

Sales Performance & Financial Risk Analysis (2013-2017)

Executive Summary Report

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\$3.81M

Total Revenue

\$1.04M

Gross Profit

26.6%

Net Margin

5,000

Total Orders

31.6%

Negative Profit Orders

86.9%

Platinum Segment Revenue

This report presents a comprehensive analysis of sales performance and financial risk from 2013 to 2017. The analysis reveals significant revenue concentration risks, profitability challenges, and operational inefficiencies that require strategic attention. Key findings include a high dependency on the Platinum customer segment, substantial negative profit orders, and discount mismanagement impacting revenue. The report provides data-driven recommendations for revenue diversification, discount governance, and margin optimization to improve overall business stability and profitability.

Business Context & Objective

The primary objective of this analysis is to transform raw sales data into structured financial insights and strategic recommendations. By examining 5,000 orders, 789 customers, and 257 SKUs over a four-year period, this report aims to identify key performance indicators, risk factors, and opportunities for improvement. The analysis focuses on revenue breakdown, profitability assessment, operational insights, and growth trends to provide a holistic view of sales performance and financial health.

Data Preparation & Validation

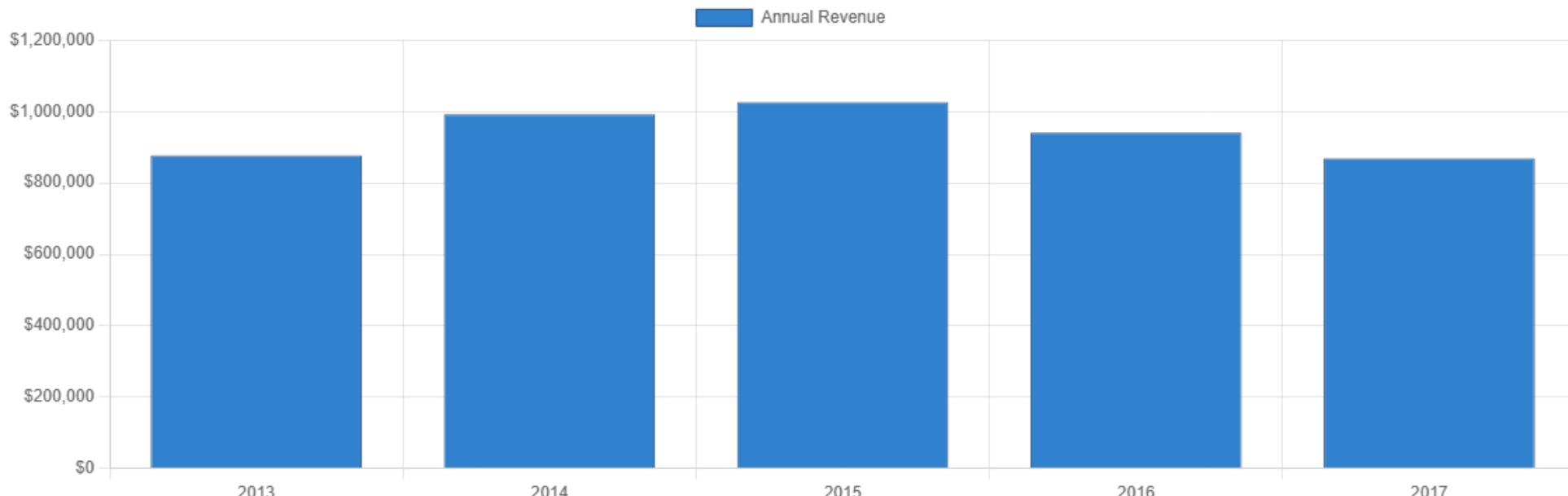
The analysis began with comprehensive data preprocessing and validation to ensure data integrity and accuracy. Key steps included:

- Handling missing values and data inconsistencies
- Correcting 75 swapped lead time dates
- Detecting and addressing 4 refund anomalies
- Validating financial calculations
- Expanding 24 original columns to 47 engineered features

