

Executive Summary

This report will cover the profits and losses of the business, as well as the factors affecting them and the steps that we can take to solve mentioned issues. We will research the performance of the business currently and how far it has come since the beginning and also, shed some light on several world issues that are affecting the business.¹

Profits and sales were thriving until COVID-19 hit. However, our profits and sales are still increasing, just at a slower pace. There are some flags in countries which advises us that we should be reassessing their profitability such as Turkey. Sales KPI and Order count has also slackened with respect to the current COVID-19 situation.

Regarding shipping, there are areas for improvement that we can work on for the upcoming financial year. Several issues in shipping could be related to the reasons why we may be making losses on various products such as tables. Although, there have areas that we have improved on since the beginning such as the time we take to ship the products after the order has come in.

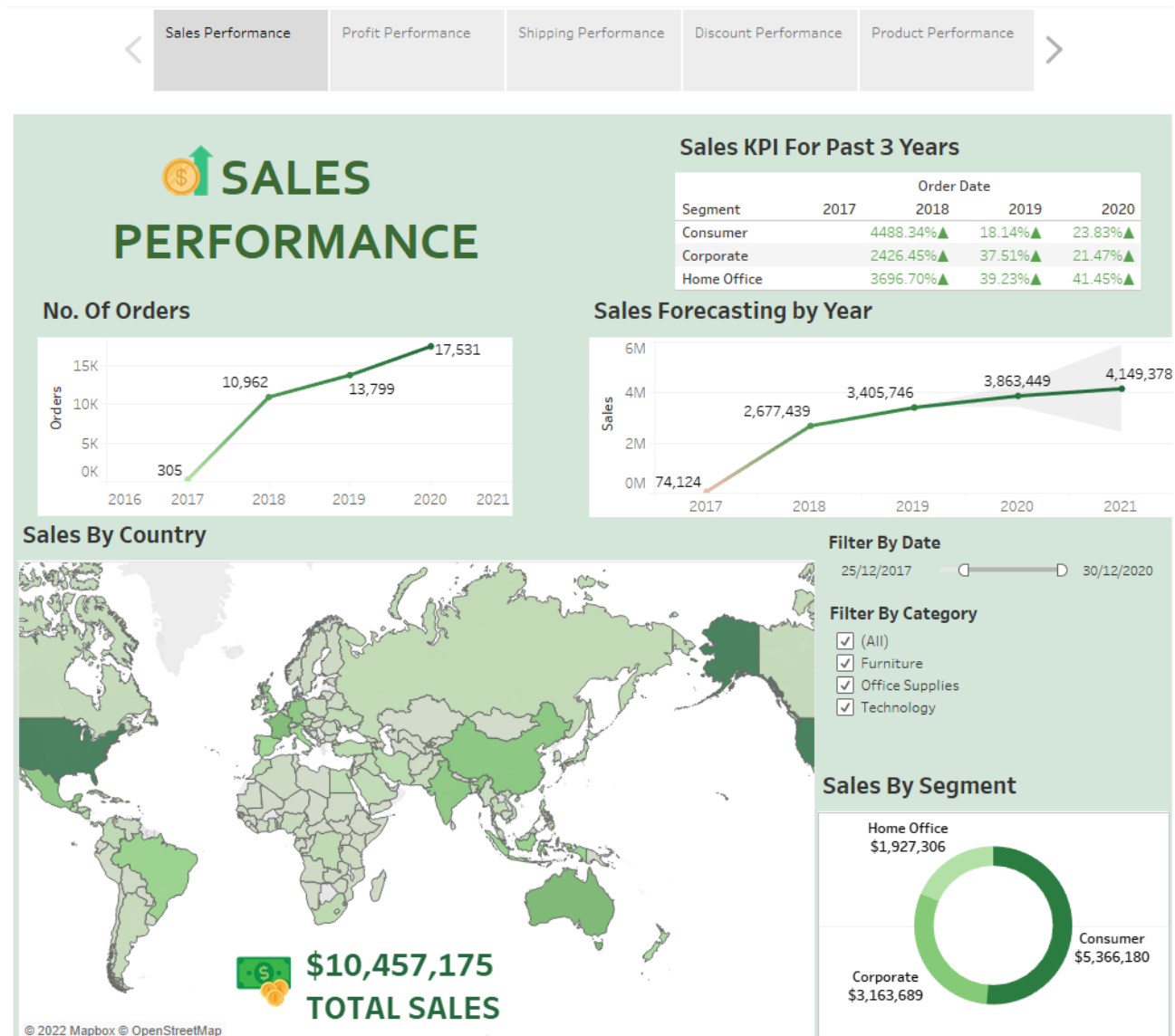
Concerning discounts, there is a strong relation between giving discounts and the amount of profit that we earn from the products to a certain extent. Nonetheless, discounts could be researched and developed further in order to make profits instead of opportunity losses by making use of different types of discounts. We also have to analyse the amounts of discounts that we are giving, and the products that we are giving discounts on.

