

Optimizing Profitability Through Cross Functional Resources

Getting Sales, Finance &
Manufacturing to Help Drive Profit



Capital Pricing Consultants L.L.C.
Lydia M Di Liello

About me: Lydia Di Liello



Capital Pricing Consultants L.L.C.

CEO & founder

- 24 years in the Pricing/Revenue Management space
- Promoted through the ranks- analyst, manager, executive
- Most recently 9 years at Executive level

Transformational pricing, economic value engineering

- Billion dollar global automotive, privately held mid size customs plastics manufacturer
- Diverse global clients in Food, web sales

Multiple highly successful CPQ implementations



Overview: Optimizing Profitability Through Cross Functional Resources

- Profit- Creating a Baseline
- Impact to Sales, Finance and Manufacturing
- Four Keys to Create Cross Functional Cohesion
- Stop Doing Dumb Things

Profit

Creating a Baseline

Lydia Di Liello



Capital Pricing Consultants L.L.C.

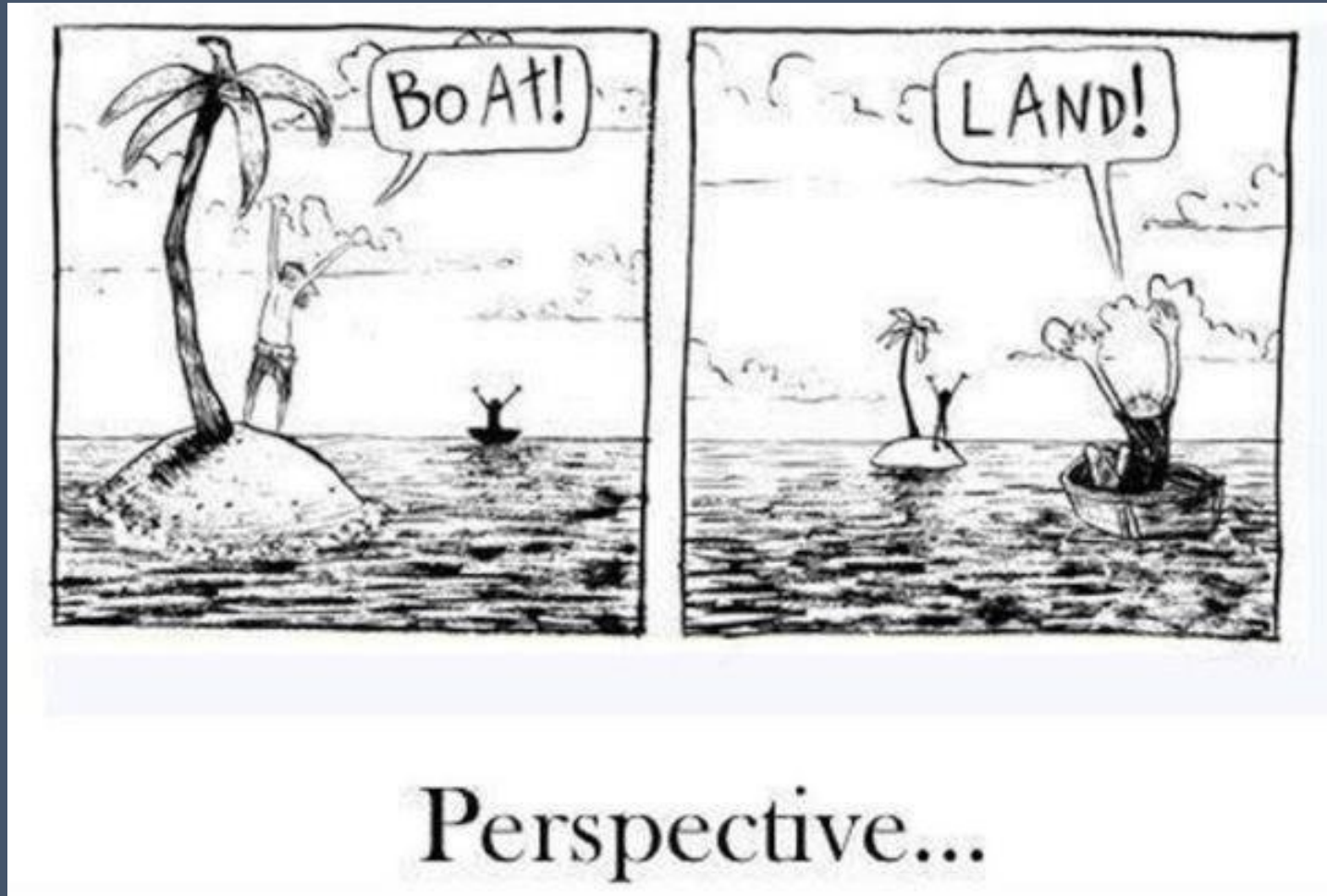
Profit: a Definition

According to Investopedia profit is :

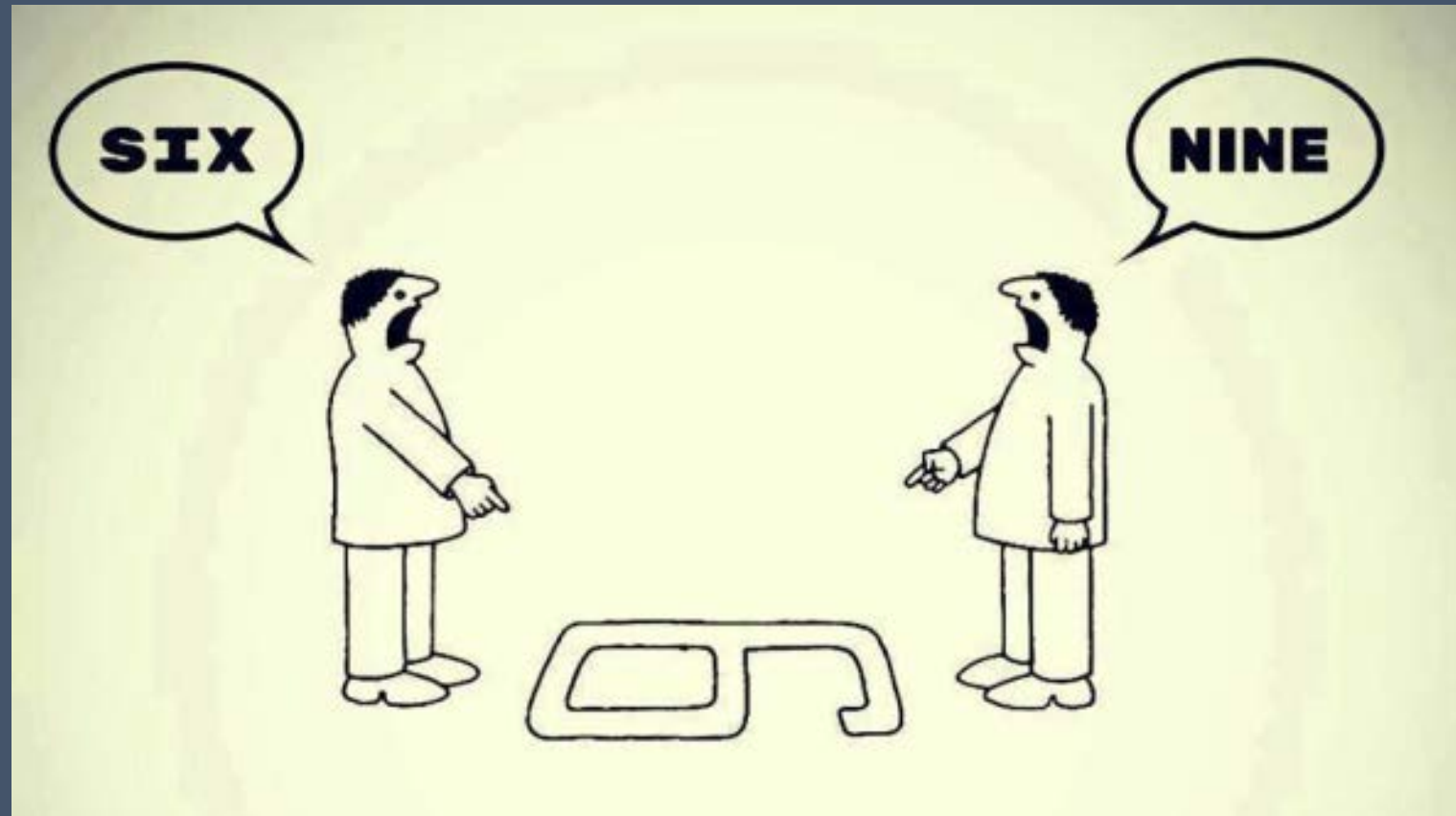
“ a financial benefit that is realized when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity”