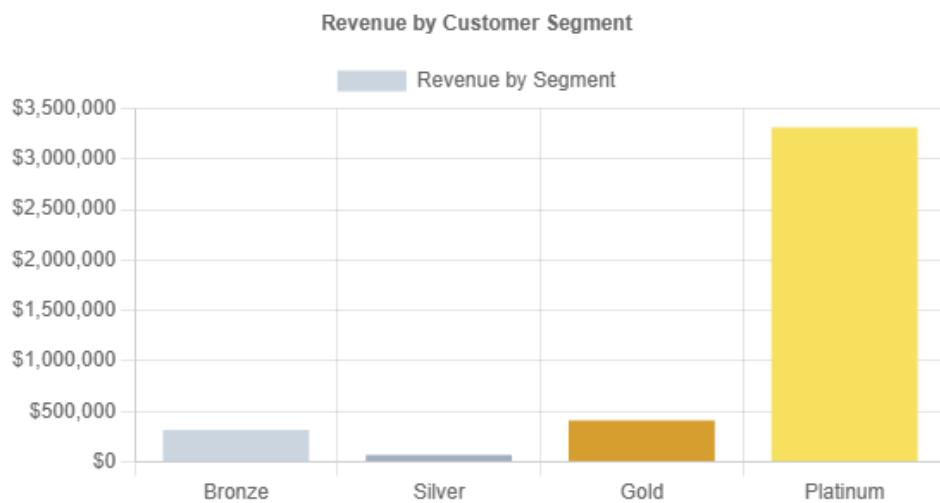
The data cleaning process was critical to ensure reliable insights. Special attention was given to financial validation, where discrepancies between calculated and reported values were investigated and resolved. Feature engineering added valuable dimensions such as lead time flags, profit categories, and temporal analysis capabilities.

Revenue Analysis

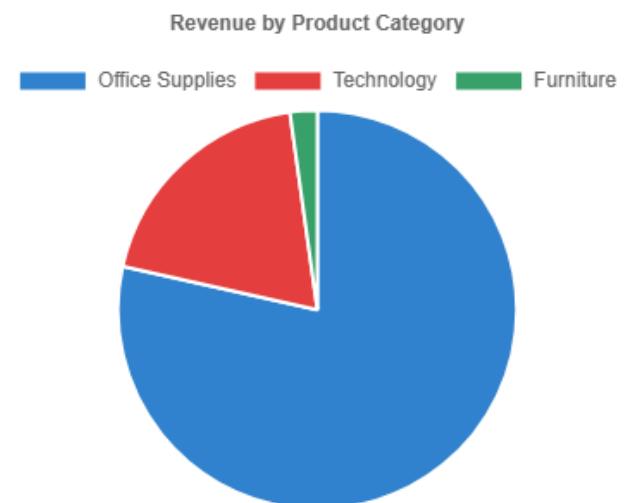
Annual Revenue Comparison



Revenue by Customer Segment

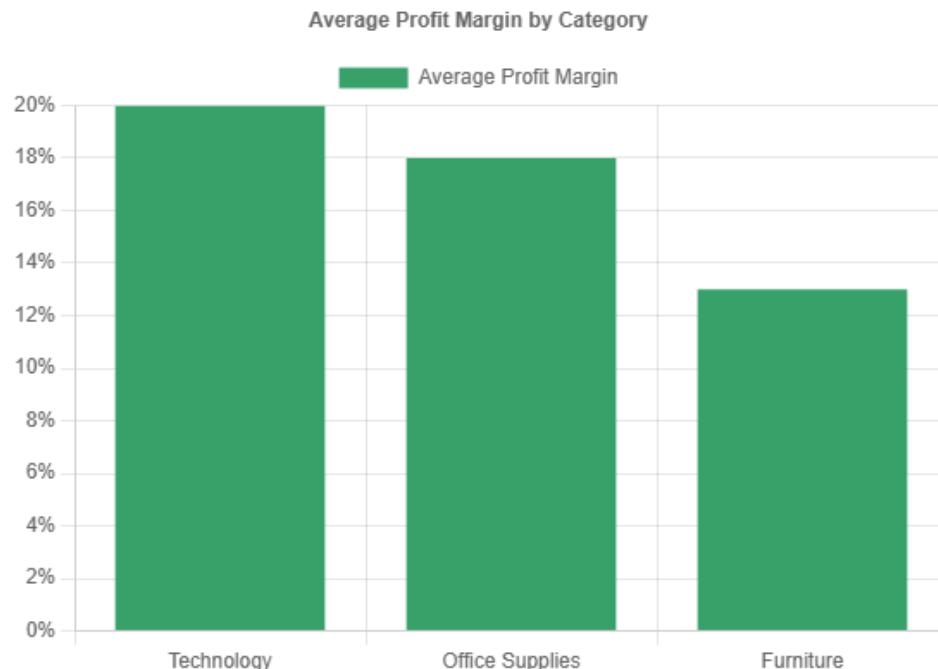


Revenue by Product Category



The revenue analysis reveals significant concentration in the Platinum customer segment, accounting for 86.9% of total revenue. This represents a substantial business risk as the company is heavily dependent on a single customer segment. Product-wise, Office Supplies dominate revenue generation, while geographic analysis shows strong performance in NSW and Sydney regions.