Business does well in managing the products that it is selling, making haste decisions to remove certain products that brings losses after a year or two. Several recommendations are also stated below in order to solve the issues.

In general, business was booming at a rapid state until COVID-19 hit, nevertheless we are still staying afloat even though profits have declined exponentially.

¹ These observations stated below are based on how deep the green colour shade is compared to the rest, with the darkest shade of green being the highest, and the lightest shade of green being the lowest. For numbers below 0, a red colour will be shown instead, with respective shades of red according to the amount.

Sales Performance²



Observations

By the Country's colour

Highest number of sales is coming from United States of America. Surprisingly, sales are unexpectedly low in Russia although it is a very big country. Although Canada is just beside United States, Canada's sales are also low. Perhaps, there's numerous factors that's affecting the major difference in sales from the two neighbouring countries.

² No. Of Orders / Count is done instead of quantity as it would be a better showing of sales compared to quantity sold as there may be high quantity purchase of cheaper products compared to a low quantity purchase of more expensive product which may sway the data.

India has the highest sales coming from the South East Asia region, owing to the sheer size of her population. Another country with high population that is contributing a lot to our sales is China, also another country with high census.

Several countries in EU are also contributing a lot to our sales, such as France and Germany.

By the Sale Segment

Majority of our products are purchased to be used for Consumer use, with \$5.3 million worth of sales coming from consumers alone (more than 50% of sales).³

Minority of our products are purchased for Home Office use, with \$1.9 million worth of sales.⁴

By the Quantity Sold

Number of Orders seem to be increasing every year, with business booming from 2017 to 2018, and since then the business has maintained a steady pace.

Sales Key Performance Indicator for Past 3 Year

Both Consumer and Home Office segments has increased their sales from 2019 to 2020 while corporate segment's sales decreased. This could be due to the likeliness of Covid-19 virus, as more people are working from home thus the lesser need for corporate-related products.

