



Quantum Profit Gram #17

What's the best mantra for re-inventing better profits? The title above is my favorite and here is why and how:

First, Thinking Big or Small (x) Acting Big or Small = four, possible, mind-sets for running your businesses. Why "think big, act small" (TBAS) is the best option by far can be found in the two footnoted documents at my web site. Trusting – for now - that TBAS is best, where should you first focus your big thinking?

Why not fish where the biggest, hungriest fish are for out service-value proposition: within your “core” intersection of most profitable customers and items. Research confirms that there is no faster way to improve profits than to specifically identify most-profitable and biggest-losing accounts and co-creating (with those customers) better supply processes at each account.

If your team hasn't tried engaging customers into win-win reviews of your relationships, how do you reduce perceived risk and fear and boost odds for success towards 100%? Tight focus on, deep analysis of, and innovational experiments with top 2% most profitable and bottom 2% most unprofitable customers will help.

But, most importantly, don't forget to "act small"! Co-create new, win-win experiments with one partner at a time, starting with the most friendly and open-minded super-winners and super-losers. The goal for every experiment is to minimize the worst-case scenario costs while maximizing the benefits. Plan with your customers on “failing” brilliantly by using nine guidelines for your experiments.

The nine design guidelines are: 1) Fail; 2) Forward (towards some strategic, shared goal); 3) Factually; 4) Faithfully; 5) Frugally; 6) Fearlessly; 7) Flexibly; 8) (with) Fun; and 9) Fast (act now). For deeper explanations of these design descriptors again see the footnoted documents.

The necessary catalytic tools that you need for getting on the TBAS path are:

- Good net-profit ranking reports (by customer, item/supplier and territories);
- Some how-to profit improvement plays for innovating at the profit extremes, one customer experiment at a time;
- Follow-up tracking reports to measure progress for the plays/experiments; and,
- New incentive reports to eventually use for all personnel (starting with reps) to focus on net profit-improvement change by customer net of actual “cost to serve” activity at the line-item and order-level.

All of these tools are included within Waypoint Analytic's "Quantum Profit Management Service" (QPMS). Find out more about QPMS at www.quantumprofitmanagement.com.

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Act Small,
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With
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¹ Slide show #22, direct link: http://www.merrifield.com/articles/Think_Big_Act_Small.pdf

² Article # 2.34; direct link; http://www.merrifield.com/articles/2_34.asp