

9-Box FAQ

<p>Overview</p>	<p>ProAction’s 9-Box is a proprietary tool that segments and profiles a customer’s revenues and inventories. With this product/service, ProAction uses this “9-Box” tool to segment and profile the company’s revenues, inventory and costs to highlight and quantify opportunities to improve earnings, reduce inventory, improve customer service and evaluate the effectiveness of current SKU and customer management.</p>
<p>Why clients have purchased this service</p>	<ul style="list-style-type: none"> • They are frustrated because they see performance falling below plan and they cannot get a clear explanation from management. • They are concerned because inventory is growing, but order fulfillment levels are not. • They feel like they are in the dark because they are not able to see which customers are profitable and which are not. • They are worried that there is not an effective pricing strategy in place. That the company relies on the judgment and skill of individual sales people to drive pricing and gross margin levels. • They are tired of the time and energy they have to put into managing the portfolio company. They are damaging a lot of brain cells and not moving the needle. • They have owned a company for a long time and are not in a position to market it for an exit. They need to find a spark to improve financial performance. • They are worried that the company is being managed more by gut feel than by evidence and data-based decision making; that earnings are being left on the table. • They are frustrated because the company seems to treat all customers and SKU’s the same and are constantly fire-fighting. That management doesn’t see a path out of the mess or stress.
<p>Benefits</p>	<p>With our 9-box analysis, the PE/portfolio company will receive the following benefits:</p> <ul style="list-style-type: none"> • They will have a quantified, data-based view of how much inventory the company actually needs to run their current business. • They will have a good understanding of how much of the excess inventory can be worked out and how much needs special disposition. • They will see how their pricing strategies have been executed, and they will have an estimate of how much additional room they have to increase pricing. • They will see which SKU’s provide the bulk of their profits and what the return on inventory is on all of their SKU’s. They will see which SKU’s drain profit from the company. • They will see which customers provide the bulk of their profits and which ones drain profit from the company. • They will receive data-based analysis that will show opportunities to increase effective capacity and reduce customer lead times.

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Deliverables	<p>As a result of this project, the company will receive:</p> <ul style="list-style-type: none"> • A report that shows their opportunities to increase earnings, customer service levels and inventory turns. • Personal interpretation of your results from our staff of leading business advisors. • Copies of our analysis that quantify the opportunities to improve. • An in-person or Webinar meeting to review the results with ProAction’s experts.
Questions we Answer	<ul style="list-style-type: none"> • How much inventory do you need to run your company? • If there is an opportunity to reduce inventory, how much of it can be worked out and how much will require special disposition? • How much EBITDA are you leaving on the table because of loose pricing strategy and/or execution? • Which customers and SKU’s should be targeted for price increases or policy changes? • What opportunities does the company have to increase capacity through better inventory strategies and demand planning techniques? • Which customers should be encouraged to move to another channel?
Process	<ul style="list-style-type: none"> • Initial tutorial / analysis kick-off meeting / questionnaire review • Data request and validation • ProAction will prepare the model • ProAction will interpret the results and draft a report for the company, with sections for each product family analyzed. • ProAction will meet with the management team to review the results and to develop the action plan to secure the available performance levels.
Fees	<ul style="list-style-type: none"> • \$14,960 for one product family. \$7,480 for additional product families. • \$112.50 per hour for data cleanup past initial vetting / validation • Expenses if onsite meeting requested. • We can update the model on a quarterly basis for a nominal charge. Pricing to be determined based on data and breadth of updates requested.
Statistics	<ul style="list-style-type: none"> • ProAction has completed this analysis for over 30 different private equity firms and over 120 portfolio companies • ProAction has completed this analysis for companies in the following industries <ul style="list-style-type: none"> ○ Automotive ○ Aerospace ○ Food processing ○ Process manufacturing, specialty chemicals ○ Retail sales ○ Distribution/Value-added distribution ○ Consumer products ○ Niche manufacturing • The ProAction team interpreting your results have led highly effective companies, including Toyota Motor Company, Danaher, Emerson Electric, Panduit and many middle market manufacturing and distribution companies.
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