



Quantum Profit Gram #4

For over 25 years, “best practices” has been big, giving lots of “efficiency / quality improvements.” Now take it to the next level with Quantum Profit Management. It’s vital to ask new questions that can’t be answered with industry benchmarking:

- What’s your #1, most-profitable, customer-niche pool?
- Which customers are generating all of the profits, subsidizing losers in the pool?
- What do you see on your item ranking report for the customer pool, showing most popularly requested items? How are you tuning fill-rates for popular items to be the highest, best-value amongst your competitors for the least amount of incremental inventory investment?
- How are you measurably and systematically selling more of these most profitable items to the most profitable customers on a larger-order-size, win-win basis?
- Beyond fill-rates, how are you executing on the other 7 to 11 service-value metrics that must be tuned for each target customer niche, ensuring the best service-value equation at the lowest total operational cost? ¹
- What people engagement metrics and levels do you have so you know that your people are motivated to drive the service metrics consistently?
- How will you track those metrics in some disciplined, continuous-improvement way across all of your locations?
- Who are each location’s five most profitable customers, along with the five most important target accounts? How many “heroic acts” is the team executing every week for those accounts? How do you measure and broadcast these stories? ²

You can’t be a market leader if you’re just tracking financially-oriented KPIs that are easy to find. Even “service quality” KPIs — errors rates; on-time delivery percentages; cycle count accuracy; etc. — are only useful when applied to the customers that matter.

Quantum Profit Management (QPM) is how you measure, in detail, where you make and, especially, lose money — on which customers, in what niches, and on what specific products. More narrowly, how are you hustling and tracking the “gazelle” accounts that will generate 80% of the profit growth in their markets? Be sure you’re their supplier, with a profitable service model for their business.

QPM is the new breakthrough, breakout story for distributors and manufacturers and Waypoint Analytics is a superior QPM tool designed to help you find answers and solutions to the questions above, and can be up and running in two or three weeks. Go to www.quantumprofitmanagement.com find out more about Quantum Profit Management, and to www.waypointanalytics.info for more detailed information about WayPoint Analytics.

D. Bruce Merrifield, Jr.

¹ For more on cost to serve, see QPM newsletter #2, <http://www.quantumprofitmanagement.com>

² See exhibit 3 on my website: <http://www.merrifield.com/exhibits/8elements.pdf>

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