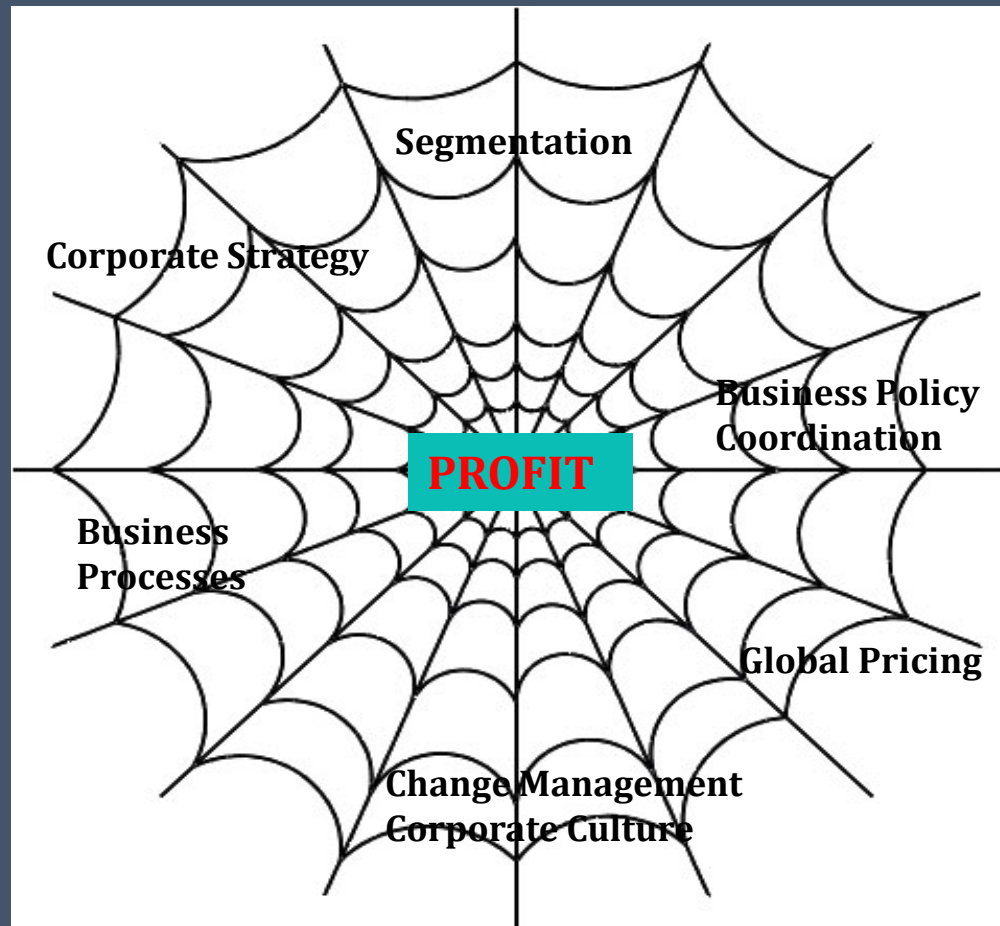
Profit: A Perspective



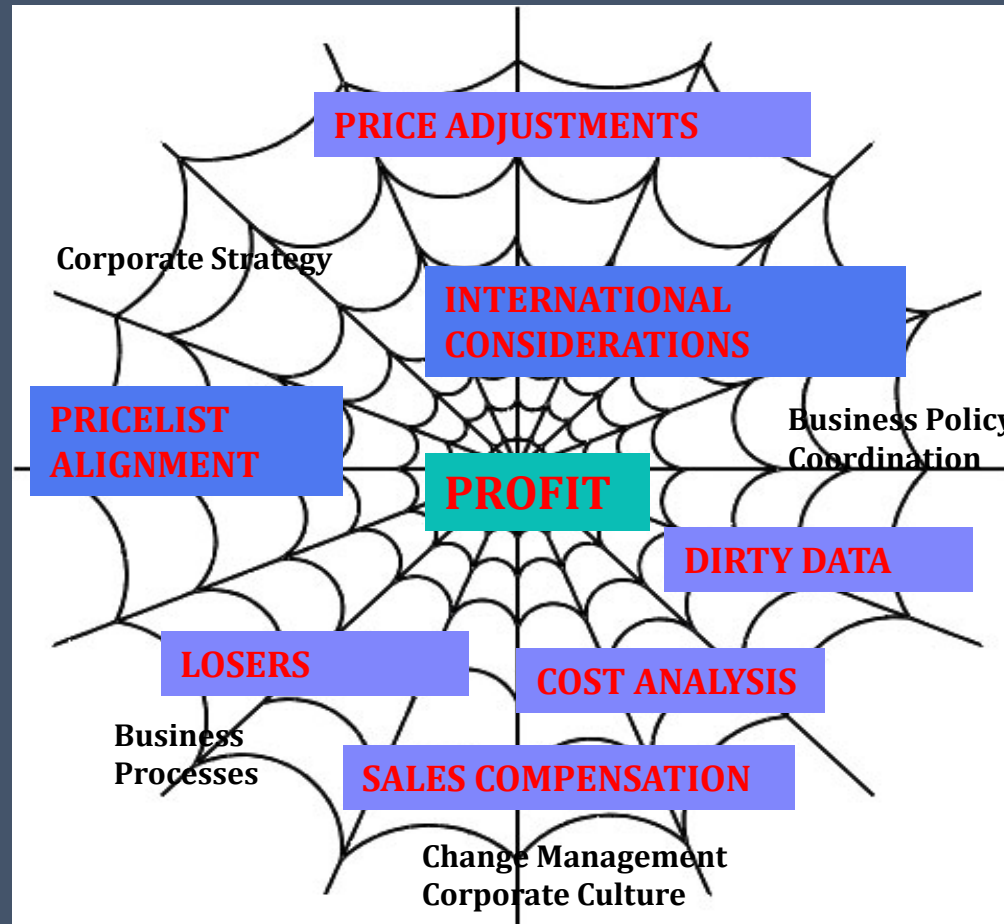
Profit: A Perspective



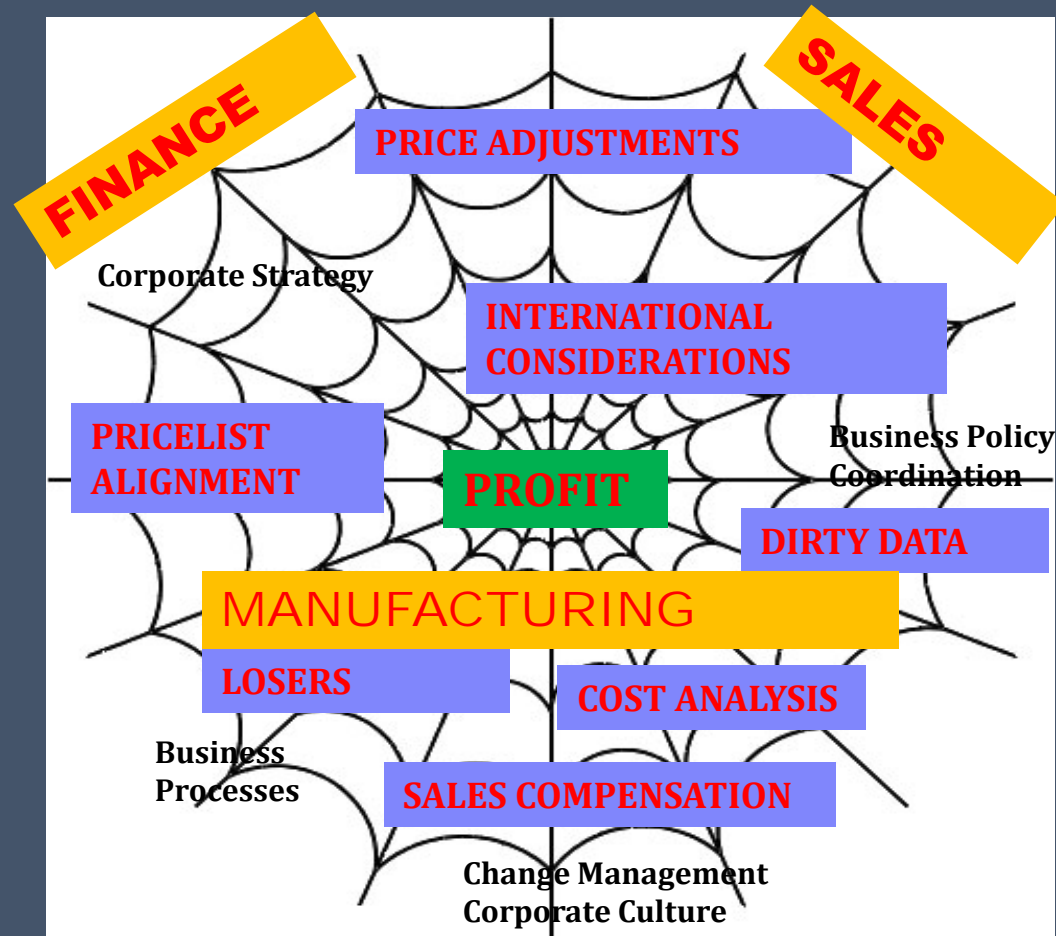
Spider Web of Profit™- Strategic Implications



Spider Web of Profit™- Tactical Implications



Spider Web of Profit™- Operational Implications



The 4 Keys to cross functional Profit Cohesion

Lydia Di Liello



Capital Pricing Consultants L.L.C.

Dirty Data Profit Loss- Case Study

Manufacturing company

Limitless SKU's

Limitless price points

Believed tribal knowledge- no proof

Identified cause of dirty data

Cost plus pricing was utilized

No market based prices

No list prices



Profit: Where do we begin?

Finance: Why can't Sales "stick" the price increase?



Sales: When have these Finance folks EVER talked to a customer?

Manufacturing:
Cant somebody sell
\$\$\$ what I make?

Profit- Cross Functional Cohesion

Profit- 4 keys to create cohesion

Sales

Finance

Manufacturing



Cross Functional Profit Responsibility: The Four Keys

- Data
- Language
- Compensation
- Pain Points

Cross Functional Profit Responsibility: Why is it so Difficult Continued?

- Data- what they care about is different
- Language- the way they speak is different
- Compensation- the manner of compensation is different
- Pain- the point and amount of pain is different



Profit: Where do we begin? Key #1

DATA

Data

Each functional group uses data for the same purpose:
To gauge and Measure their progress against company directed goals.