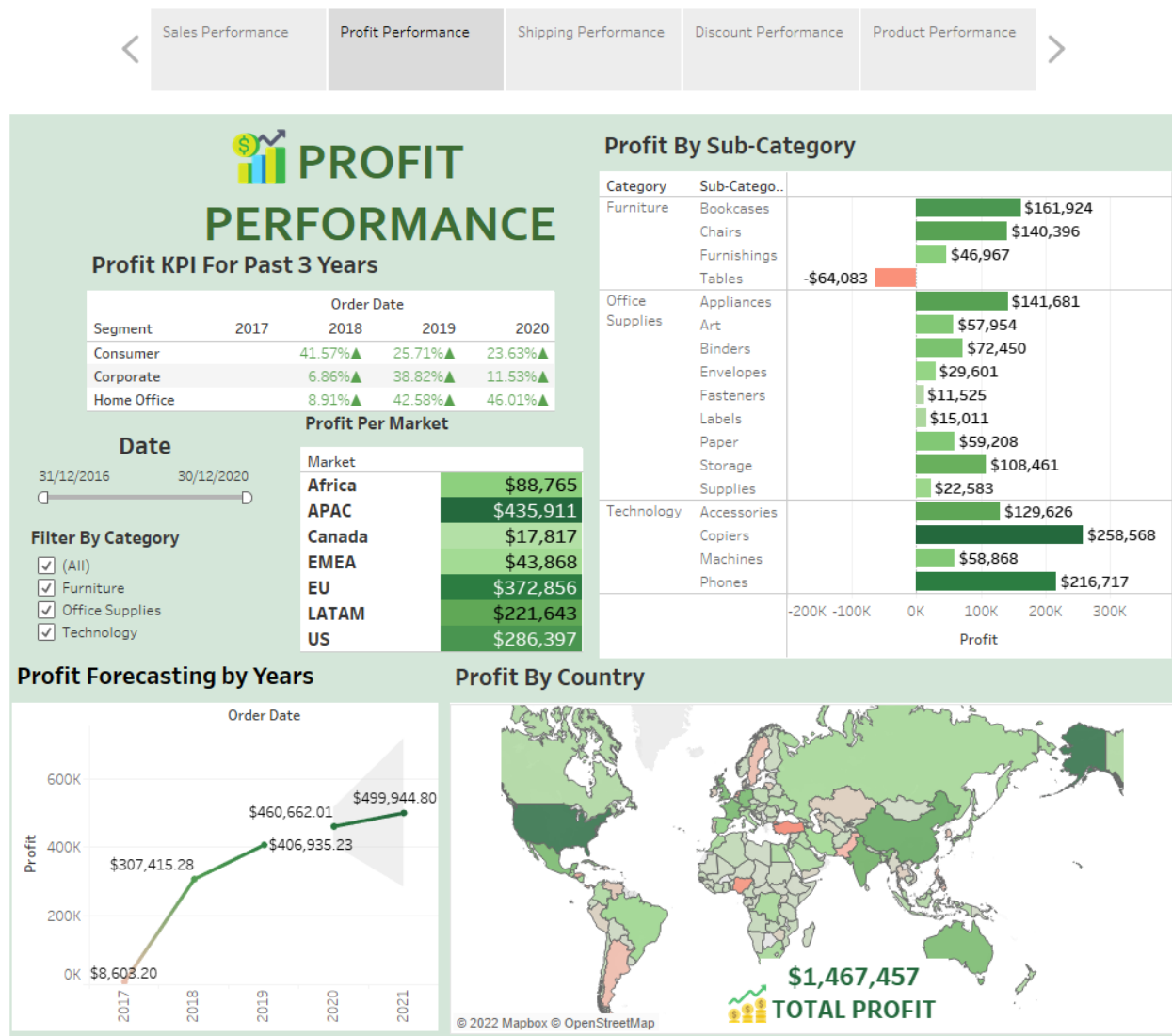
Sales Forecast

Sales has been increasing rapidly over the years, but when Covid starts to hit, the sales have slowed down with only \$400,000 increase in sales from 2019 to 2020 and forecasted \$300,000 sales increment from 2020 to 2021. As a result of consumers losing jobs and getting retrenched, they are more frugal and less likely to buy our products; seeing as consumers make up a huge part of our sales segment.

³ Darkest Shade of Green

⁴ Lightest shade of Green

Profit Performance



By The Country

United States is the country with the highest profits, followed by China and India. Other countries like Australia and several countries in EU continent are up there as well.

Conversely, we are suffering major losses in some countries such as Turkey, Nigeria and Pakistan. Markets in general are doing well, but it's just these few small countries that are making substantial losses.

By The Market

Markets wise, APAC is the best performing market with profits of \$435,911 followed by EU (\$371,856) and the United States (\$286,397). Canada has the lowest profits gained with only \$17,817. We have to deduce why Canada profits are low compared to United States when they both are very similar countries near each other, as there is high opportunity cost.

Profit Forecasting by Months

Profits have rapidly increased from years 2017 to 2019 but from 2019 onwards, have been slowed down by the COVID-19 virus. With only \$60,000 increase in profits from 2019 to 2020 and forecasted profit increment of \$40,000 for years 2020 to 2021. This is attributed by the fact that lower sales lead to lower profits as consumers are wary of their spendings.

