



Wilson Perumal
& Company



OFFERING
INTRODUCTION

COMMERCIAL EXCELLENCE

STRATEGY TO MAXIMIZE GROWTH & PROFITABILITY



Executive Summary

- **Commercial excellence includes all the ways your organization drives, creates, captures, and manages demand**, including:
 - In-depth analysis of the market to inform your commercial strategy
 - Strong value case for your offering and robust commercial strategy to create and capture demand
 - Outstanding execution capabilities within sales, marketing, customer service, channel partnerships, branding, pricing, and product management
 - The people, processes, tools, and technology to enable execution capabilities
 - Capability to measure and monitor to track success and inform refinements
- Commercial excellence **ensures that your well-vetted commercial strategy captures the growth and share it deserves**, asserting your “right to win”
- WP&C’s **unique perspective on complexity** more precisely informs critical commercial excellence investment decisions and takes into consideration the complexity you’re creating for your customers
- Focusing on commercial excellence can **quickly drive step-change growth**, while avoiding the complexity risks involved in expanding into new customer segments and/or bringing new products or solutions to market
- Commercial excellence typically drives **10%-40% revenue and EBITDA growth** within 2-3 years of implementation



We have deep experience helping companies create and capture value

KEY SERVICES

- Business Simplification
- Growth Strategy & Commercial Excellence
- Customer Offer Optimization
- Complexity Costing
- Operating Model/Process Redesign
- Execution & Value Capture

WP&C's Focus on Complexity

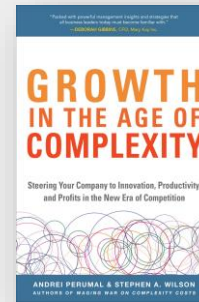


We partner with clients to help them better compete in a complex world, improving the customer experience, growth and profitability

Experienced Practitioners & Industry Expertise



We wrote the book on complexity and bring more cycles of experience



Industry-Proven Methods & Frameworks



WP&C's Operational Excellence Management System is best-in-class and has been widely adopted

OUR VALUE ORIENTATION IS REFLECTED IN THE RESULTS WE HELP CLIENTS ACHIEVE

“Every time we use WP&C we are better off. I can’t say that about many other consulting firms.”

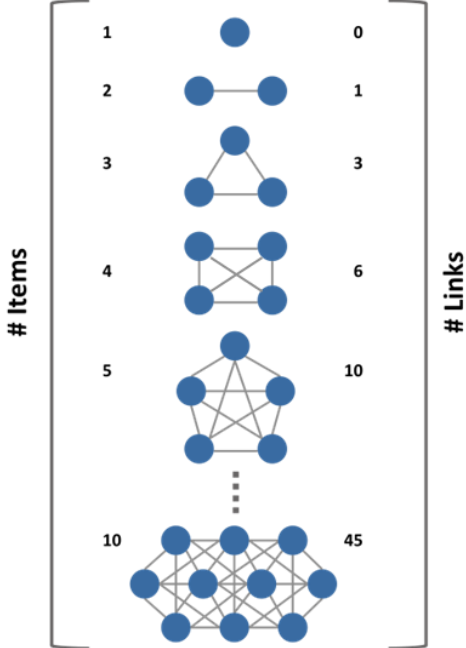
— Eric Axford, EVP, Suncor Energy Inc.

“If you take all six times where we looked at this, over the past ten years, and rolled them all up together, and multiplied by ten, it would still not be as good as this work.”

— Bill McNabb, CEO, Vanguard Group, Inc.

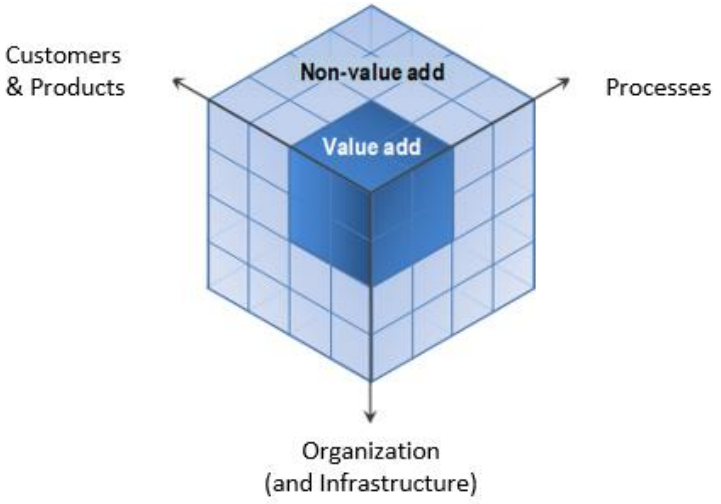
Compounding complexity within companies is a critical barrier to profitable growth