BUT

They utilize totally *different* types of data

Data- The First Key – A Common Challenge

- Sales
 - Sales \$\$ per region
 - \$\$\$ per customer
- Finance
 - Different cost accounting methods:
variable vs fixed
 - \$/Machine Hour
- Manufacturing
 - Over runs and under runs
 - Machine “up” and “down” time



Data That Impacts all Cross Functional Departments

Company Revenue

- Identify data subset that impacts the cross functional department
- Product line, Region, Customer Type, Distributor, Specific part

Company Profit

- More price means more revenue which means more profit (Sales)
- 2 costs in the “system” generate two different profits disparate by 10% (Finance)
- Produce actual forecasted volume and it will be sold for full value (Manufacturing)



Profit: Where do we begin? Key #2

LANGUAGE

Language- A Universal Misunderstanding



Language

Sales: \$Revenue per customer

Finance: Price equity ration " PE ratio"

Manufacturing: \$Contribution/Machine

Data That Impacts all Cross Functional Departments

Company Revenue

- Identify data subset that impacts the cross functional department
- Product line, Region, Customer Type, Distributor, Specific part

Company Profit

- More price means more revenue which means more profit (Sales)
- 2 costs in the “system” generate two different profits disparate by 10% (Finance)
- Produce actual forecasted volume and it will be sold for full value (Manufacturing)



Profit: Where do we begin? Key #3

COMPENSATION

Show Me How You Compensate A Person & I will Show You How They Will Behave



Compensation- The Great Equalizer

- Sales: Top line Revenue
- Finance: Bottom line
- Manufacturing: machinery utilization and machinery productivity



Data That Impacts all Cross Functional Departments

Company Revenue

- Identify data subset that impacts the cross functional department
- Product line, Region, Customer Type, Distributor, Specific part

Company Profit

- More price means more revenue which means more profit (Sales)
- 2 costs in the “system” generate two different profits disparate by 10% (Finance)
- Produce actual forecasted volume and it will be sold for full value (Manufacturing)



Profit: Where do we begin? Key #4

PAIN POINTS

PAIN Points

Sales: Customer

PAIN: Product, Price, Timing

“Why cant you make what I want to buy? I’m not paying for this
Price increase, I need the product tomorrow!”

Finance: CEO & The Board

PAIN: Return on Money

“If you can’t generate the return on our money we will find
someone who can”

PAIN Points Continued

Manufacturing: CEO, CFO & Sales

PAIN: Machinery Utilization, Cost, Product

“These scrap rates are unacceptable. Create new work flows”

“We are not achieving our ROI with so much down time”

“My customer wants the product in red NOT blue”

Optimizing Profitability Through Cross Functional Resources

STOP Doing Dumb Things

Lydia Di Liello



Capital Pricing Consultants L.L.C.

A vertical decorative bar on the left side of the slide, featuring a golden-yellow background with various financial symbols and characters (such as dollar signs, yen signs, and numbers) in a 3D, embossed style.

Dumb Things

1. Vague Communication
2. Increase prices to give bigger discounts

Dumb Things: Vague Communication

- Encourages no responsibility
- Supports creative interpretation
- Is not measurable



Finance:

- Believes you don't know the details or haven't invested the time to crunch the numbers

Sales:

- Is having a party because any excuse will cover them

Manufacturing:

- Has no idea what to expect from orders

Dumb Things: Bigger Discounts

Increasing prices to support larger discounts is a lose lose

- Not only do you irritate your customer base for ZERO financial gain you also begin to lose credibility
 - Customers are not stupid
 - We are all consumers



THANK YOU



Capital Pricing Consultants L.L.C.

www.capitalpricingconsultants.com

Lydia@capitalpricingconsultants.com

Lydia M. Di Liello

CEO & Founder

330-283-5273