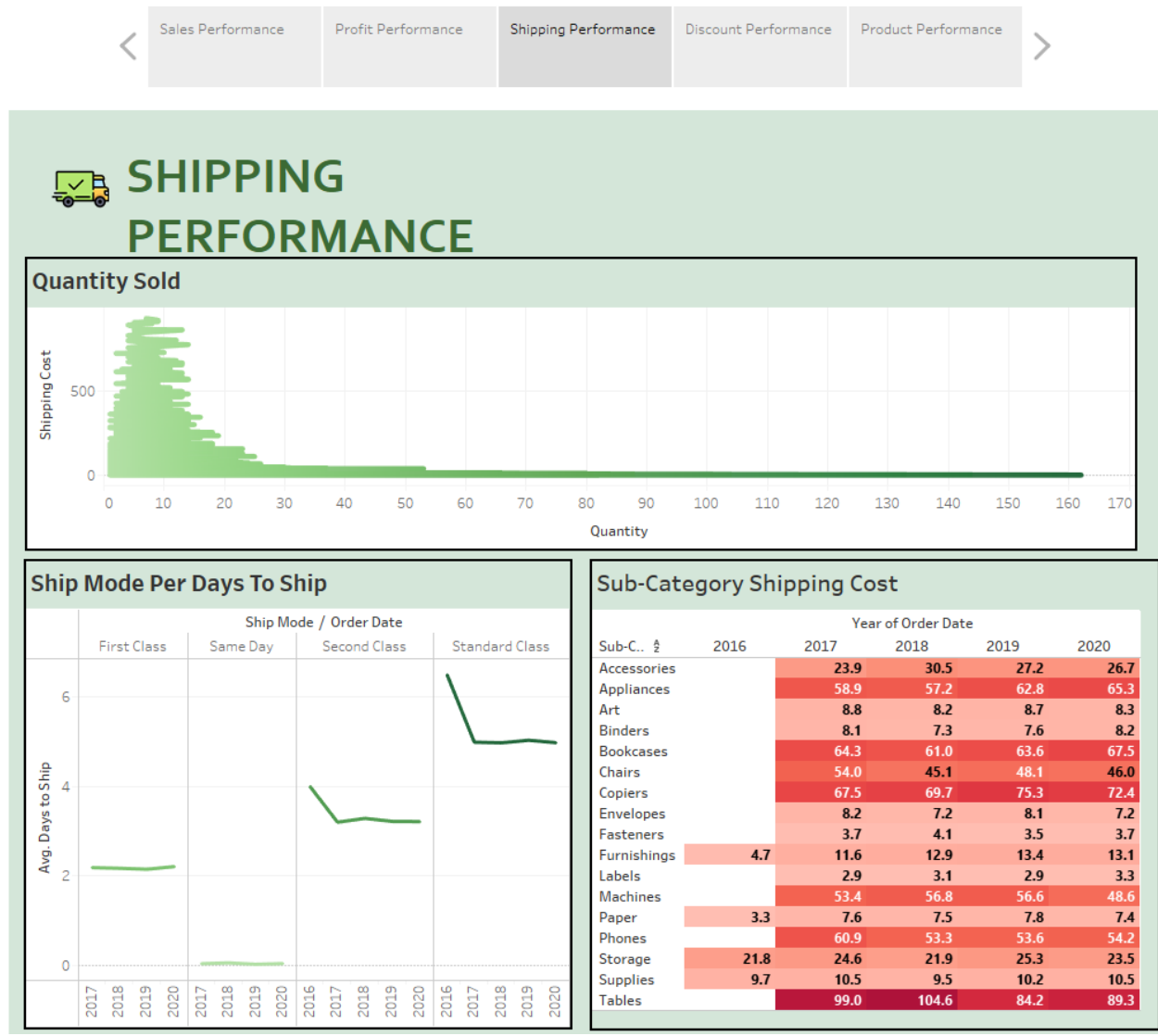
Profit By Sub-Category

Copiers and phones are our most profitable subcategories. With total profits of \$258,568 for copiers and \$216,717 for phones. In contrast, we have suffered a total loss of \$64,083 on Tables to date.

Profit KPI For past 3 Years

Profit has increased greatly from 2018 to 2019 but 2019 to 2020, there is a huge decrease in corporate segment from 38.82% to 11.53% while consumer segment decreased by 2% and home office increased by 3.5%. Again, the numbers here are swayed by the effects of Covid-19.

