

2014-2017 Sales Performance of Tables

How well are we selling tables in California?

(\$303.56)

Total Profit

281

Total Units Sold

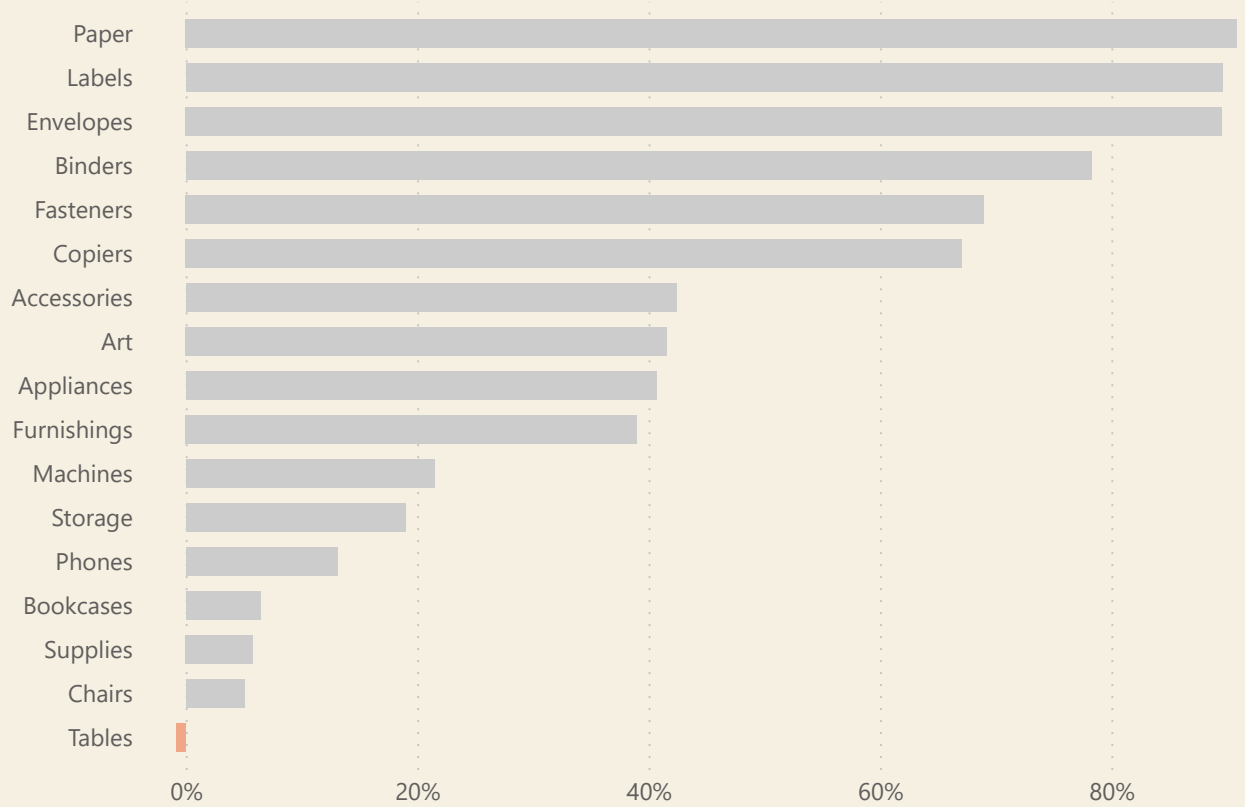
\$36.34K

Total Revenue

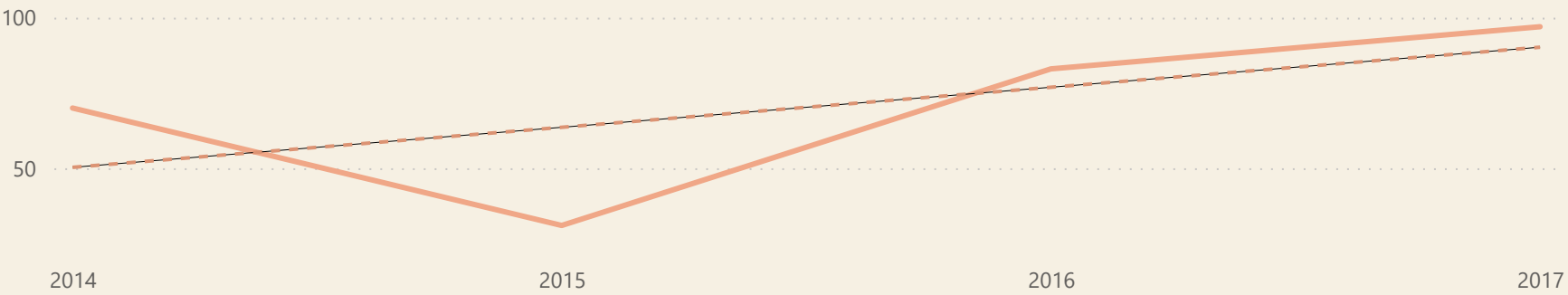
\$36.65K

Total Cost

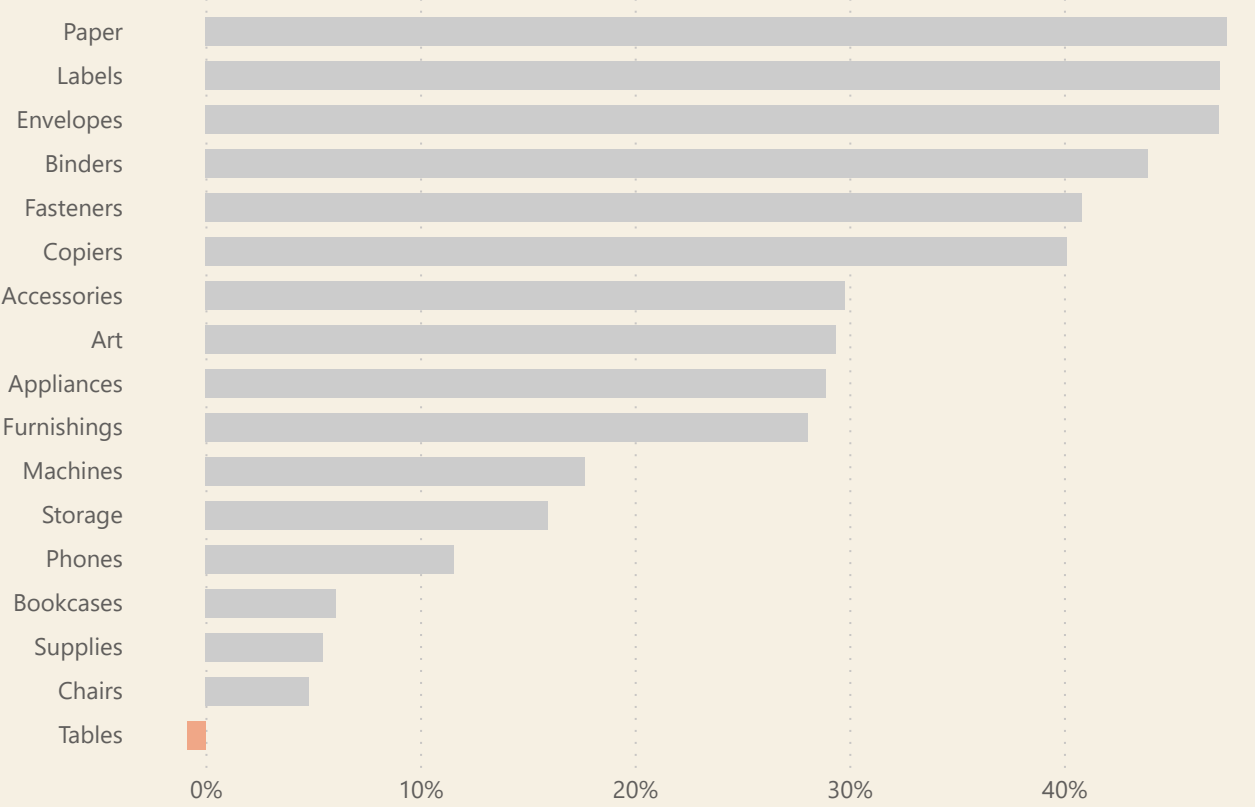
ROI



Yearly Sale Trend



Profit Margin

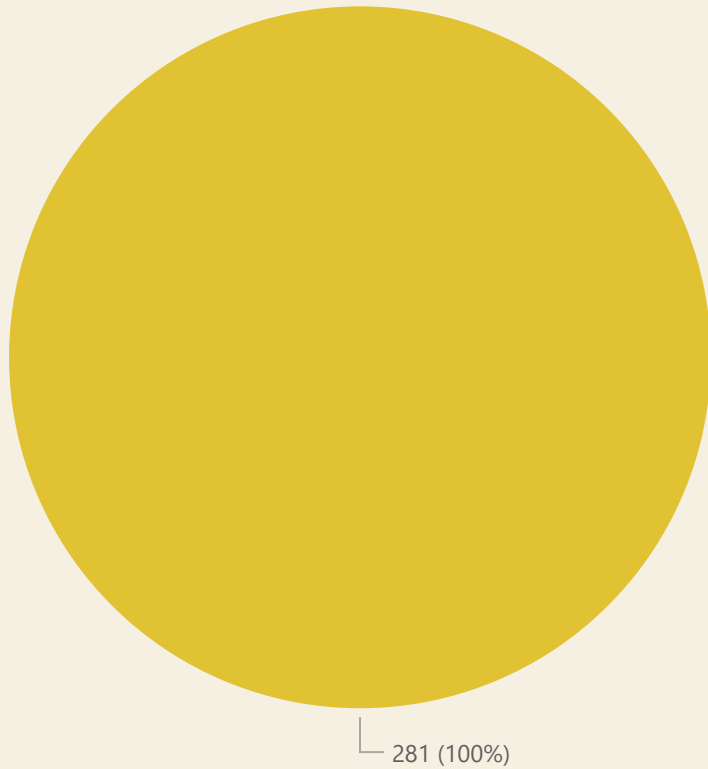


What is the cause of profit loss?

Discounts

What percent of tables were sold at a discount?

Discount ● 20%



Solutions

Solution #1: Decrease the discount rate to 10%

Solution #2: Stop selling tables with a discount

Solution #3: Stop producing Tables, and reallocate the resources into a different stream of revenue

Solution #1: Decreasing the Discount to 10%

If Tables were sold with a 10% discount, would the sales have generated profit?

Current Profit Level of Tables

(\$303.56)

Total Profit

-0.83%

ROI

-0.84%

Profit Margin

Change in Revenue with 10% Discount per Table

\$129.34



\$143.71

Potential Profit Level of Tables

\$4.24K

Total Profit



12%

ROI



10.37%

Profit Margin



If Tables were sold with a 10% discount, there would have been no loss in profit. The company would have gained \$4240. The potential ROI and profit margin indicate a stable sale in Tables.

Solution #2: Removing the Discount

If the discount is removed, will Tables generate profit?

Current Profit Level of Table

(\$303.56)

Total Profit

-0.83%

ROI

-0.84%

Profit Margin

Change in Sale Price with no Discount per Table

\$129.34



\$161.67

Potential Profit Level of Tables

\$8.78K ▲

Total Profit

23.96% ▲

ROI

19.33% ▲

Profit Margin

Had no Tables been sold with a discount, there would have been no loss in profit.

