

SUCCESS STORIES - SUMMARY

Project Name	Client	Brief Description	Key Analyses
Pricing and Sales force Analysis	Equipment rental	Evaluated the pricing structure & salesforce performance in order to identify the potential opportunities to improve revenue yields.	

SALESFORCE PERFORMANCE ANALYSIS

ABOUT THE CLIENT

Dummy text is also used to demonstrate the appearance of different typefaces and layouts, and in general the content of dummy text is nonsensical. Due to its widespread use as filler text for layouts, non-readability is of great importance

SITUATION



- Client is one of the largest equipment rental companies in the U.S. who were evaluating a **revamp of their pricing structure**.
- Existing business practices did not have strict pricing guidelines, hence giving the **flexibility to the sales force to define pricing terms** based on individual discretion, leading to **excessive discounting and lower revenue yield**.
- Merilytics partnered with the client and **evaluated their pricing structure & salesforce performance** to identify **potential opportunities to improve revenue yields**.

VALUE ADDITION



- Based on the portfolio's operational processes, **transactions were segmented into clusters** based on product types, lease duration, end customer type, overall order size etc.
- For similar clusters, we identified the **average price for a particular product to be used as a benchmark** to evaluate sales force performance
- **Defined a metric 'Mix Adjusted Yield Deficit (MAYD)'** to evaluate the sales force performance, which allows for normalization of the pricing for various factors that differ across transactions before comparing with benchmark pricing
- Based on the analysis, we helped the client **identify weaker performers and estimate opportunity** in addressing the anomalies

IMPACT



- Through an updated pricing structure, pricing guidelines and salesforce training, the client was able **to increase the revenue yield by ~5 percentage points** over a 03-year period while the top-line **increased ~10% annually**.

CALCULATION OF MIX ADJUSTED REVENUE DEFICIT TO RANK ORDER SALES AGENT PERFORMANCE AND IDENTIFY REVENUE OPPORTUNITY

Group the transactions in to clusters based on transaction properties



- Transactions were segmented in to clusters based on product types, lease duration, end customer type, overall order size etc.
- Calculate average price for each product in a cluster



Calculate the average rate for each sales agent in a cluster

Cluster	Rental Agent	Agent Avg. Rate	Cluster Avg. Rate	Rate Difference	\$ Impact
1	A	\$1.85	\$2.90	(36.2%)	(\$172,685)
1	B	\$2.14	\$2.90	(11.0%)	(\$63,852)
1	C	\$3.67	\$2.90	26.6%	\$16,879
1	D	\$3.71	\$2.90	27.9%	\$219,658
2	A	\$2.26	\$1.72	31.4%	\$354,977
2	B	\$1.76	\$1.72	2.3%	\$244,816
2	C	\$1.20	\$1.72	(30.2%)	(\$274,663)
2	D	\$1.41	\$1.72	(18.0%)	(\$325,130)
3	A	\$2.74	\$2.38	15.1%	\$17,249
3	B	\$2.17	\$2.38	(8.8%)	(\$29,548)
3	C	\$6.28	\$2.38	163.9%	\$81,365
3	D	\$1.85	\$2.38	(22.3%)	(\$69,066)

- Calculate the agent average rate (price/unit/day) for each sales agent in the cluster and the cluster average rate
- Calculate the \$ impact for each agent by comparing the actual revenue generated by the agent in the cluster with the theoretical revenue earned at the cluster average price (if higher)



Calculate the Mix Adjusted Yield Deficit (MAYD) for each sales agent

Rental Agent	Actual Revenue	Theoretical Revenue	\$ Impact	MAYD	MAYS
A	\$595,229	\$712,509	\$199,541	11.6%	
B	\$25,532,164	\$25,063,927	\$151,416	1.3%	
C	\$845,305	\$1,021,724	(\$176,419)	(17.3%)	
D	\$2,725,984	\$2,900,522	(\$174,538)	(6.0%)	
Revenue Shortfall (\$)		(\$350,957)			
Revenue Shortfall (%)		(2.1%)			

- Mix adjusted yield deficit (MAYD) is defined as “total \$ impact as a % of total theoretical revenue” of the agent
- Use MAYD to identify poor performers and opportunities to improve revenue yield
- Calculate revenue shortfall (\$) as “the sum of the negative \$ impact” across agents and the revenue shortfall (%) as a % of total theoretical revenue