“Delivered the tools we can use to optimize shareholder value. A picture is worth a 1,000 words and A&M’s Distributor Profitability Framework chart is worth a 100,000 words!”

Ron Cedruly, CFO, Henrietta Building Supplies

“We just want to express our gratitude for A&M’s efforts and commend on a job well done on all counts. The professionalism of A&M team and the work product developed and presented were outstanding!”

Gary Bodam, Ph.D., Vice President – HR, Stuart C. Irby

“Thanks for the helpful insight and providing tools to lead my company into future profitability growth.”

Bob Borsh, President, House of Forgings

Optimizing Distributor Profitability

TEXAS A&M ★ INDUSTRIAL DISTRIBUTION PROGRAM

Creating Competitive Advantage Through Education
Optimizing Distributor Profitability
Methodology and Deliverables

**Distributor Profitability Framework**

**BUSINESS PROCESSES**
- Process Mapping
- Process Services
- Process Streamlining

**PROCESS METRICS**
- Finance Elements
- Financial Drivers

**FINANCE MANAGEMENT**
- Data Integrity
- Invoice Accuracy
- Past Due Tracking Efficiency
- Training Effectiveness (Benefit-to-Cost Ratio)
- Time and Cost-to-Hire
- Retention Rate

**SUPPLY CHAIN OPTIMIZATION**
- Network Optimization
- Loading Optimization
- Routing Optimization
- Fleet Cost Assessment
- Cost-to-Serve Assessment

**MARKETING MANAGEMENT**
- Mapping Customers and Sales Force
- Product Put-Away
- Product Receiving
- Replenishment Policy

**WAREHOUSE FULFILLMENT (INBOUND)**
- Inventory Management

**INVENTORY MANAGEMENT**
- Store
- Sell
- Ship

**OPERATING EXPENSES**
- Inventory
- Revenue
- Fixed Assets (Plant, Property, Equipment)
- Operating Expenses (Transportation and Warehouse)

**CASH FLOW**
- Working Capital
- Days Payables Outstanding
- Days Inventory Outstanding

**PROFITABILITY**
- Revenue Growth
- EBITDA
- Total Asset Turnover
- Days Sales Outstanding

**GROWTH**
- Revenue Growth
- Expected
- Additional

**EFFICIENCY**
- Asset Efficiency
- Cash Conversion
- Cash to Cash Cycle Time

**SHAREHOLDER VALUE**
- Free Cash Flow
- Outstanding

**BEST PRACTICES ROADMAP**
- Impact of Best Practices on EBITDA

**Custom Process Assessment Report**
- Sample process assessment report; also known as the "dot report.

**Cross-channel Financial Benchmarking Report**
- Financial Metrics

**Customized Profitability Group Exercise**
- Basic Input Parameters
- Additional Revenue
- EBITDA
- Re-invest!

**GMROI Formula**
- % of Re-investment
- Average Inventory