W5H

Caterpillar is a fortune 100 construction equipment manufacturer company and is a global leader in its domain. As a sales manager, we have tried to derive metrics that could impact the sales for the company. The main focus of any sales from a manager point of view could be to establish a process in three areas. These are:

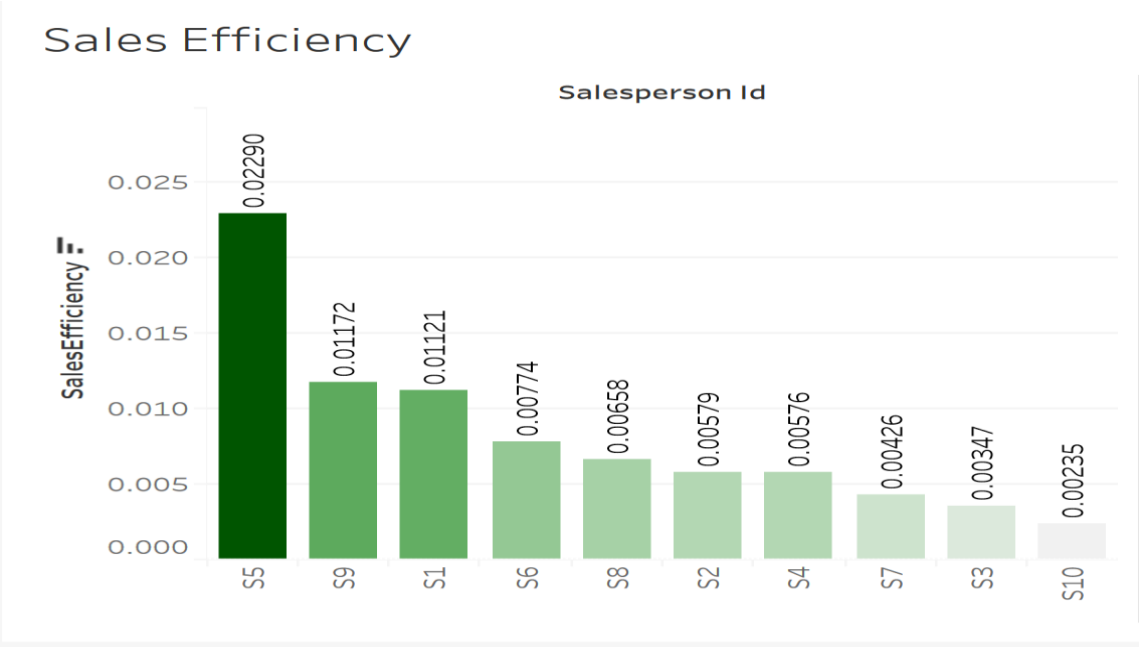
1. Sales team
2. The product
3. Prospective clients

In order to evaluate all these factors, we designed three parameters.

1. **Sales efficiency**

   Sales efficiency can be termed as the amount of time taken by a sales person to generate 1 dollar of revenue for company for a particular order. The formula for sales efficiency is:

   Sales efficiency= Sales Cycle/Order Value*100



   Where:

   We can use sales efficiency whenever we want to evaluate the performance of our sales team. This not only gives a metric for evaluating their team but also help in choosing right sales person for a prospective client.

When:

This metric can be used at the start of a financial calender or whenever we need to assign any client to a team.

Why:

As this metric helps in evaluating performance, it's a great metric to understand right team a lead.

What:

This gives us an idea of efficiency of a sales team by measuring their average time taken to generate a dollar of revenue.

Who:

It can be used by the sales manager to evaluate performance of his team.

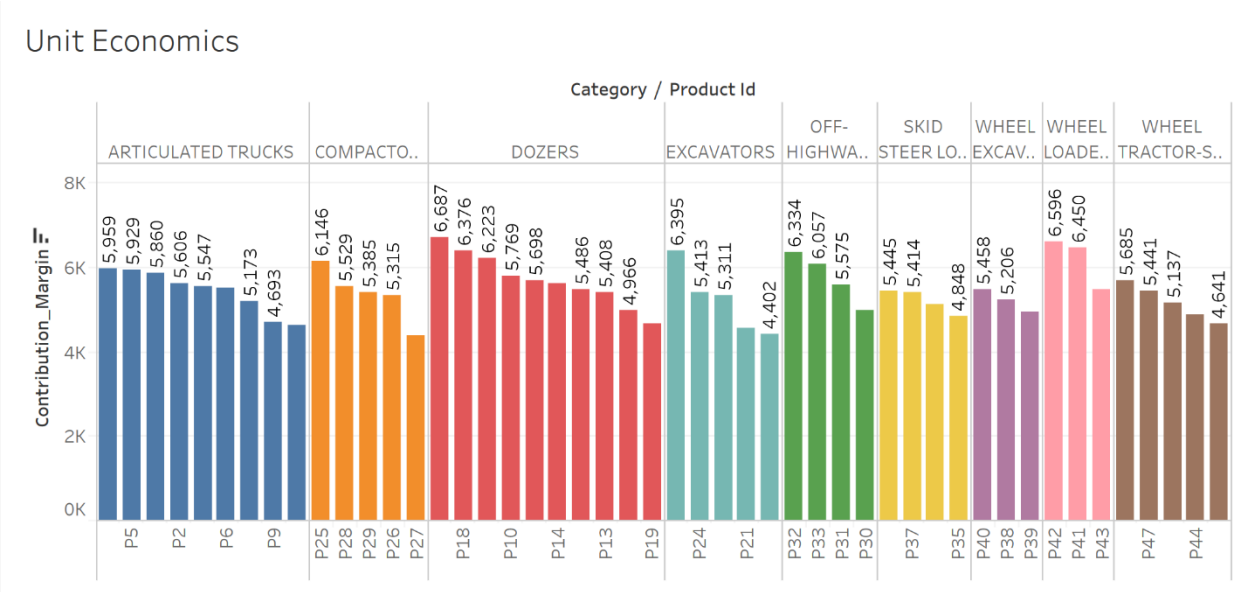
How:

