

PROGRAM OVERVIEW

- 👤 **Motivation**
- 👤 **ODP Framework & Methodology**
- 👤 **SOURCE** – Best Practices, Assessment, Profitability Link
- 👤 **STOCK** – Assessment Results & Best Practices
- 👤 **ROI Exercise** – 1 using your financial statements
- 👤 **STORE & SHIP** – Assessment Results & Best Practices
- 👤 **SELL** – Best Practices, Assessment, Profitability Link
- 👤 **ROI Exercise** – 2 using your financial statements
- 👤 **SUPPLY CHAIN PLANNING & SUPPORT SERVICES** – Best Practices
- 👤 **Best Practice Implementation** – Challenges & Real World Examples
- 👤 **Potential Profitability & Conclusion**

KEY TAKE-AWAYS

- 👤 Proven and structured approach to assess your business performance
- 👤 Cross-channel financial benchmarks
- 👤 Comprehensive distributor profitability framework
- 👤 Ready to use spreadsheet tools
- 👤 Best practices roadmap book

WHO SHOULD ATTEND?

- 👤 Strategic Business Managers
- 👤 Regional / Functional Heads
- 👤 Branch / Operations Managers
- 👤 Finance Managers / Controllers
- 👤 C-level Executives

“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



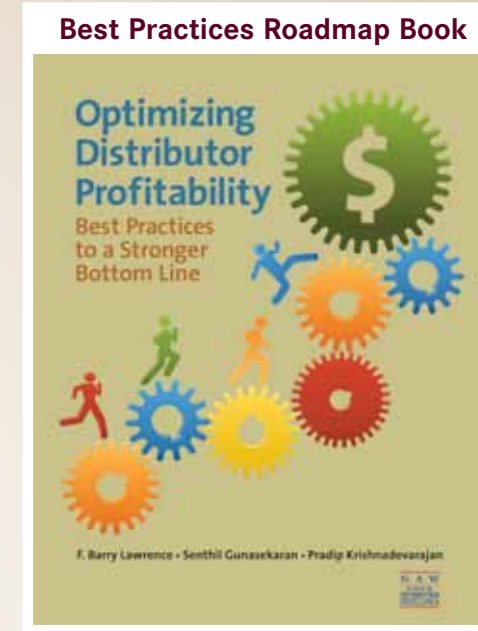
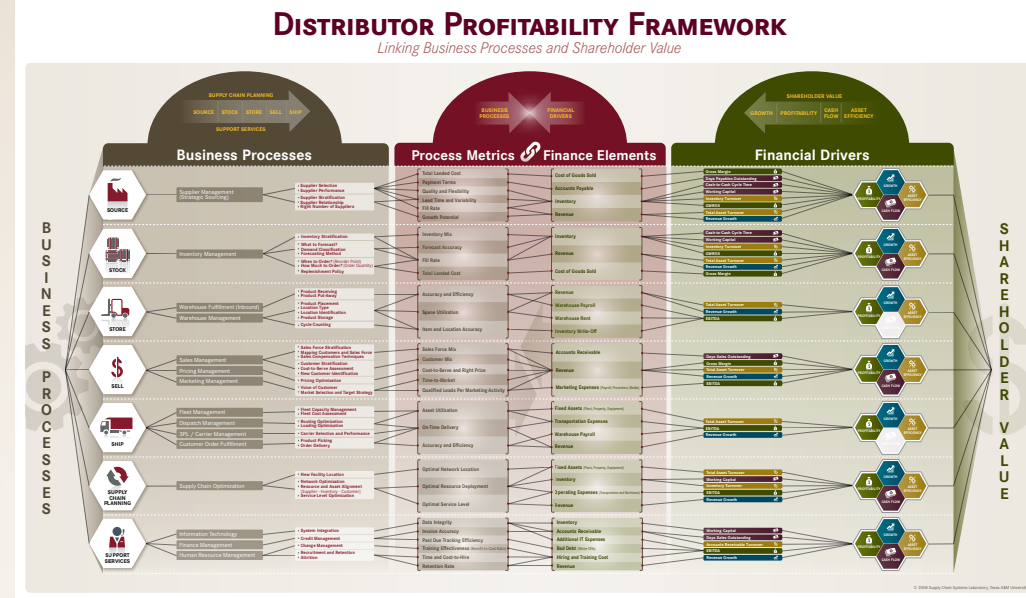
Creating Competitive Advantage Through Education

Optimizing Distributor Profitability

Methodology and Deliverables

Custom Process Assessment Report

Distribution Business Processes	Assessment			
	Common	Good	Best	Not Applicable
S1 Source				
1.1 Supplier Management				
1.1.1 Supplier Selection	●	●		
1.1.2 Supplier Performance Assessment	●			
1.1.3 Supplier Stratification	●			
1.1.4 Supplier Relationship Strategy			●	
1.1.5 Right Number of Suppliers			●	
S2 Stock				
2.1 Inventory Stratification				
2.1.1 Inventory Stratification		●		
2.2 Forecasting				
2.2.1 What to forecast?	●			
2.2.2 Demand Classification	●		●	
2.2.3 Forecasting Methods	●			
2.3 Replenishment				
2.3.1 When to Order? (reorder point – ROP)	●			
2.3.2 How Much to Order? (order quantity)	●			
2.3.3 Replenishment Policy		●		



Your Process and Financial Data

Income Statement

Balance Sheet

Process Status



Cross-channel Financial Benchmarking Report

Typical Distributor—Financial Assessment and Cross-Channel Benchmarking Report

Financial Metrics	Distribution Channels						Your Values	Action Items
	Building Materials	Power Transmission	Fluid Power	Electronics	Electrical	Chemical		
Cash Flow								
Days Sales Outstanding	41.5	41.4	47.8	46.4	49.8	43.2		
Days Payables Outstanding	22.6	21.5	20.7	—	32.1	—		
Days of Inventory	26.8	68.9	70.2	91.3	74.6	50.7		
Cash Conversion Cycle (days)	45.7	88.8	97.3	—	92.3	—		
Profitability								
Gross Margin %	32.1%	27.1%	30.0%	29.8%	23.8%	15.3%		
EBITDA Margin %	—	—	—	—	—	—		
Profit Before Taxes %	12.6%	7.6%	7.4%	5.4%	6.0%	3.1%		
GMROI %	654.7%	188.7%	225.7%	94.0%	177.8%	136.0%		
Personnel Productivity Ratio	0.33	0.55	0.57	0.59	0.56	0.50		
Growth								
Revenue Growth %	9.8%	6.0%	8.2%	9.8%	12.2%	11.4%		
Asset Efficiency								
Receivables Turnover	8.80	8.82	7.64	7.87	7.33	8.45		
Inventory Turnover	13.60	5.30	5.20	4.00	4.90	7.20		
Asset Turnover	3.60	3.60	3.60	3.20	3.10	4.00		

