

# Product Profitability Analytics Performance Blueprint



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This document explains the content of a Web-based performance solution for financial analytics that specifically focuses on product profitability. The solution is an asset for analyzing product profitability performance data that can help management make faster decisions by providing multiple metrics for multiple business perspectives.

IBM Cognos Performance Blueprints are pre-defined data, process and policy software models developed in partnership with leading academic institutions. They are essentially “quick-start” data models that IBM customers can download and implement at no extra cost. Focusing on financial analytics and profitability analysis, the *IBM Cognos® Product Profitability Performance Blueprint* was developed jointly by the IBM Cognos Innovation Center for Performance Management and Breakaway Technologies Inc. (an IBM Business Partner).

This *Blueprint* is the first of its kind in the context of profitability modeling and optimization. It provides views of product profitability (both from a revenue and cost standpoint) from the highest company level to the lowest product stock keeping unit level. It even provides the means for understanding the impact of product level profitability on your company's EPS.

When you use the *Blueprint* with your IBM Cognos performance management system, you can clearly identify product performance and track it consistently and logically. Its foundation is the IBM Cognos performance management platform that capitalizes on the power of IBM Cognos TM1 (an in-memory OLAP engine) for analytical computations and presents the analytical insights gained in a highly contextual and intuitive user interface environment built on the IBM Cognos BI platform.

The main features and business value are as follows:

- Visualization of profitability by product
- Product profitability and inventory analysis
- Direct Product Profitability (DPP) analysis
- Product-channel profitability analysis–heavy allocations
- Costing engines integration
- Tie back into enterprise planning processes
- Contextual role-based analytical insight

The basis of this *Blueprint* is a scenario that features a hypothetical company, Entronics Co., Inc., a retailer of consumer electronic products such as televisions, receivers, DVDs and more. Entronics has four different sales channels: company owned retail stores, external retailers, membership warehouses and entronics.com (online).

## IBM Cognos TM1 data source overview

The TM1 data model consists of 14 TM1 cubes, of which two are used for analytics. These TM1 cubes are Finished Goods Inventory Analysis and Income Statement. The remaining TM1 cubes generate data for the Finished Goods Inventory Analysis and Income Statement in a controlled manner and are not necessarily examples of proven process practice. This section describes these cubes and explains the purpose of each.

## Component cost

The dimensions for this cube are:

- Product SKUs
- Time
- Scenarios
- Components
- Component Cost

This cube builds up the component cost for each product SKU per unit. The receiver SKUs and the 65-inch flat panel television SKU are all outsourced and so have one component cost. The data from this cube populates the Unit Component Cost in the Income Statement, which in turn is used to calculate the Component Cost of units sold (Figure 1).