Shipping Performance⁵



By The Quantity Sold/ Shipping Cost

From the graph, there is varied shipping cost despite the quantities being the same, this could be attributed by the distance between the warehouse and the buyer or the weight, hence the variation in shipping cost. As quantities increase, shipping costs decrease, which is good as this would encourage to customers to buy more.

⁵ The red color hue used in Sub-Category Shipping Cost represents the increase / decrease in cost of shipping and does not mean that we are making losses.

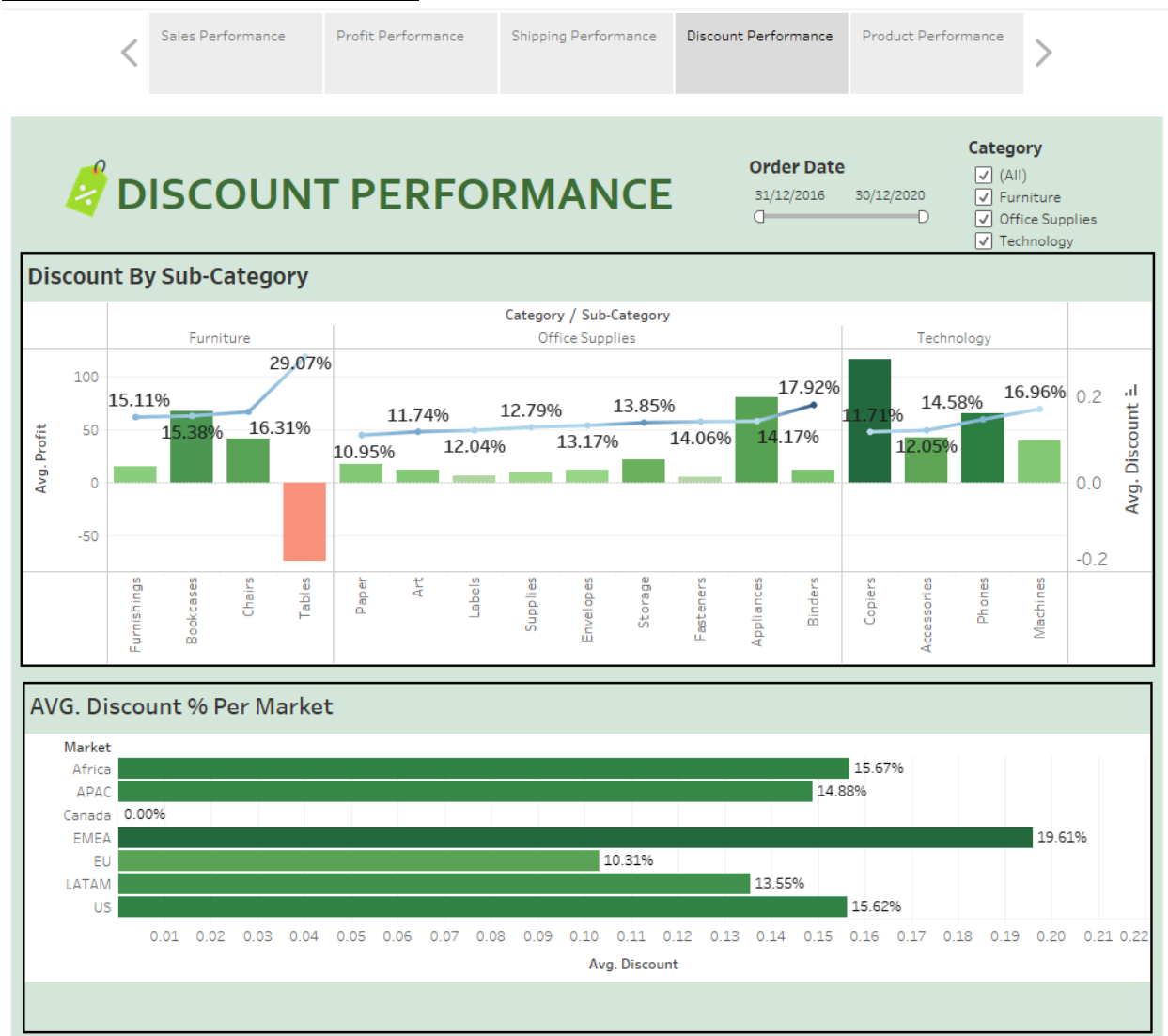
By the Ship Mode Per Days to Ship

Standard Class and Second-Class average days to ship has improved greatly over the years. Still, first-class shipping has remained the same, we could lower that down to 1.5 days.

