Consumer Products Case Study

PROJECT OVERVIEW

P&L Profitability Simulation Analytics Tool

A family owned food company was ready to advance their analytical capabilities across the organization and engaged Clarkston to kickstart their analytics journey. To activate their analytics program, we first developed a clear strategy that defines the overall vision, path, opportunities, and needs of the organization. Then, we guided their team through an entire end-to-end predictive analytics Proof of Value (POV) project to establish a quick win.

The pilot project was to build a customer profitability simulator. There was interest across the finance, sales and marketing, and supply chain teams in understanding the impact of decisions on the whole profit and loss (P&L) sheet. This simulator gave analysts the ability to simulate changes in trade spend or deductions and see their effect on the bottom line. Situation modeling allowed the client to reimagine profitability through customer and product lenses.

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PROJECT OVERVIEW

CLARKSTON CONSULTING

INDUSTRY:

Food

PRODUCTS AND SERVICES:

Manufactures canned beans

PRIMARY OBJECTIVES:

- Reimagine customer & product profitability and cost-to-serve through data storytelling and score carding
- Enable analysts to view profitability across retail customers and across products
- Align processes, skills, and toolsets outlined in the strategic roadmap and identify any organizational gaps to address

RESOLUTION:

- Used machine learning to predict cases sold by joining elements from the P&L like trade dollars, returns and deductions with sales history and master data
- Used the predicted values for cases sold to calculate the full P&L statement
- Built a web application front end for their analysts to plug in different starting values and simulate the resultant P&L
- Integrated with Power BI to visualize the outcomes using scorecards

KEY BENEFITS:

- Identified opportunities in product mix and volume/margin analysis across customers by connecting sales and supply chain cost information
- Allowed analysts to take action on the optimal scenarios to maximize revenue or margin or minimize costs, depending on the guiding strategy
- Created a tool to answer questions like:
  - How can I get to a X% profit margin on this customer?
  - Which customer will benefit the most from a trade spend increase of 5%?
  - How much can I affect profit margin if I reduce damages by 10%?

Simulator tool can calculate and optimize net impact to guide decisions like trade spend allocation or a reduction in returns and deductions

Shared repeatable processes and templates to activate analytics to drive value

Developed 3-year data and analytics strategy to support business growth

