Business Problems Report

1. Lack of Clear Vendor Performance Classification

The business does not have a structured, data-driven method for identifying high-performing

and low-performing vendors. This limits effective procurement strategies and vendor prioritization.

2. Inefficient Purchase Pricing

Unit Purchase Price shows wide inconsistencies across similar products and order sizes.

These variations indicate potential overpayment, weak negotiation strategies, and irregular supplier pricing.

3. Misalignment Between Purchases and Sales

Some vendors generate high procurement volume but low sales or profit contribution.

This leads to poor inventory movement, excess stock, and inefficient capital utilization.

4. Weak Understanding of Order Size Impact

Order size does not always correlate with better pricing or discounts.

A lack of structured ordering strategy results in missed opportunities for cost savings.

5. Unidentified Profitability Gaps

Gross Profit contribution varies widely between vendors.

The business lacks sufficient visibility to identify vendors with weak margins,

leading to suboptimal pricing and poor profit optimization.

6. Limited Negotiation Leverage

Without detailed historical pricing and cost insights, vendor negotiations rely on assumptions.

This results in unfavorable terms, price inconsistencies, and lost cost-saving opportunities.

7. Inventory and Procurement Inefficiencies

Vendors with low sales turnover or inconsistent pricing create risks of excess inventory, slow-moving stock, and reduced cash flow efficiency.

Conclusion

Addressing these business problems through data-driven vendor management, pricing standardization, and performance tracking will significantly improve profitability and operational efficiency.