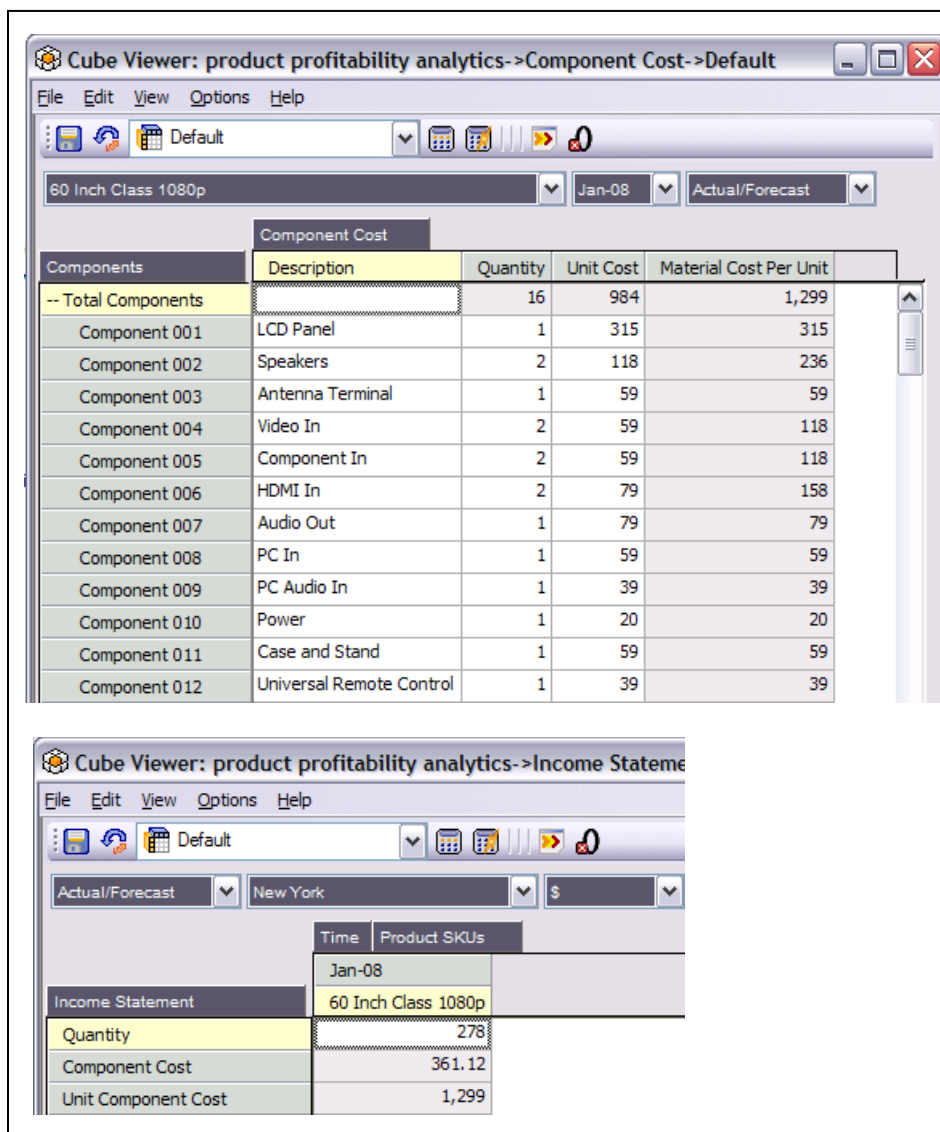


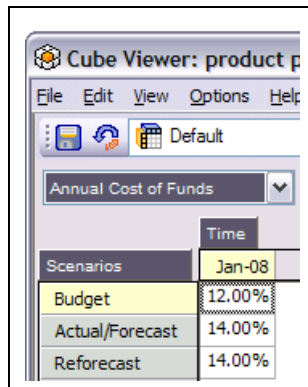
Figure 1. Component cost and Income Statement

## Cost of Funds

The dimensions for this cube are:

- Annual cost of funds
- Scenarios
- Time

This cube (Figure 2) contains the annual percentage rate for the cost of funds. The Finished Goods Inventory Analysis cube uses it to calculate the Inventory Carrying Cost (based on the average period inventory), which in turn is linked to the Income Statement cube.



The screenshot shows a software window titled "Cube Viewer: product p". It has a menu bar with "File", "Edit", "View", "Options", and "Help". Below the menu bar is a toolbar with icons for "Default", "Refresh", and "Print". A dropdown menu is open, showing "Annual Cost of Funds". Below this is a table with two columns: "Scenarios" and "Time". The "Time" column has a dropdown menu showing "Jan-08". The table contains the following data:

Scenarios	Time
Budget	12.00%
Actual/Forecast	14.00%
Reforecast	14.00%

Figure 2. Cost of Funds cube

## Cube Size

This cube contains the Product SKU "cube size" in cubic feet. It is the basis for calculating distribution cost in the Income Statement for all channels and the DPP calculation uses it in the Income Statement for Entronics retail stores.

## Days per Period

The dimensions for this cube are Days and Time. This cube contains the number of days per period. This is used in the Inventory Carrying Cost calculation.

