | 100,000 | 15,000 |        | 15,500 | 30,500      |       |
|                                           |               |         | 15.0%  |        |        | 30.5%       |       |
| <b>Bricks &amp; Blocks<br/>Insulation</b> | 20.0%         | 60,000  | 12,000 | 5.0%   | 2,400  | 14,400      | 24.0% |
|                                           | 10.0%         | 40,000  | 4,000  | 30.0%  | 10,800 | 14,800      | 37.0% |
|                                           |               | 100,000 | 16,000 |        | 13,200 | 29,200      |       |
|                                           |               |         | 16.0%  |        |        | 29.2%       |       |
| <b>Bricks &amp; Blocks<br/>Insulation</b> | 20.0%         | 40,000  | 8,000  | 5.0%   | 1,600  | 9,600       | 24.0% |
|                                           | 10.0%         | 60,000  | 6,000  | 30.0%  | 16,200 | 22,200      | 37.0% |
|                                           |               | 100,000 | 14,000 |        | 17,800 | 31,800      |       |
|                                           |               |         | 14.0%  |        |        | 31.8%       |       |

# Rebate in Inventory Calculation



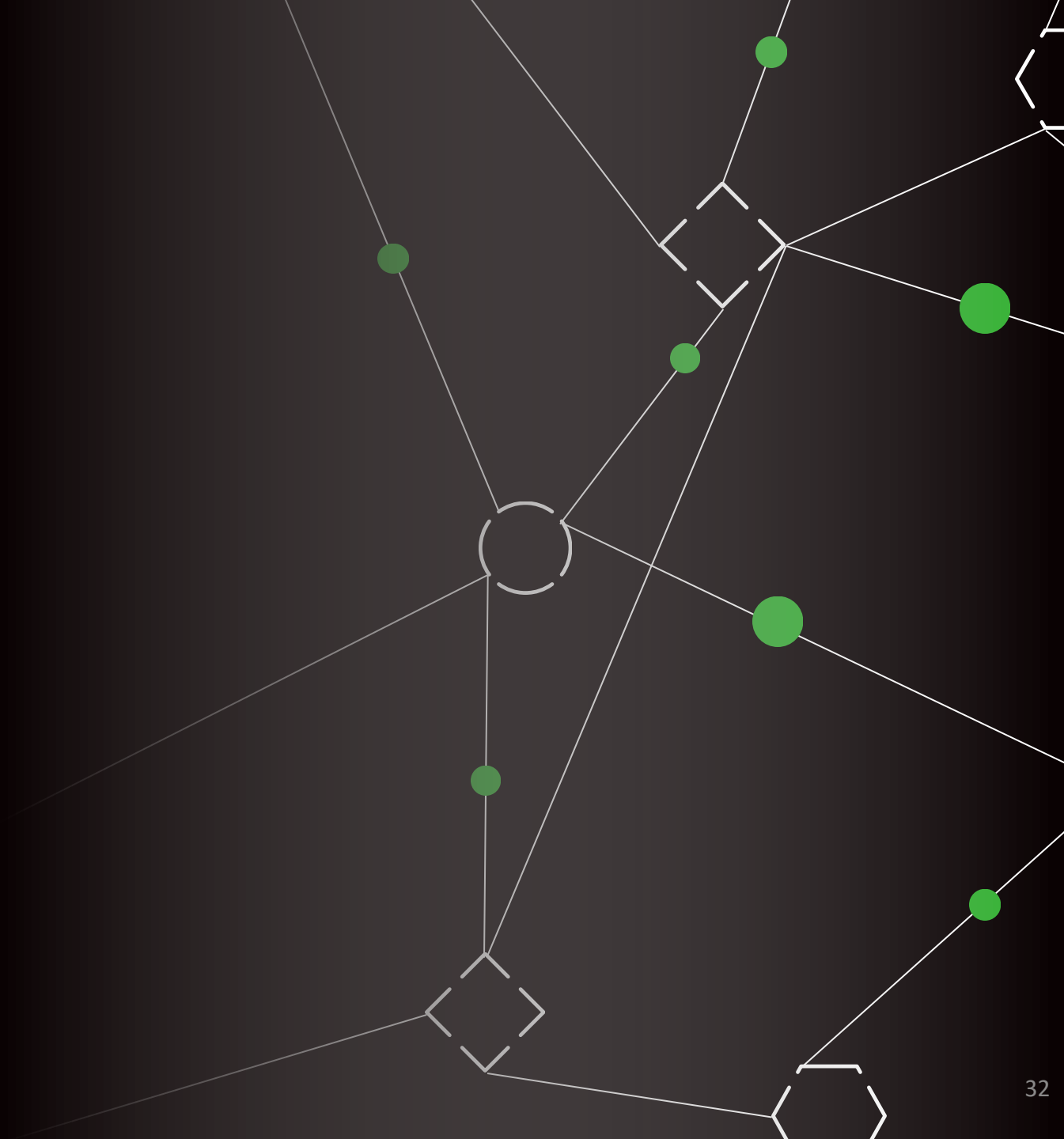
|             | <b>Annual Purchases</b> | <b>Rebate Rate</b> | <b>Rebate Earnings</b> | <b>Inventory Days</b> | <b>Inventory Held</b> |
|-------------|-------------------------|--------------------|------------------------|-----------------------|-----------------------|
| Fast Moving | 4,000,000,000           | 1%                 | 40,000,000             |                       |                       |
| Slow Moving | 2,000,000,000           | 5%                 | 100,000,000            |                       |                       |
|             | <hr/> 6,000,000,000     | 2.3%               | 140,000,000            | 28                    | 460,273,973           |

Research  
estimates 25  
Days



**Important Note:** These charts are calculated from exactly the same transactional figures, but look at how timing of calculations influences how the performance is reported.

**Thank you!**





# Elevate

 by Enable

FIND US ONLINE | [ENABLE.COM](https://enable.com) | [HELLO@ENABLE.COM](mailto:hello@enable.com)

## USA OFFICE

+1 628-251-1057  
535 MISSION ST, 14<sup>TH</sup> FL  
SAN FRANCISCO  
CA 94105, USA

## CANADA OFFICE

+1 416-628-1921  
545 KING ST. W.  
TORONTO  
ON MSV 1M1, CANADA

## UK OFFICE

+44 330 3112 808  
9-12 THE COURTYARD  
STRATFORD-UPON-AVON  
CV37 9NP, UK

## AUSTRALIA - SYDNEY

333 GEORGE ST,  
SYDNEY NSW 2000,  
AUSTRALIA

## AUSTRALIA - MELBOURNE

SUITE 10.04, LEVEL 10, 492  
ST KILDA ROAD, MELBOURNE  
AUSTRALIA