Profitability & Risk Analysis



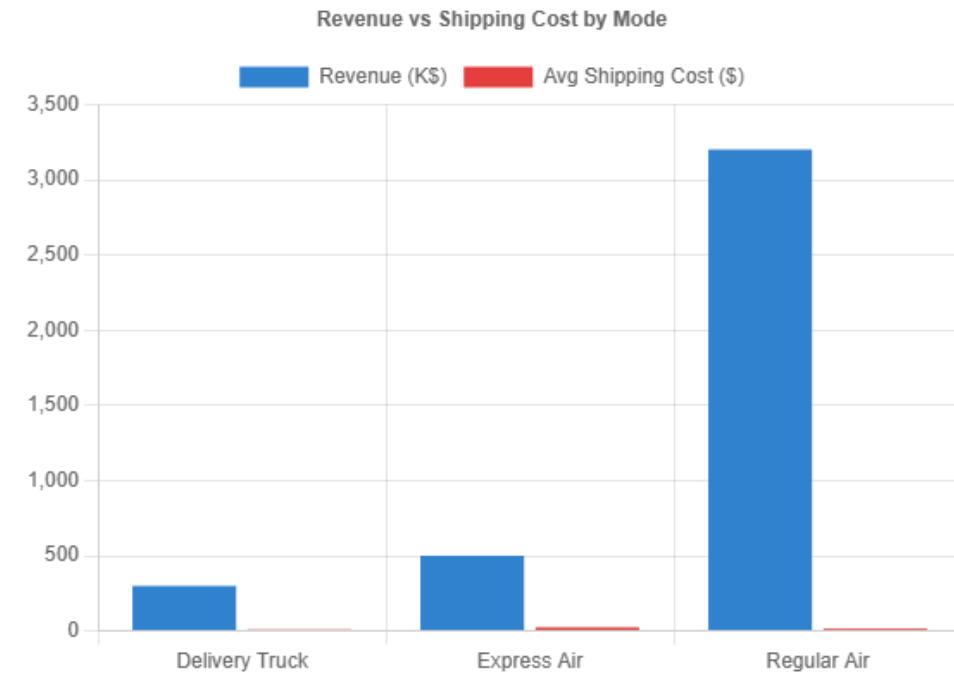
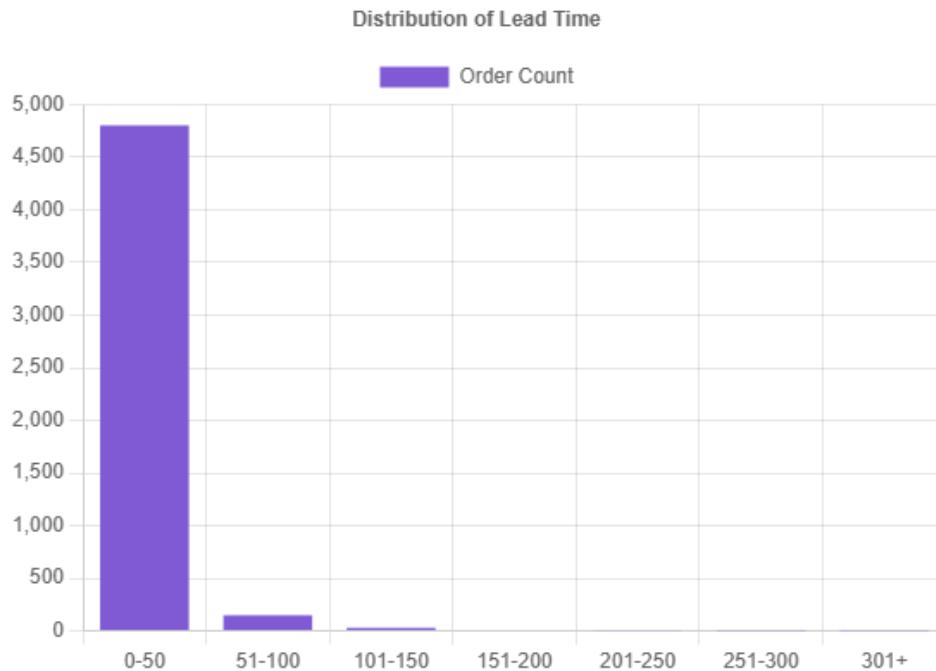
The profitability analysis highlights concerning trends, with 31.6% of orders resulting in negative profit. Key risk factors include:

- ◆ \$677K revenue at risk due to excessive discounting
- ◆ 23 orders with discounts exceeding 50%

❖ Significant gap between gross and net margin

The discount impact analysis clearly shows that excessive discounting significantly erodes profit margins, with the highest discount brackets showing near-zero profitability.