## Direct Labor

The dimensions for this cube are Product SKUs and Time. The scenarios are Direct Labor and Component Cost. This cube is similar to the Component Cost cube and calculates the product sku per unit labor cost. The Income Statement then uses it to calculate the per product sku direct labor cost for the volume sold.

## Distribution Cost per Cubic Foot

The dimensions for this cube are:

- Channels
- Scenarios
- Time
- Rate per Cubic Foot

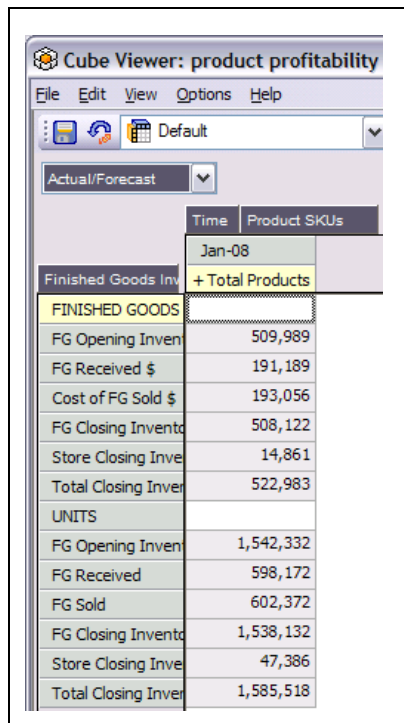
This cube contains the distribution rate per cubic foot for each channel. It is used to calculate the distribution cost by product and channel in the Income Statement based on volume sold.

## Finished Goods Inventory Analysis

The dimensions for this cube are:

- Product SKUs
- Time
- Scenarios
- Finished Goods Inventory Analysis

This cube calculates various inventory metrics (Figure 3).



The screenshot shows a software interface titled "Cube Viewer: product profitability". It features a menu bar (File, Edit, View, Options, Help) and a toolbar. Below the toolbar, there are dropdown menus for "Actual/Forecast" and "Default". A table is displayed with columns for "Time" and "Product SKUs". The "Time" column shows "Jan-08" and a "+ Total Products" button. The table lists various inventory metrics in dollars and units.

	Time	Product SKUs
Finished Goods Inv	Jan-08	
		+ Total Products
<b>FINISHED GOODS</b>		
FG Opening Invent		509,989
FG Received \$		191,189
Cost of FG Sold \$		193,056
FG Closing Invent		508,122
Store Closing Inve		14,861
Total Closing Inve		522,983
<b>UNITS</b>		
FG Opening Invent		1,542,332
FG Received		598,172
FG Sold		602,372
FG Closing Invent		1,538,132
Store Closing Inve		47,386
Total Closing Inve		1,585,518

Figure 3. Finished Goods cube

## Income Statement

The dimensions for this cube are:

- Scenarios
- \$ - Percent of Sales
- Channels
- Time
- Product SKUs
- Income Statement

This cube calculates various income statement metrics (Figure 3). It is the main cube for driving the analytics.

Cube Viewer: product profitability analytics->l

File Edit View Options Help

Actual/Forecast Total Entronics

	Time	Product SKUs
	Jan-08	
Income Statement	+ Total Company	
<b>REVENUE</b>		
Quantity	602,372	
Total Revenue	386,197.56	
Revenue Change	0	
Revenue Change %	.00%	
<b>COST</b>		
Component Cost	134,726.97	
Direct Labor	34,355.05	
Manufacturing Overhead	23,973.98	
Distribution Cost	2,981.88	
Inventory Carrying Cost	6,136.95	
Warehouse Cost	10,002.01	
Store Cost	5,000.00	
Other Cost (ABC)	57,929.63	
Total Cost	275,106.47	
Operating Margin	111,091.09	

Figure 4. Income Statement cube

## Manufacturing Overhead, Manufacturing Overhead Allocation and Product Relativity

These three cubes are very closely related. The dimensions for the Manufacturing Overhead cube are:

- Scenarios
- Years
- Manufacturing Overhead

The dimensions for the Manufacturing Overhead Allocation cube (Figure 5) are:

- Scenarios
- Time
- Product SKUs
- Manufacturing Overhead Allocation

The dimensions for the Product Relativity cube are Product SKUs and Product Relativity.