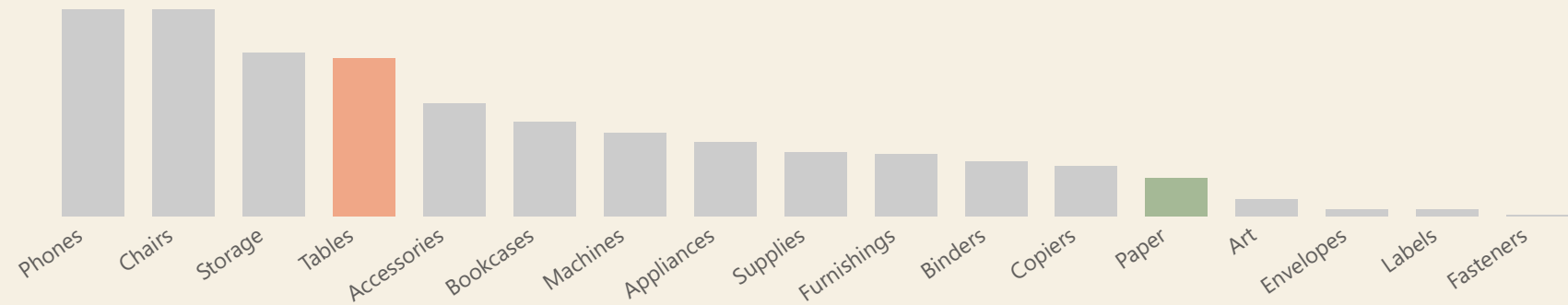
Solution #3: Reallocating our Resources

Where should we reallocate our resources?