Shipping Costs Per Average Shipping Cost

Over the years, the shipping costs has increased quite significantly for most of the sub-categories. This is reasonable as costs tend to rise with time. Tables have the highest shipping cost, which may explain the losses we have on the tables.

Discount Performance



Category/Sub-Category by Average Discount and Average Profit⁶

We have incurred major losses from tables of \$64,083, most likely caused by the exorbitantly high discounts on tables which is 29.07%. The high discount amount could be the reason for the losses on the tables.

The lowest discounted sub-category is Paper, which is doing well in terms of profit. However, we can see that giving discounts do not always mean that products will perform remarkably. We should know which products to give discounts, and which to not, to maximize profits.

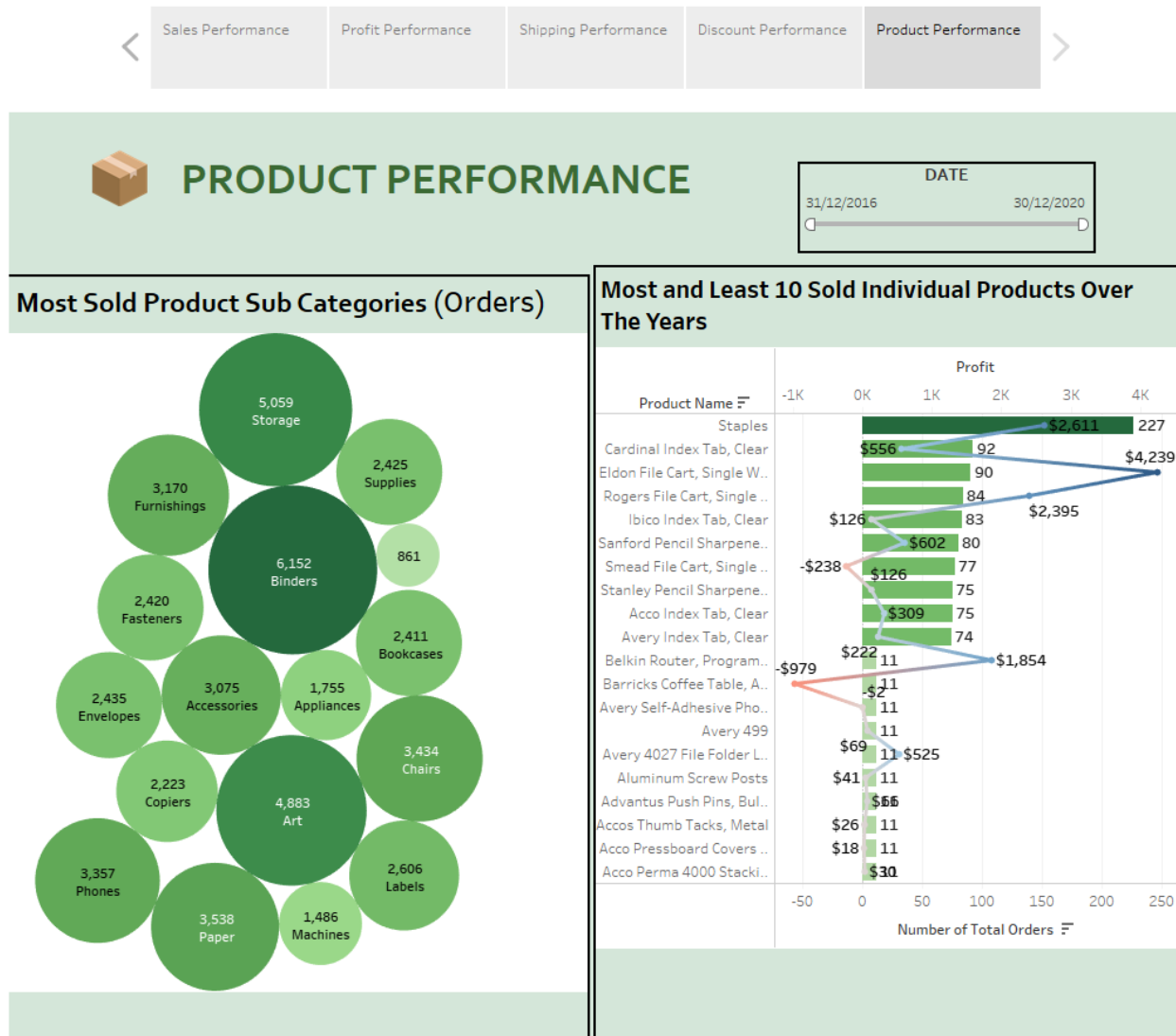
⁶ Bar Graphs represent the Profit while the line graph represents the average discount with different shades representing different amounts