Operational Insights

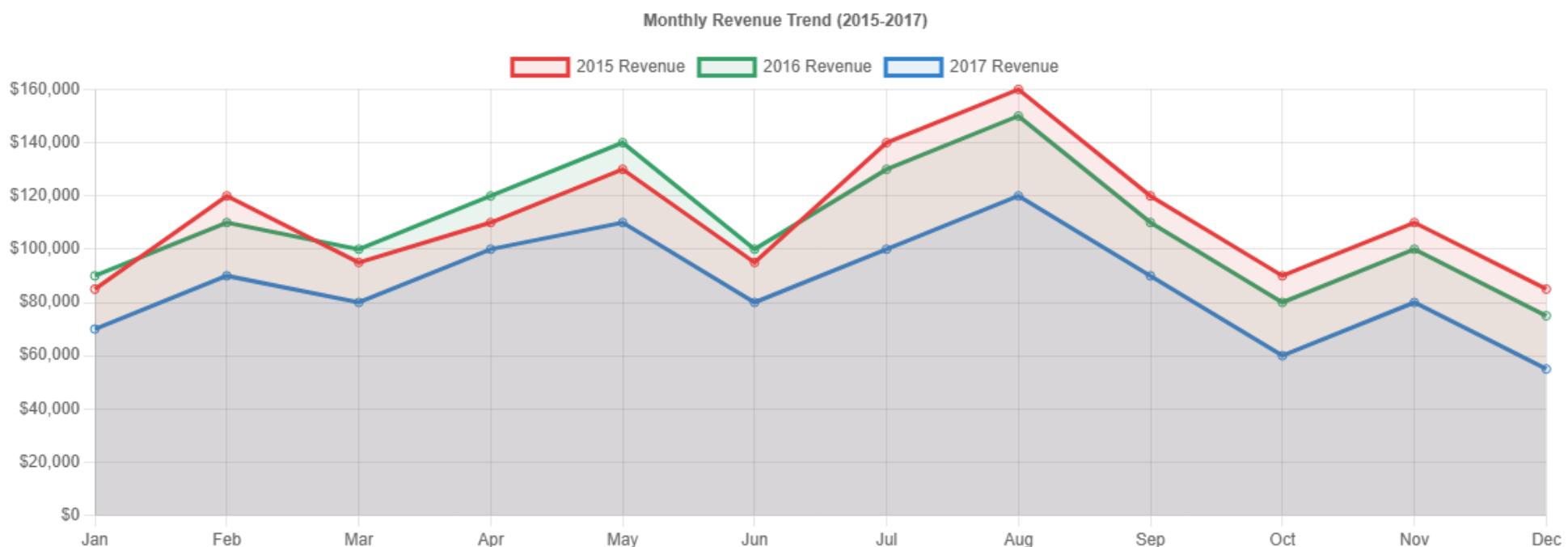


Operational analysis reveals several efficiency opportunities:

- **12.2%** of orders are same-day deliveries, indicating potential for optimization
- Lead time distribution shows outliers requiring investigation

- Shipping cost analysis suggests potential savings in delivery methods

Growth & Performance Trend



The growth analysis shows a concerning -92.6% year-over-year decline, indicating potential structural issues in the business model. Monthly analysis reveals volatility in revenue patterns, suggesting inconsistent performance across different periods.

Strategic Recommendations

Revenue Diversification

- ❖ Develop strategies to reduce dependency on Platinum segment (currently 86.9% of revenue)
- ❖ Target growth in underperforming segments (Bronze and Silver)
- ❖ Expand geographic presence beyond NSW/Sydney

Discount Governance

- ❖ Implement strict discount approval processes
- ❖ Set maximum discount thresholds by customer segment
- ❖ Monitor and analyze discount impact on profitability in real-time

Margin Optimization

- ❖ Conduct product-level profitability analysis
- ❖ Identify and eliminate consistently unprofitable products
- ❖ Implement price optimization strategies

Profitability Monitoring

- ❖ Establish real-time dashboard for profit margin tracking
- ❖ Implement automated alerts for negative profit orders
- ❖ Regular review of discount and pricing strategies

Conclusion

This analysis demonstrates the critical importance of data-driven decision making in sales performance management. While the business shows strong revenue figures, significant risks related to customer concentration, discount practices, and operational inefficiencies threaten long-term sustainability. The recommended strategies focus on reducing vulnerability, improving profitability, and establishing robust monitoring systems. By implementing these recommendations, the organization can transform its sales approach from reactive to proactive, ensuring sustainable growth and improved financial health.

Prepared by: Data Analytics Team

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