Complexity hides in the number of "things" you must manage



100 items = ~5,000 links

WP&C COMPLEXITY CUBE



- Complexity lies in the interdependencies (i.e., on the axes)
- Effects of complexity lie on the faces
- The benefit of adding complexity is local, while the costs tend to be hidden

Complexity increases exponentially, making it harder and harder to be effective

The impact of complexity is more cost, more ambiguity, and slower reaction times

Strategic decisions that aim to maximize growth often add new complexity

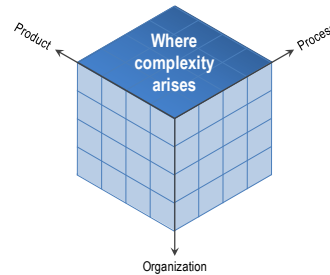
INTERACTION

CUBE VISUALIZATION

SYMPTOMS

Product-Process

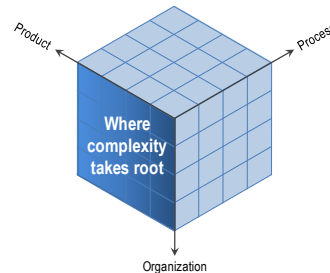
Where Complexity Arises



- New products, services, customers or channels add new processes and/or increase number of steps in existing processes
- Example impact: Impaired & inconsistent product/offering value demonstrated to customers

Organization-Product

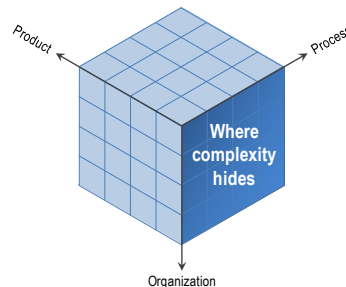
Where Complexity Takes Root



- Organizations, roles, technology, offices get added to support new products, customers, features or service levels
- Example impact: Customer confusion with many faces to customer and inconsistent messages

Process-Organization

Where Complexity Hides

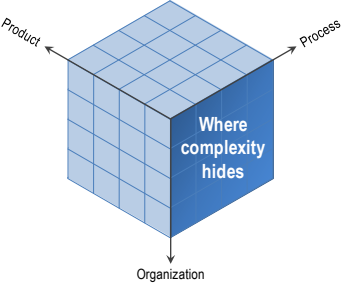
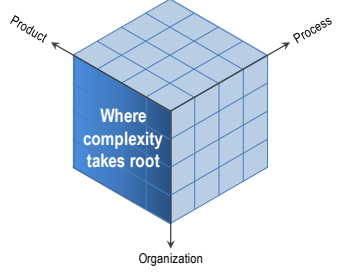
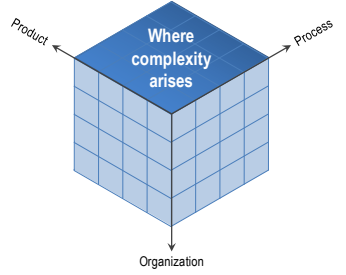


- New processes require new technology, competencies, or roles
- New organizations duplicate processes, the need for support, and become bespoke
- Example impact: Clogged innovation funnel with inconsistent stage gates to optimize results

WP&C's unique complexity perspective drives more informed commercial strategy & execution decisions

Understand causes and symptoms of compounding complexity

Develop better informed commercial excellence



BRAND

Are compounding complexity costs well-understood as brands proliferate with growth?

CHANNEL

What is margin erosion due to complexity as customized service levels proliferate across channel partners?

PRICING

What are missed margin gains from failure to account for complexity costs from expanding products and customers in pricing strategy?

SALES

What are complexity costs from adding additional sales roles and salespeople to drive growth? Are all sales territories truly profitable?

PRODUCT MANAGEMENT

Are complexity costs incorporated into product management decisions? What are our most and least profitable products and offerings, and where should investment be focused?