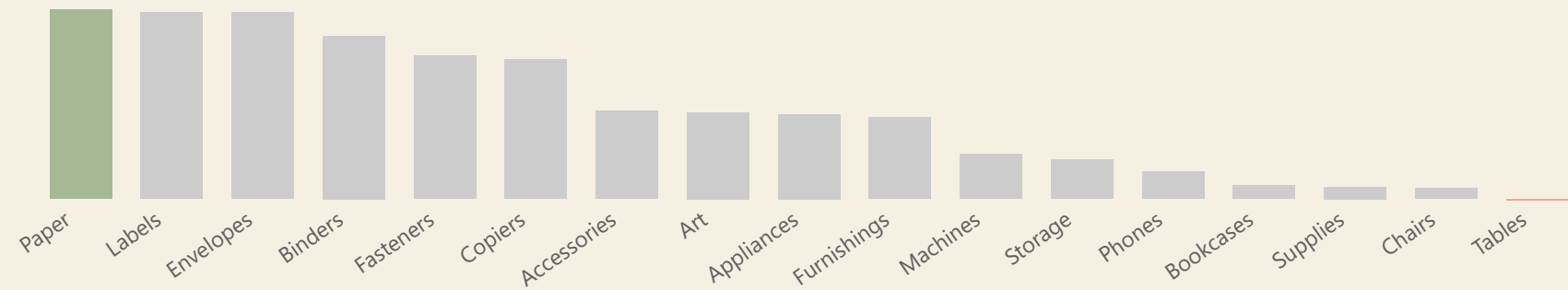
11.26%

Percentage of Resources Available

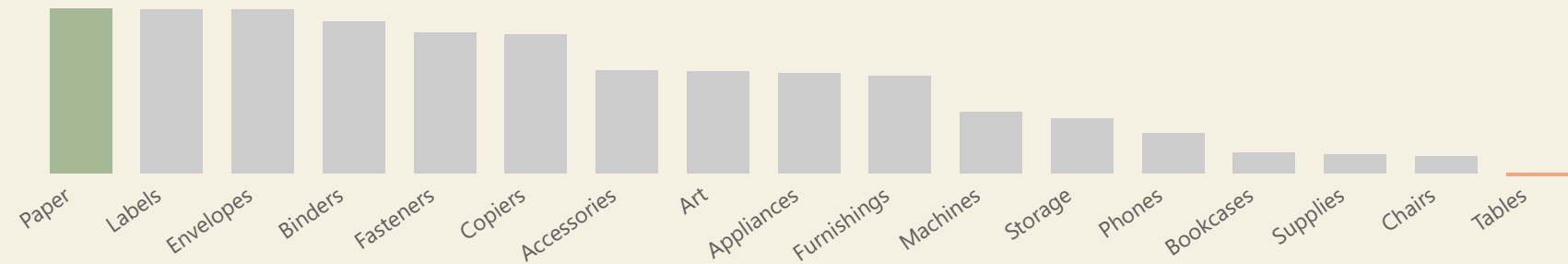
Resource Allocation



ROI



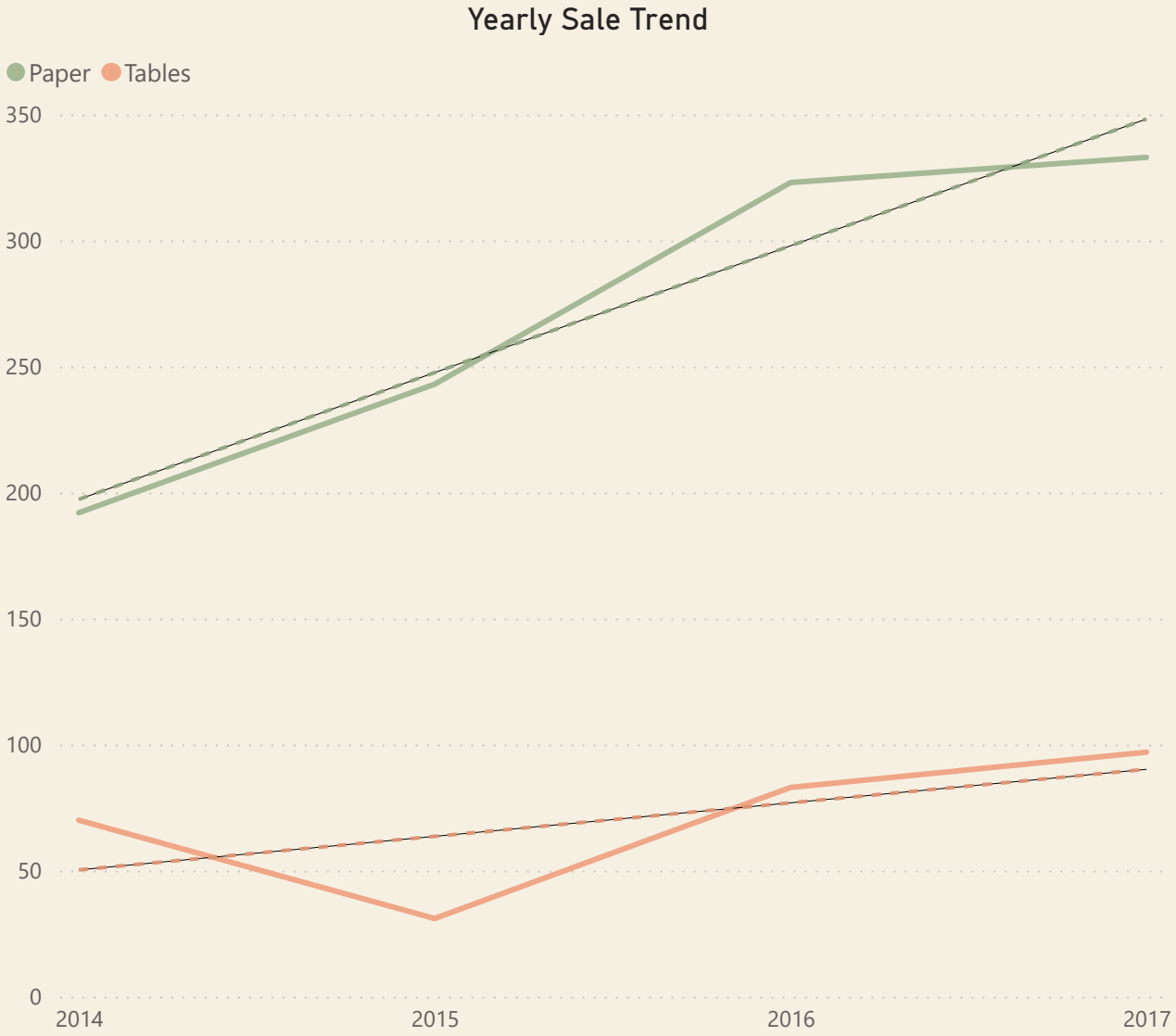
Profit Margin



Paper currently has the best ROI and profit margin, and Tables has the worst ROI and profit margin. It might be better to cut the investment in Tables and put the resources into Paper.