Average Discount by Market

EMEA has the highest average discount of 19.61%, whereas Canada no discounts. From the dashboards earlier, EMEA's performance is mediocre in terms of profit, hence this high average discount might be detrimental to the EMEA's profit.

Unusually, Canada has no discounts. This should not be the case as discounts should at least be given from-time-to-time in order to increase sales. This 0% discount might be a factor as to why Canada has low profits compared to its neighbouring country United States which has 15.62% discounts.

Product Performance⁷



Most Sold Products Sub Categories (Orders)

Binders are our most sold sub-category (6152), followed by Storage (5059) and Art (4883). From our profit dashboard, despite binders being our most sold category, highest profits are contributed by Copiers and Phones as the profit margin for those products are higher than binders. Therefore, we should focus on ways to earn even more from high profit margin products such as phones and copiers.

Most and Least 10 Sold Individual Products Over the Years

Chart above shows the top 10 most sold and top 10 least sold products that is ordered > 10 times. For individual products, it seems staples are our most sold individual products. Even so, staples' profit

⁷ Top 10 Most sold and least sold products of more than 10 orders are selected in order to ensure there is sufficient sample size.

margin is not as high as Eldon File cart which seem to have a highest profit far exceeding other. The bottom 10 are our least sold products of all time.

Recommendations

Sales

We should promote the sales of certain items that are doing well during the COVID-19 period such as home-based products. As a business, we should adapt to the global situation and sell products according to it.

Profit

We should investigate the reasons why there are losses in some countries. Either try to solve the issue or completely stop all business operations in said countries. If we left them as they are, they will just be eating through our total profits. We have to do something about tables, as if this were to continue, the business will incur even more losses from tables. We must either solve the issues to the tables' losses or stop selling tables completely.

Shipping

We should try to lower our days-to-ship timeframe as low as we can in order to satisfy customers with faster delivery times. Next, we can look to lower shipping costs by exploring better deals with various shipping companies. Additionally, we should also have an option for "free shipping" as a way to entice them to buy our products especially for the consumer segment.

Discount

We must analyse extensively the products that we are giving discounts on, as there is a fine line between profit and loss, because giving too much discounts can cause losses while not giving any discount can cause a decrease in profits which could have been earned. We can also send discount coupons to customers who made a recent purchase in order to increase return rate.

Product

We should focus our advertisement efforts to the products with high profit margins, such as phones and copiers, and we should know that just because some products have high order volumes does not mean they are bringing extreme profits.

Conclusion

Concerning Sales, business was flourishing until 2019 until it slowed down from there, similar to profit. Business can take actions to drop some countries which are causing losses. Regarding shipping and discounts, there are still areas to improve. Products-wise, the business has taken efforts and filtering the big performers. All in all, business is doing well until COVID-19 hit, and even then, it's still making profits compared to other businesses which have shut down following extensive losses. On the whole, there are things that we do very well but there is always room for improvement and as a business, should learn to adapt to the social events and society's needs in order to increase sales and profit.

##Snapshots of the stories have been attached above for easier reference.