SERVICE & SUPPORT

How are SG&A costs growing due to complexity created by proliferating services and support? Are these properly monetized?

Do your commercial approaches and ways of doing business create complexity for your customers?

COMMON APPROACHES TO CUSTOMERS

Multiple interfaces across sales, product/offering delivery teams, and service or support teams

Multiple product lines or brands with separate invoices, different purchasing processes, and unique shipping channels

Difficult to install or assemble products or solutions

Non-transparent and inconsistent communication channels

COMPLEXITY CREATED FOR CUSTOMERS



Confusion about who to contact, where and how to get information and product/offering support



Extra work and additional processes for procurement and significant operational complexity coordinating receipt of deliveries



Additional resources and processes required to organize, assemble, and/or install products



Mistakes or re-work as product needs evolve, delays in production or product usage, additional resources dedicated to managing communication

WP&C takes a **market- and customer-backed approach** to inform how to create value for, do business with, and best engage customers

Commercial excellence ensures that you more consistently and efficiently create and capture market demand

STRATEGY MAY BE IN PLACE...

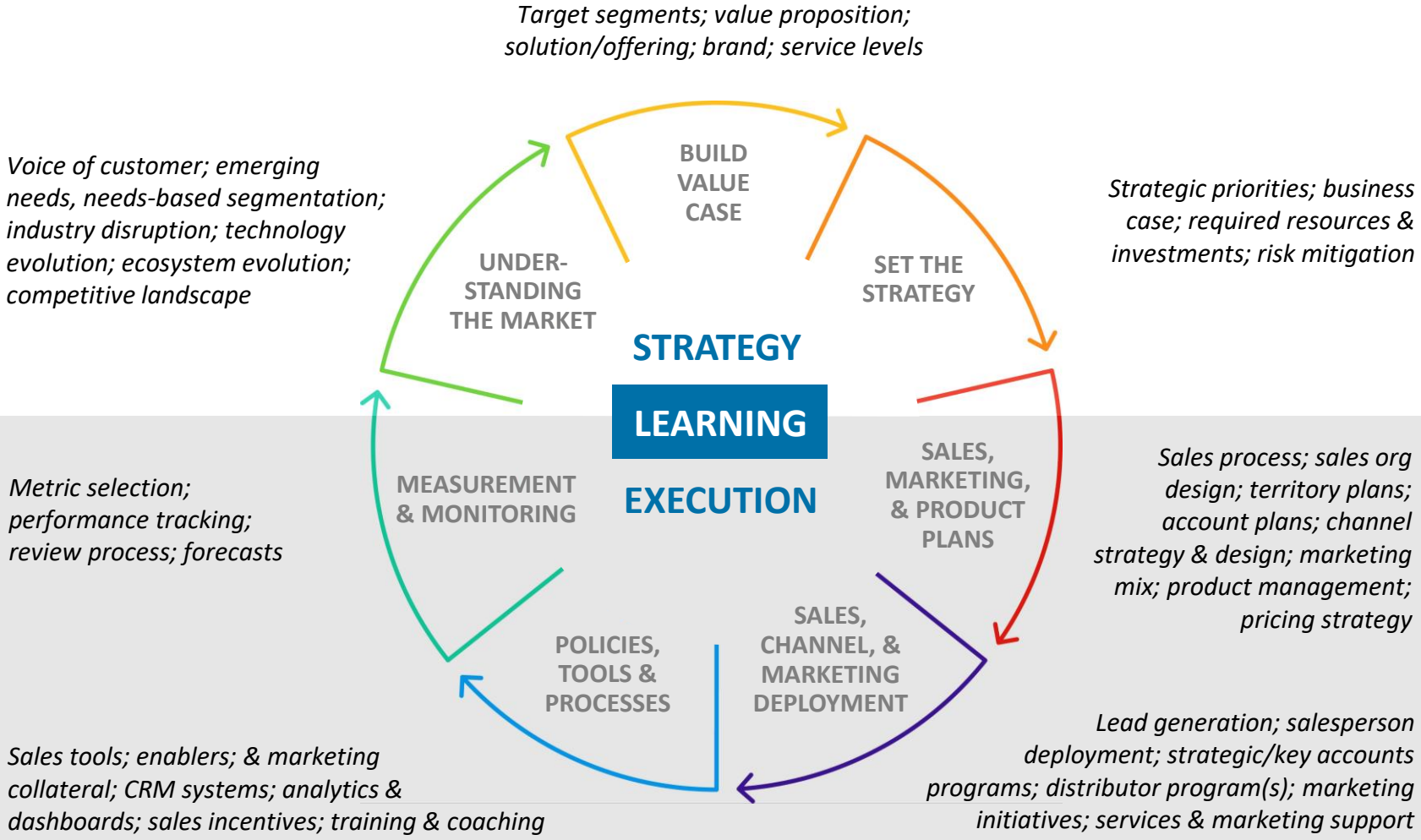
- ✓ Clear view of business model
- ✓ Target markets selected
- ✓ Customer segments identified and prioritized
- ✓ Deep understanding of customer needs
- ✓ Differentiated value proposition and offering developed