These cubes calculate the per unit allocation of annual manufacturing overhead for each product SKU. This in turn is used in the Income Statement to calculate the manufacturing overhead based on volume sold.

The screenshot shows a software window titled "Cube Viewer: product profitability analytics->Manu". The window has a menu bar with "File", "Edit", "View", "Options", and "Help". Below the menu bar is a toolbar with icons for "Default", a grid, and a refresh button. There are two dropdown menus: "Actual/Forecast" set to "Actual/Forecast" and "Jan-08". The main area displays a table with the following data:

Manufacturing Overhead Allocation	
Product SKUs	Manufacturing Overhead Unit Cost
60 Inch Class 1080	363
55 Inch Class 1080	308
50 Inch Class 1080	250
46 Inch Class 1080	223
40 Inch Class 1080	156
37 Inch Class 1080	66
32 Inch Class 1080	62
26 Inch Class 720p	35
22 Inch Class 720p	23

Figure 5. Manufacturing Overhead Allocation cube

## Store Cost

The dimensions for this cube are:

- Store Cost
- Scenarios
- Channels
- Time

This cube contains the cost for each Entronics retail store. The *Blueprint* uses it to calculate the Store Cost in the Income Statement by product SKU.

## Store Inventory

The dimensions for this cube are:

- Scenarios
- Time
- Channels
- Product SKUs
- Store Inventory

This is the volume of inventory held in the store. It is used in the Direct Product Profitability calculation in the Income Statement.

## Warehouse Cost

The dimensions for this cube are:

- Warehouse Cost per Cubic Foot
- Scenarios
- Time

This cube contains the per cubic foot warehouse cost. It helps calculate the warehouse cost in the Income Statement base on volume sold.

## Blueprint scenario

Entronics Co., Inc., is a hypothetical manufacturer and retailer of consumer electronic products. Entronics has four different sales channels: company-owned retail stores, external retailers, membership warehouses and entronics.com (online).

Although Entronics has made its budgeted profit dollars in the last several quarters, it has most recently been affected by the ongoing economic slowdown. The company's CFO wants to uncover the factors and sources affecting profitability and implement operational improvements.

This *Blueprint* helps the CFO and his profitability analysis team members start analyzing what is seemingly a profitability problem at the company level and drill down to find the root causes—all while relating analytical insights gained from product profitability together with business contexts.

Two such areas that this Blueprint scenario focuses on are:

- Product profitability for the receiver product being affected because of disproportionately high inventory carrying costs
- Lower profitability from a particular flat panel TV (65-inch model) that consumes disproportionately higher shelf space relative to the profitability it generates

A simulated sandbox environment helps users visualize and understand the effect of certain proposed actions for correcting the profitability problem. Users can even see the effect of specific actions on the company's overall revised plans.

## Uncovering Profitability issues

The CFO dashboard (Figure 6) is the entry point into the *Blueprint*.





Figure 6. CFO dashboard

This dashboard provides the CFO with a snapshot of the company's overall performance. The CFO can view profitability metrics from the overall company level, down to an individual stock keeping unit (SKU) level and anywhere in between. Further, such visualization can be seen in the context of multiple dimensions of profitability such as time periods, sales channels and more.

In the dashboard shown in Figure 6, the CFO sees the following:

- A snapshot of performance for three months: last month, the current month and next month. Note that, although revenue is forecasted to increase in September 2009, the operating margins are expected to come down and this trend is expected to continue into October 2009 and EPS is forecast to drop from 17 cents in August to 15 cents (Figure 7) in October.

