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IE 351 TERM PROJECT REPORT

RIHAM INC. PERFORMANCE

GROUP MEMBERS:

|  |  |
| --- | --- |
| AYŞE SELEN AHISKALI | 121203103 |
| AYŞE DİLA KOÇAK | 122203090 |
| ÇAĞLA İREM ARAT | 121203069 |
| KÜBRA ŞİMŞEK | 121203046 |
| MİRAY ŞAHİN | 122203021 |

**RIHAM Performance Report**

RIHAM Inc. is a company producing cabinets which was founded seven years ago. As of today, it is serving in 10 different countries with a total of 48 branches. The product range consists of seven products that are grouped under three main segments. To produce these seven type of products, they supply 21 different kinds of raw materials. Their customer database includes 600 customers’ data. This report is prepared to evaluate performance of the RIHAM Inc. from foundation to today.

First evaluated figure is sales amount by month. As seen below, this figure illustrates a high seasonality of sales amounts in the last part of the each year (high sales season of September- October-November). This is not an effect of an irregular sales of a specific year but common for all years between 2019 and 2023 (see also Figure-2, Figure-3, Figure-4, Figure-5, Figure-6). As a result of this fluctuation, the production planning team must be more careful when preparing their aggregate production plans. On the other hand, this figure is a good KPI for sales and marketing teams. They have to balance monthly demands during the year. Hence, they need to conduct new campaigns to manage customer demand. In the current situation, the ratio of higher month’s sales amount divided by lowest month’s sales is greater than 3.7. As a KPI-1, this ratio should be decreased to 1.5 or lower. Therefore, operational costs (holding inventory, firing and hiring worker etc.) to cope with high seasonal demand will decrease with reduction of high fluctuation.

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Figure-1: Sales Amount by Month (all seven years)

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Figure-2: Sales Amount by Month (2019)

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Figure-3: Sales Amount by Month (2020)

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Figure-4: Sales Amount by Month (2021)

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Figure-5: Sales Amount by Month (2022)

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Figure-6: Sales Amount by Month (2023)

Next graph (Figure-7) illustrates performance of branches. As seen in Figure-7, highest cumulative sales amount is achieved by Liverpool (opened at 2021) while lowest sales amount is achieved by Milano (opened in 2023). Although, this graph demonstrates cumulative sales amount of branches and gives some insight about the potential of each branch, the opening dates are different for branches that directly affects the results. Therefore, to define our second KPI, we get the same graph only for 2024 (because all branches is opened before 2024). The resulting graph shown in Figure-8. In this figure, descending order of branches with respect to sales amount is dramatically changes. First places is taken by Milano and Liverpool in fourth place. At the last line of the list, we observe Lyon (opened at 2019, thus no excuse for such an low sales amount). The company should consider to close low potential branches and define KPI-2 as target sales amount for each branch (may be these target calculated according to growth rate that next years sales target for a branches that sale above the average is 1.1 times the current years sales amount and 1.3 times the current years sales amount for the ones that sale below the average in the current year).

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Figure-7: Sales Amount by Branch (all seven years)

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Figure-8: Sales Amount by Branch (2024)

In Figure-9, we can see that majority of the active customers (customers that buy something in the last seven year) are female and majority of the customers buy premium and luxury products (that have higher unit profit). Thus, KPI-3 is measures performance of CRM team to increase active number of customers, and active number of customers buying luxury and premium products. Moreover, CRM should work to increase male customer amount to balance active customers according to gender.

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Figure-9: Active Customers by Product Segment and Gender

The next thing that the RIHAM should take into account is customer segmentation by age intervals. Figure-10 demonstrates that majority (approximately half of the all customers) are in age intervals of 20-25 and 65-70. However, mid-age intervals have relatively lower amount of customers. This may be related with the design of the product. It can be claimed that RIHAM products satisfy extreme age intervals (youngest and oldest group). Hence, KPI-4 should be given to research and development team to design new products or modify existing ones to satisfy the requirements of mid-age intervals and increase the relative ratio of these groups among all customer age groups.

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Figure-10: Customer Segmentation by Age Interval

Finally and most importantly, RIHAM should consider their growth. To do so they must focus their annual profits by product. As seen in Figure-11, the annual sales by products increases last year for all products except Mula (see also Figure-12). KPI-5 must be defined to measure growth of profit by product. Therefore, company encourages product teams to increase their profits so the total profit growth of the company.

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Figure-11: Annual Profit by Product (2018 – 2023)

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Figure-12: Annual Profit by Product (2018 – 2023 for Mula only)