...BUT INEFFECTIVE EXECUTION INHIBITED BY COMPLEXITY STIFLES YOUR ABILITY TO REALIZE FULL VALUE

- Pricing leaves profits on the table and limits profit margins
- Channels are not designed or enabled to enhance and deliver the differentiated offering
- Sales team is not delivering growth in the target segments where we believe we have a “right to win”
- Product strategy and management fails to advance our differentiated offering
- Service and support capabilities fail to deliver on our value proposition
- Ladder of brands are confusing and/or irrelevant to customers

Commercial excellence capabilities ensure you assert your **“right to win”**

Commercial excellence is an ongoing cycle whereby commercial strategy is designed, executed, and revised



Common everyday commercial issues are frequently indicators of underlying critical issues

COMMERCIAL STRATEGY

UNDERSTAND
THE MARKET

BUILD VALUE CASE

SET THE STRATEGY

- Failure to anticipate value-shifts or new/emerging customer segments in the market
- Sales and/or marketing teams cannot explain key value/differentiation of offering in a 30-second elevator pitch
- Unclear target/priority customer segments and criteria used to make purchase decisions
- Disappointing product/solution launches which fail to meet customer needs and expectations and do not achieve peak sales potential

COMMERCIAL EXECUTION

DEVELOP SALES,
MARKETING, PRICING,
& PRODUCT PLANS

DEPLOY SALES,
CHANNEL, MARKETING
& PRICING PLANS

IMPLEMENT
POLICIES, TOOLS
& PROCESSES

MEASURE & MONITOR

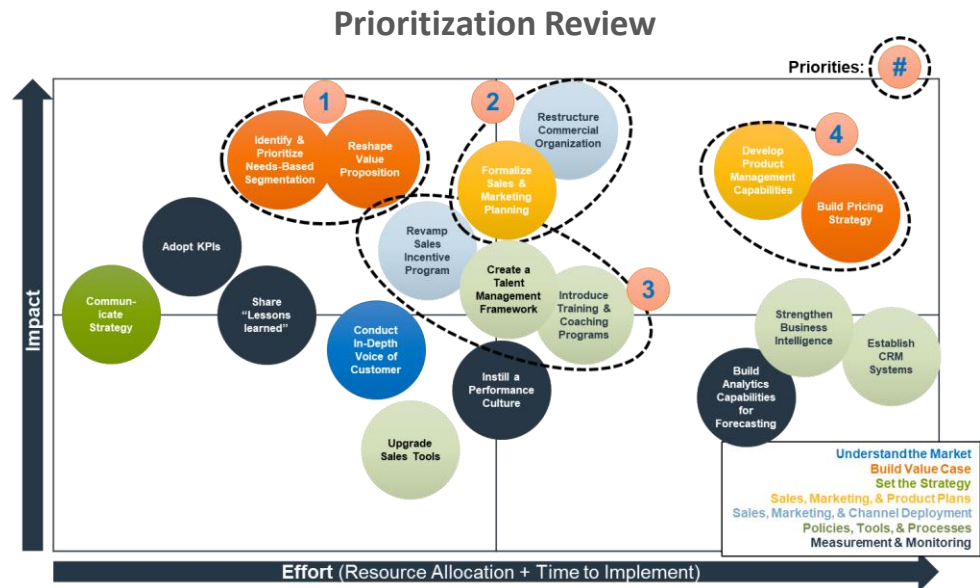
- SG&A as percentage of revenue is increasing
- Gross and operating margins are below target
- Wallet share in target customers is stagnant or declining
- Disappointing cross-selling results
- Top salespeople are not growing sales in territory
- High turnover in commercial organization
- Relationships with key customers are mostly with purchasing/procurement
- Distributors prioritize selling other companies' lines over your products
- Ground-up revenue forecasting is inaccurate or inconsistent