In order to understand this parameter, it gives the time taken by a sales person in days to generate 1 dollar of revenue for company. By looking at graph this can be easily analyzed.

2. Contribution Margin:

Contribution margin is the contribution of a product in the revenue generation for a company which excludes the fixed cost. The formula is:

Contribution margin= Sales price- (Cost price + Delivery cost)



Where:

This is used in understanding in unit economics of a product.

Why:

This helps in understanding the most profitable product of company so that sales team can on that particular product.

When:

This parameter is used when the sales manager needs to prioritize his approach for different products of the company so that the revenue can be maximized.

What:

It gives the contribution of a product in the revenue of a company.

Who:

This will be used by sales manager in understanding the highest profitable products of company align the sales strategy accordingly.

How:

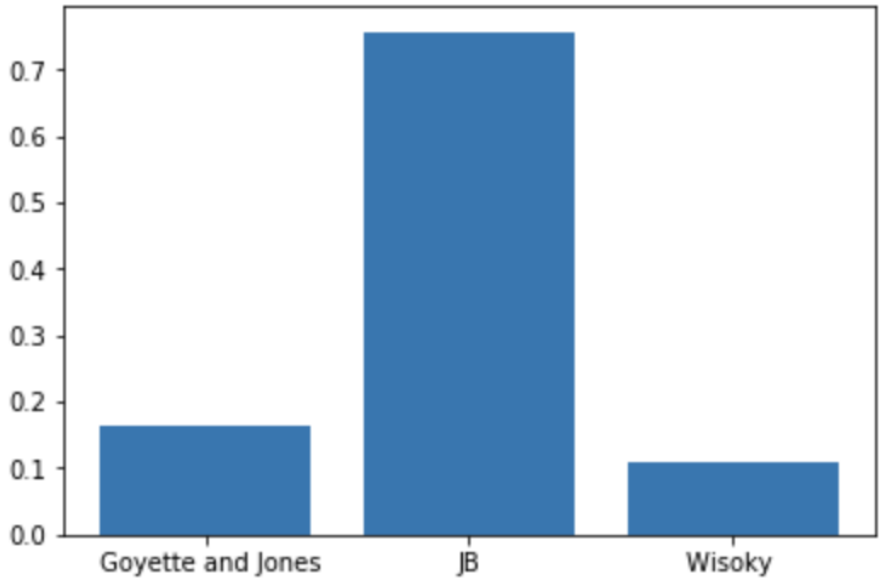
The sales manager will look at the contribution margin and understand which products are most profitable. Accordingly he will assign the sales team and even direct production department prioritize the production.

3. **Lead scorer:**

Any lead generated by a company can of value only if proper strategy is applied so that it converted into sales. To rank the clients, we use this tool so that we can get the chances of conversion of lead.

```
[242] xaxis=df_toplot['probability for customer']
      yaxis=df_toplot['customer']
      plt.bar(yaxis,xaxis)
```

```
<BarContainer object of 3 artists>
```



Where:

This tool is used where a client makes frequent inquiries about product but the chances of conversion into sales is not clear.

When:

This tool can be used whenever a new lead is generated or client makes a query for a product.

Why:

This tool gives us an idea of chances of conversion of lead to sales. As companies have limited resources, they would want to focus more on leads that have higher chances of conversion.

What:

The tool gives the probability of conversion of lead into a sales. For example in above graph, Wisoky has approximately 10% chance of conversion which is very low as compared to JB which has more than 70%.

Who:

It will be used by sales person. They will enter the details of a customer and get the probability of conversion of lead and decide whether to go after the lead or focus on another client.

How:

The tool gives the probability of conversion of lead into a sales. For example in above graph, Wisoky has approximately 10% chance of conversion which is very low as compared to JB which has more than 70%. In order to use it, sales person will enter the details and run the python code. He will automatically the probability.