Solution #3: Potential Resource Reallocation to Paper

Comparing Current Profit, Revenue, Cost and Sales Between Tables and Paper



By comparing the total profit, revenue and cost of Tables and Paper, we see Paper performing a lot better than Tables. According to the Yearly Sale Trend, it can be predicted to see an increase in the number of Paper sold each year.

Paper appears to be a potential item that can be invested into more.

Solution #3: Reallocating our Resources to Paper

If we increase our Paper investment by 11.26%, will selling Paper be profitable?

Current Profit Level of Paper

\$7.98K

Total Profit


90.86%

ROI


47.60%

Profit Margin


Potential Profit Level of Paper

\$41.25K 

Total Profit

90.81% 

ROI

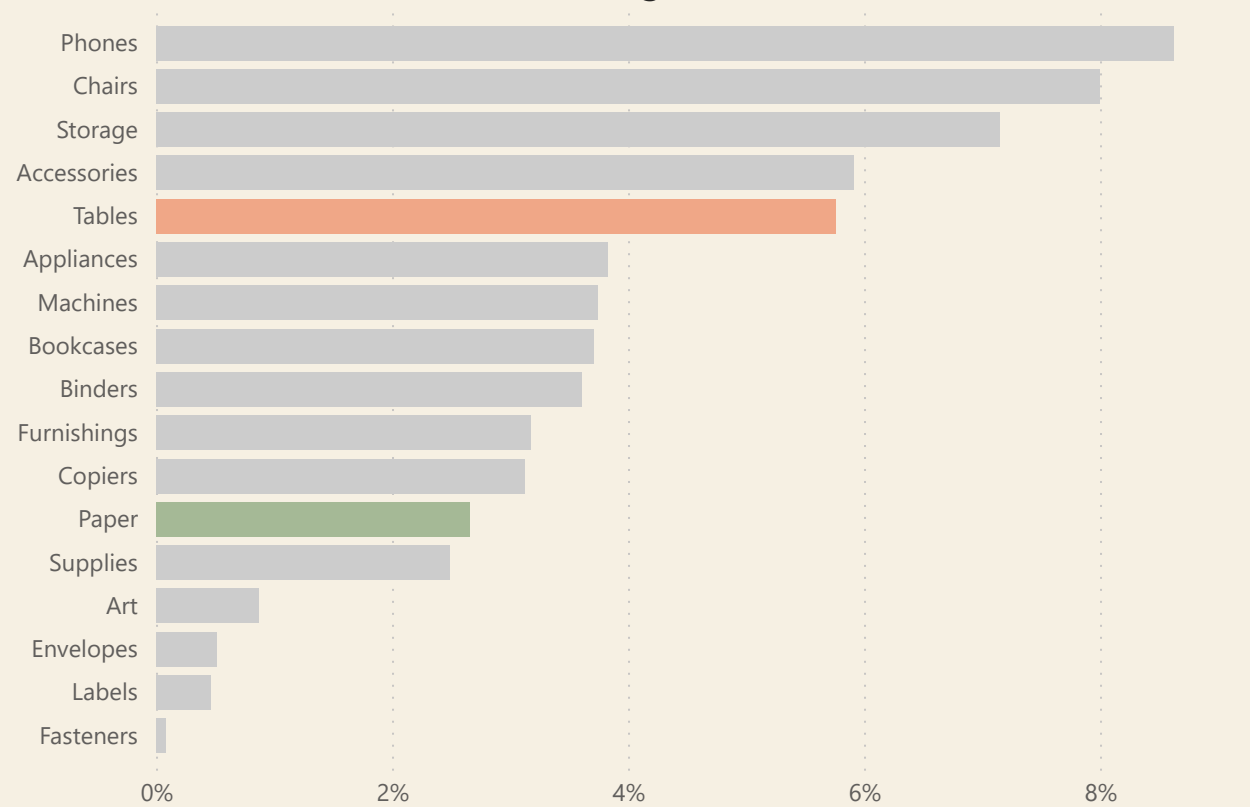
47.59% 

Profit Margin

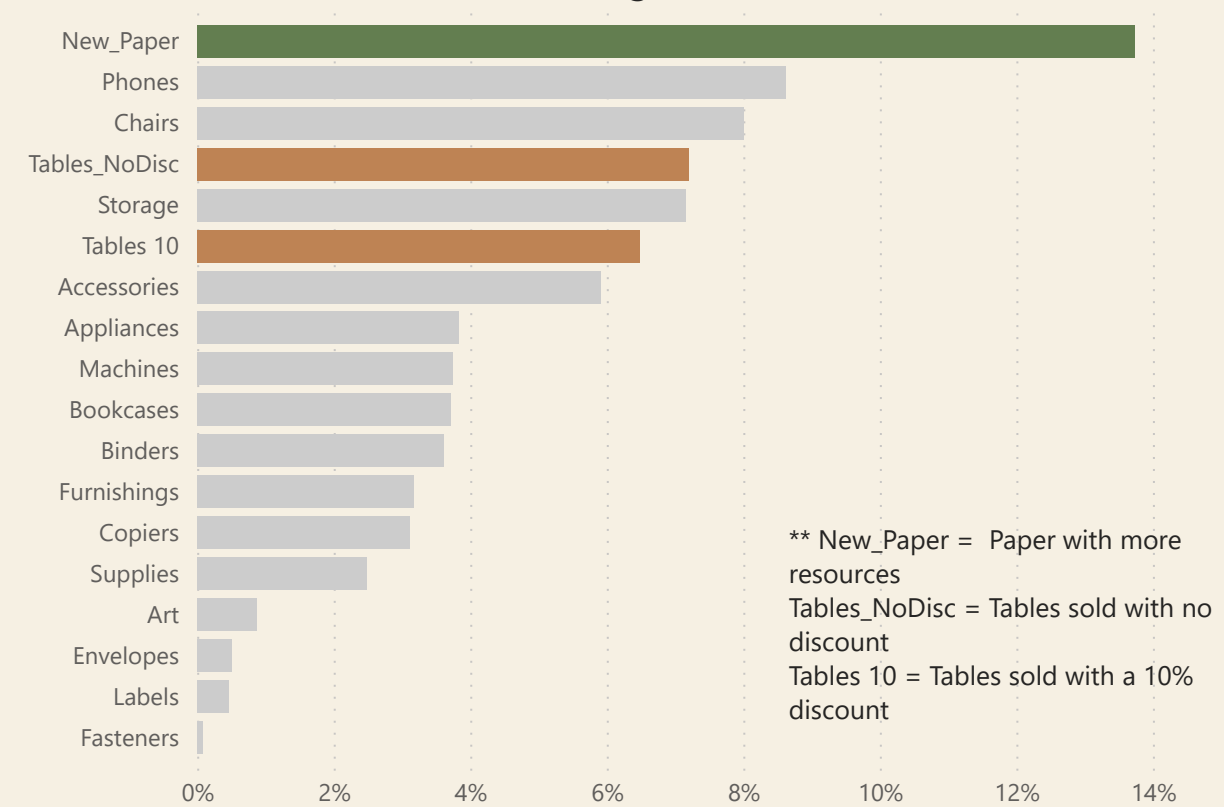
Due to the expectation that Paper sales will increase, investing into Paper should generate more profit. The ROI and profit margin stay relatively the same because we are only increase the potential number of Paper sold.