Achieved 30% EBITDA growth within 2 years

PE-acquired company assessed commercial capabilities, built a commercial structure to drive cross-selling, and implemented value-based pricing strategy

APPROACH

- **Conducted assessment** through internal interviews, detailed review of commercial processes & capabilities, and customer interviews to assess current state, confirm areas of excellence, and identify areas requiring capability development
- **Prioritized initiatives to execute**, namely reshaping value proposition & targeting, reimagining commercial structure, enhancing sales training & motivation, and revamping the pricing strategy



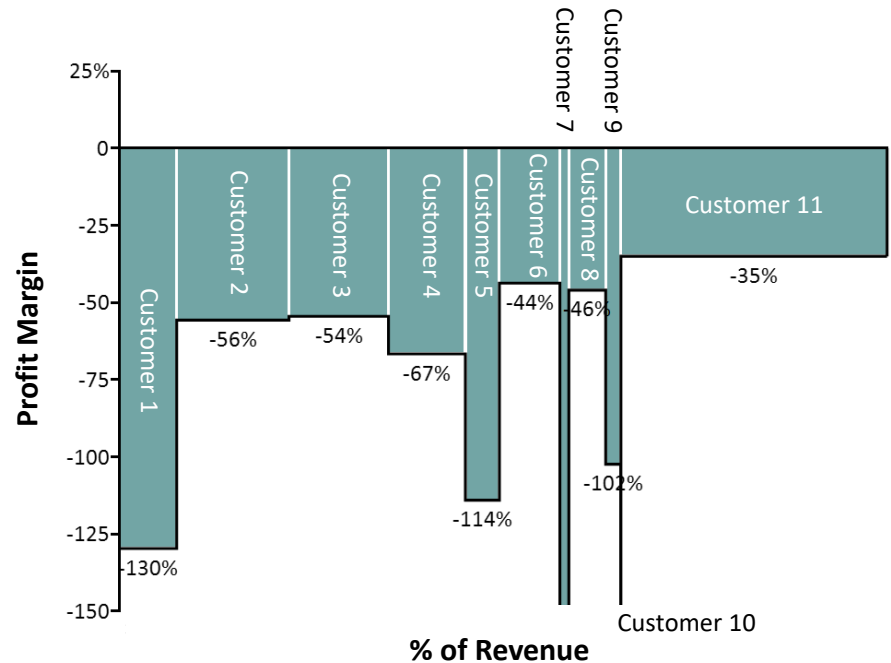
The company moved forward on prioritized initiatives—especially refining its commercial structure to enhance cross-selling and match market demand—and worked with WP&C to develop pricing strategy to account for volatile market demand and supply challenges

Identified \$50MM incremental profit opportunity

Company evaluated true costs and profitability across its customer base to refine customer coverage and adjust pricing approach

APPROACH

- Identified several customers which were **highly unprofitable** using *square root costing* to account for complexity costs and understand true cost to serve
- **Adjusted prices of services** for this set of customers to achieve profitability
- **Shifted resources away from these customers to higher value customers** to lower the cost to serve, improve value provided to more profitable customers, and further enhance overall company profitability



- Identified a total of \$50MM additional profitability through customer coverage adjustments and pricing initiatives
- Applied priority customer coverage and pricing initiatives to quickly realize enhanced profits, achieving \$8MM incremental profitability through immediate pricing adjustments in 12 months

Realized 25% EBITDA improvement within 2 years

Applied needs-based segmentation approach to identify less price-sensitive customers who pay a premium for value; pricing playbook implemented for consistency

APPROACH

- Determined company position vs. competitors in pricing and service through customer and market surveys
- Analyzed results to understand that *pricing did not reflect service levels provided as compared to competitors*
- Deep-dived at the sales territory level and found that *pricing rates (labor rates for service) were nearly identical for both price sensitive and non-price sensitive customers*

