

CONNECT RETAIL BUSINESS INTELLIGENCE DASHBOARD

Executive Performance Summary

TOTAL REVENUE
\$2297201k
↑ 15% Vs Target

TOTAL PROFIT
\$286,397K
Margin: 12.5%

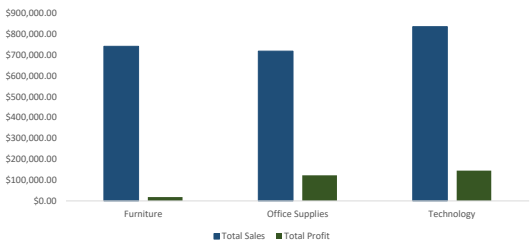
PROFIT MARGIN
12.5%
Needs Improvement

VIP CUSTOMERS
80 Customers
\$39K Value(3yr)

PROFIT AT RISK
\$2,427k
179 Unprofitable Customers

PROFITABILITY ANALYSIS BY CATEGORY

Revenue vs Profit by Categories



Furniture generates \$742K in revenue (32% of total) but delivers only \$18.5K in profit, resulting in a 3.9% margin.

Meanwhile:

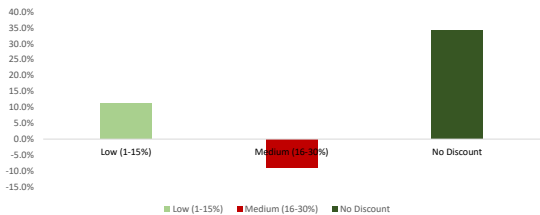
- Technology delivers a 15.6% margin
- Office Supplies delivers a 13.8% margin

Furniture is therefore operating at ~25% of the profitability efficiency of the other two categories. If Furniture merely matched Office Supplies' 13.8% margin, incremental profit would be substantial:

- Current Furniture profit: \$18.5K
 - Potential profit at 13.8% margin: \$102.4K (\$742K × 13.8%)
 - Missed opportunity: +\$83.9K
- That represents a +29% increase in total company profit (\$83.9K ÷ \$286.4K).

DISCOUNT IMPACT ANALYSIS

Profit Margin by Discount Band



DISCOUNT DEPTH DESTROYS PROFITABILITY

As discount % increases, profit margin COLLAPSES:

- No Discount: 34.0% margin, \$67 profit/order
- Low Discount (1-15%): 11.2% margin, \$72 profit/order
- Medium Discount (16-30%): -8.8% margin, -\$9 profit/order

Discounting above 15% is value-destructive
50.5% of all orders (Medium Discount) destroy profit outright
These orders generate the largest share of revenue yet operate at a negative margin

Volume does not compensate for margin loss
Medium discounts drive \$1.13M in sales and still lose \$45K
Each order in this band costs the company \$9

CUSTOMER SEGMENTATION AND VALUE

Segment	Customer Count	Total Revenue	Total Profit	Average Profit/Customer	% of Total Profit	Status
VIP (Top 10%)	80	\$177,244.24	\$50,994.46	\$637	18%	PROTECT
High Value	158	\$475,220.50	\$95,581.98	\$605	33%	GROW
Medium Value	317	\$991,807.07	\$136,176.18	\$430	48%	NURTURE
Low Value	59	\$178,401.92	\$1,217.72	\$21	0%	MAINTAIN
Unprofitable	179	\$474,527.13	\$2,426.68	\$14	1%	EXIT
TOTAL	793	\$2,297,200.86	\$286,397.02	\$1,706	100%	

VIP Segment (3-year value):	38,980,4698
High Value Segment (3-year value):	126,175,2018
Medium Value Segment (3-year value):	194,155,6074
TOTAL	359,311,279

359 dollars represents the profit we stand to **LOSE** over 3 years if we don't actively retain our top customer segments.

KEY INSIGHTS:

"Treat VIP churn as a financial risk, not a marketing metric"

- Losing 8(10%) VIPs wipes out more profit than: Acquiring dozens of low- or medium-value customers
- VIP churn should be tracked like revenue leakage, not engagement decline

Do NOT over-invest in VIP acquisition

- VIPs are not created cheaply
- They emerge through relationship depth and order consistency

Retention ROI ranking (non-negotiable)

- Protect VIPs (highest profit density)
- Develop Medium → High (largest total value pool)
- Ignore Low / Unprofitable unless cost structure changes"

EXECUTIVE ACTION PLAN - NEXT 90 DAYS

IMMEDIATE ACTIONS :

1. IMPLEMENT DISCOUNT POLICY

- Eliminate margin-negative discounting in Furniture and Office Supplies
- Require VP approval for discounts beyond profitability thresholds
- Estimated Impact: \$55K-\$70K annual profit recovery

2. EXIT UNPROFITABLE PRODUCTS

- Tables and Bookcases flagged for repricing or exit analysis
- Expected Impact: \$40K-\$80K pending validation

3. LAUNCH VIP RETENTION PROGRAM

- Focus on top 80 customers generating highest profit per order
- Schedule quarterly business reviews
- Preventing 10% churn protects ~\$15K in profit over 3 years

TOTAL PROFIT IMPROVEMENT OPPORTUNITY:

~\$100K-\$150K annually through pricing discipline, targeted retention, and margin-based incentives.

CURRENT PROFIT: \$286K
TARGET PROFIT: \$386K-\$436K

Improvement driven by eliminating margin leakage — not increasing sales volume.