P & L			
<input type="radio"/> Show \$ (Dollar Amount) <input type="radio"/> Show % of Sales			
	Aug-09	Sep-09	Oct-09
<b>Revenue</b>			
Total Revenue	415,399	416,097	411,824
<b>Costs</b>			
Component Cost	142,151	143,585	142,151
Direct Labor	35,762	36,061	35,762
Manufacturing Overhead	25,434	25,648	25,434
<b>Other Direct Costs</b>			
Distribution Cost	3,075	3,098	3,075
Inventory Carrying Cost	6,121	8,273	10,976
Warehouse Cost	10,002	11,573	13,144
Store Cost	6,000	6,000	6,000
Other Cost (ABC)	62,310	62,415	61,774
<b>Total Cost</b>	<b>290,855</b>	<b>296,652</b>	<b>298,315</b>
<b>Operating Margin</b>	<b>124,544</b>	<b>119,445</b>	<b>113,508</b>
Corporate Unallocated	67,620	67,620	67,620
Taxes	0	0	0
<b>Corporate Net Income</b>	<b>37,000</b>	<b>33,686</b>	<b>29,827</b>
<b>EPS</b>	<b>0.19</b>	<b>0.17</b>	<b>0.15</b>

Figure 7. EPS projections

- There has been a spike in the inventory dollars during the same months and a corresponding drop in inventory turnover (Figure 8).

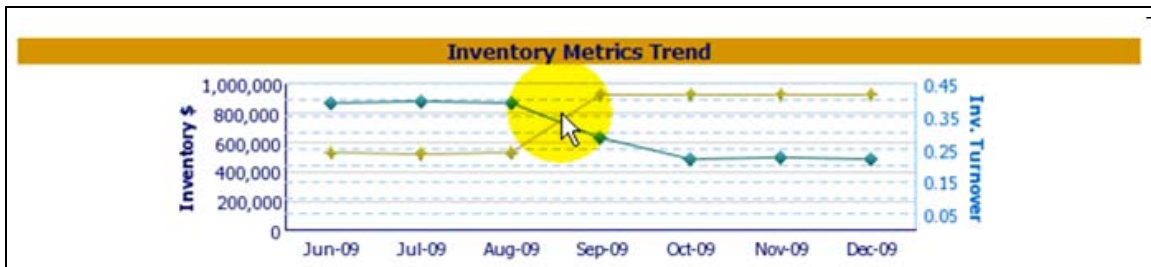


Figure 8. Inventory metrics trend

- Two major line items of expense, warehousing costs and inventory carrying costs (Figure 9), are the main cause of the drop in profitability.

P & L			
<input type="radio"/> Show \$ (Dollar Amount) <input type="radio"/> Show % of Sales			
	Aug-09	Sep-09	Oct-09
<b>Revenue</b>			
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<b>EPS</b>	<b>0.19</b>	<b>0.17</b>	<b>0.15</b>

Figure 9. Drop in profitability causes

At this stage the CFO forms a hypothesis that inventory spikes are causing the projected drop in profitability and wants his team to investigate further.

The Director of Financial Performance and Analysis is responsible for product profitability, so she starts the investigation by working with the sales and profit dashboard (Figure 10).