Comparing the Percentage of Revenue with the Potential Solutions

Current Percentage of Revenue

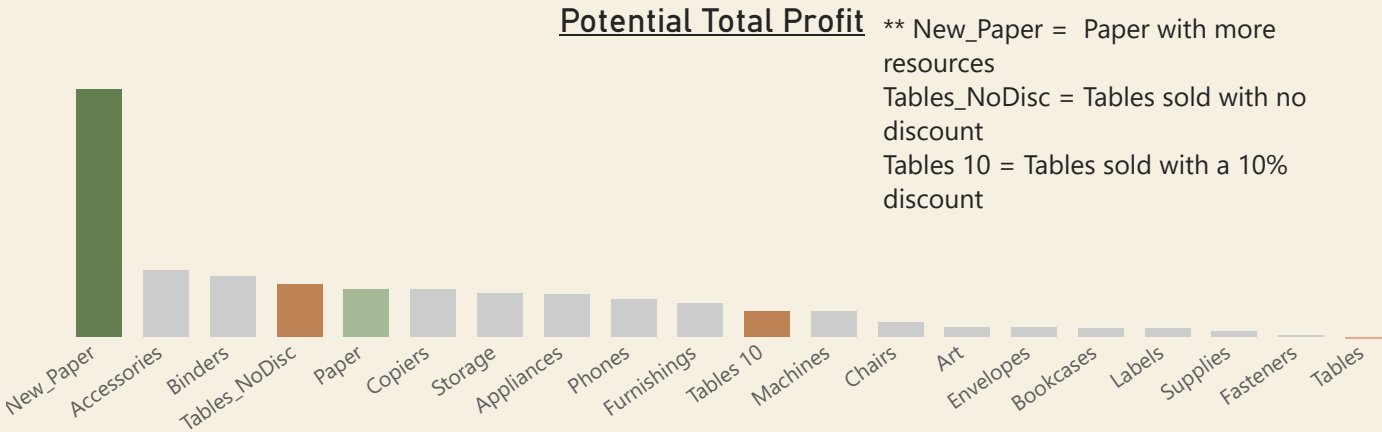


Potential Change in Revenue



** New_Paper = Paper with more resources
Tables_NoDisc = Tables sold with no discount
Tables 10 = Tables sold with a 10% discount

Potential Total Profit



** New_Paper = Paper with more resources
Tables_NoDisc = Tables sold with no discount
Tables 10 = Tables sold with a 10% discount

Currently, Tables brings in more revenue than Paper. However, if we reallocate all of the resources put into Tables, then Paper (New_Paper) will generate the most revenue.

Although 'New_Paper' will generate more revenue, there is a large risk in investing heavily into it because of the current quantity that is being sold.

Based on the potential profit, 'Tables_NoDisc' will generate more profit than the current profit of Paper, while 'Tables 10' will still produce a positive rate of profit.

Best Solution: Decreasing the Discount to 10%

12% ▲
ROI

10.37% ▲
Profit Margin

The trend line in the number of Tables sold show an increase, despite there being a drop-off in 2015. According to the data our customers only buy Tables at a discounted rate. Therefore, we can predict that there will be a growth in the sale of Tables and that our customers will continue to only buy discounted Tables. However, the amount of revenue generated from selling the Tables at a discounted of 20% results in a negative balance.

In order to mitigate the loss as much as possible, our best solution would be to decrease the discount from 20% to 10% to generate a positive revenue. This will generate profit while still providing the customers with a discount.

Although the sale of Tables may decrease, this solution is better than the other solutions. If discounts were removed, there is a risk in losing all the customers who have only bought at a discounted rate. It is also better than discontinuing the production of Tables and putting it into Paper, despite having the highest ROI and profit margin, because there is a large risk in investing heavily (11.26% of resources) into a market where the supply may out number the demand.

Therefore, by decreasing the discount from 20% to 10%, there is an increase in the ROI by 12% and an increase in the profit margin by 10.37% for the sale of Tables.