	Price Sensitive Customers (Other industries)	Less Price Sensitive Customers (Mfg, F&B, Healthcare)
Peripheral Territories	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;"> Service (40%) Price (60%) </div> <div style="margin-right: 10px;">→</div> <div style="text-align: center;"> Labor rate (\$/hr.) \$102 </div> </div> <p>Buying Factor (23% of cust. / 21% of revenue)</p>	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;"> Service (62%) Price (38%) </div> <div style="margin-right: 10px;">→</div> <div style="text-align: center;"> Labor rate (\$/hr.) \$102 </div> </div> <p>Buying Factor (5% of cust. / 11% of revenue)</p>
Core Territories	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;"> Service (55%) Price (45%) </div> <div style="margin-right: 10px;">→</div> <div style="text-align: center;"> Labor rate (\$/hr.) \$152 </div> </div> <p>Buying Factor (60% of cust. / 42% of revenue)</p>	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;"> Service (64%) Price (36%) </div> <div style="margin-right: 10px;">→</div> <div style="text-align: center;"> Labor rate (\$/hr.) \$150 </div> </div> <p>Buying Factor (13% of cust. / 27% of revenue)</p>

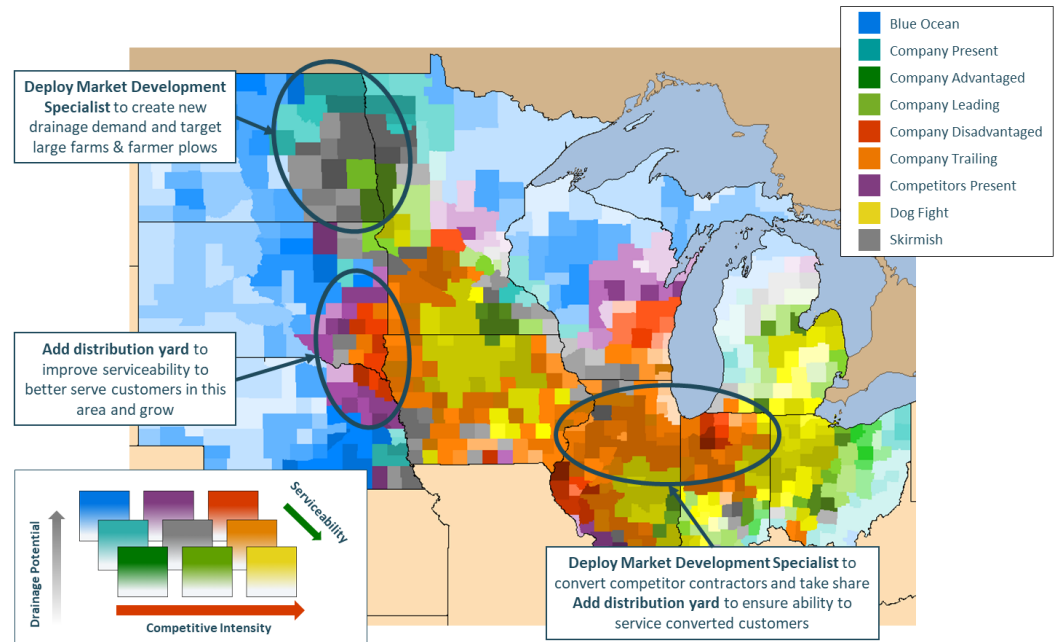
- To improve pricing discipline and results, the company applied needs-based customer segmentation, from which it could apply a value-based pricing approach
- The company implemented consistent pricing principles to reduce variation in rates and reduce ad-hoc discounting
- Ultimately, the company realized 25% EBITDA improvement through segmentation and pricing within 2 years

Doubled annual revenue in core markets in 3 years

Drainage solutions provider found \$200MM untapped market opportunity in its core business, segmented the market to identify gaps in coverage of priority target customers, and enhanced sales force effectiveness and sales deployment to take share

APPROACH

- Assessed each county in core “farm belt” markets to understand market potential for drainage solutions, how well company is capable of servicing that county (i.e., is a distribution center nearby), and competitor presence
- Identified critical sales effectiveness levers to improve, especially customer engagement model, sales force deployment, and consultative selling skills development



- Expanded sales team & distribution presence to address geographies where company lagged behind competitors
- Advanced consultative selling capabilities, developing tools, processes, and skills
- Doubled annual revenue in core markets in 3 years



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RESOURCES

- [Finding new sources of profitable growth in a difficult media environment](#)
- [Refocus on the core for profit and growth](#)
- [Growing profit with revenue](#)