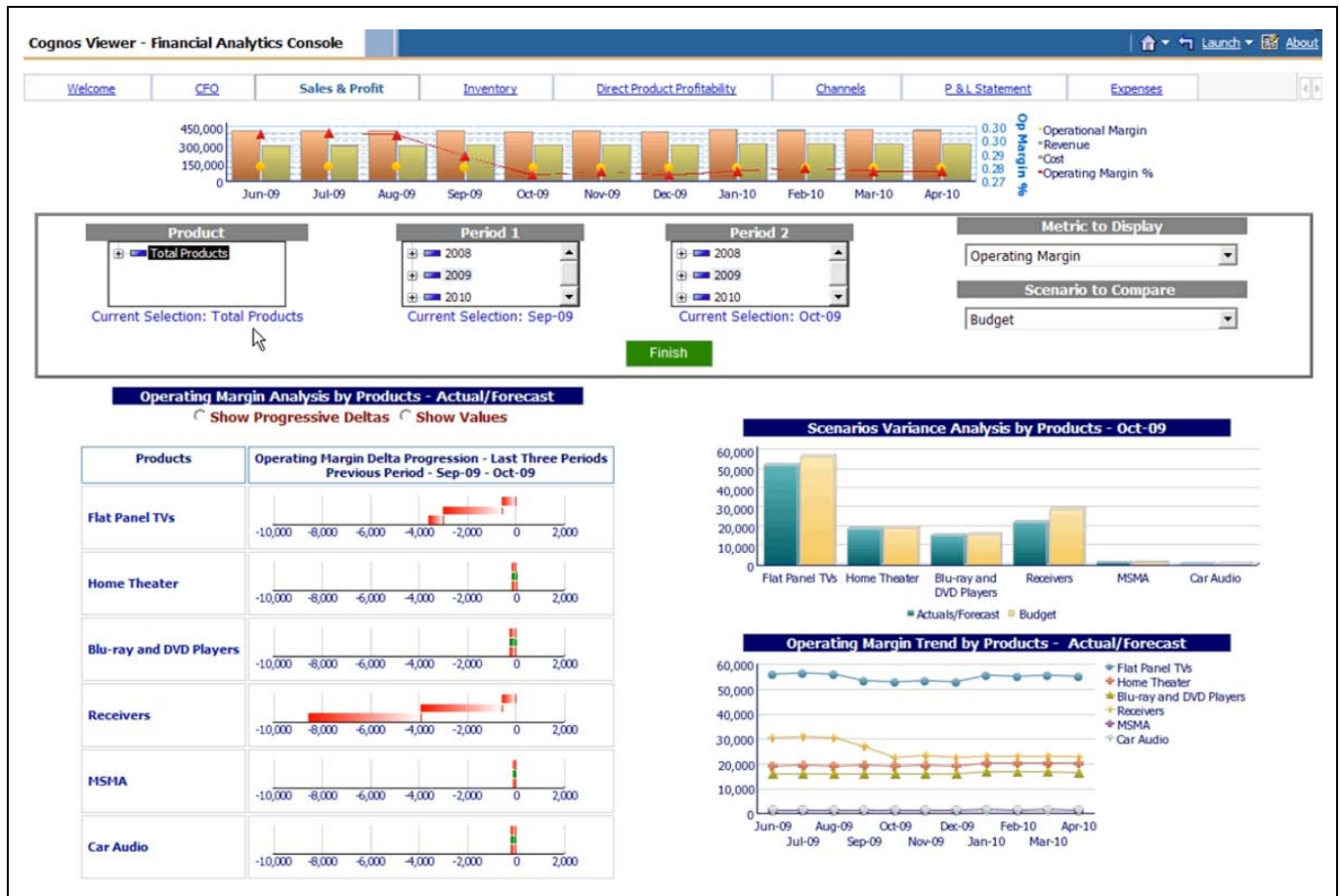


Figure 10. Sales and profit dashboard

The director selects different values from among the various prompts available (Figure 11) to build this page on the fly.

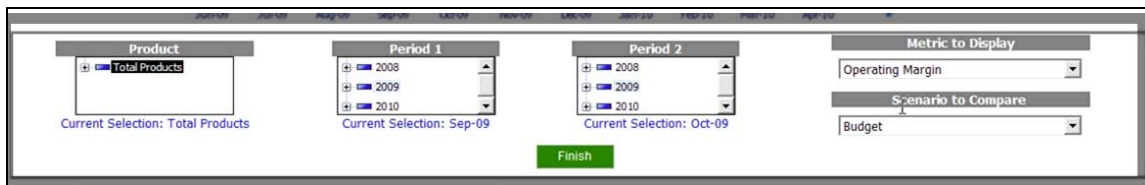


Figure 11. Prompts for sales and profit dashboard.

Right under the parameters, she sees the incremental “delta” graph (Figure 12), which highlights changes in operating profit from month to month for the various product families.

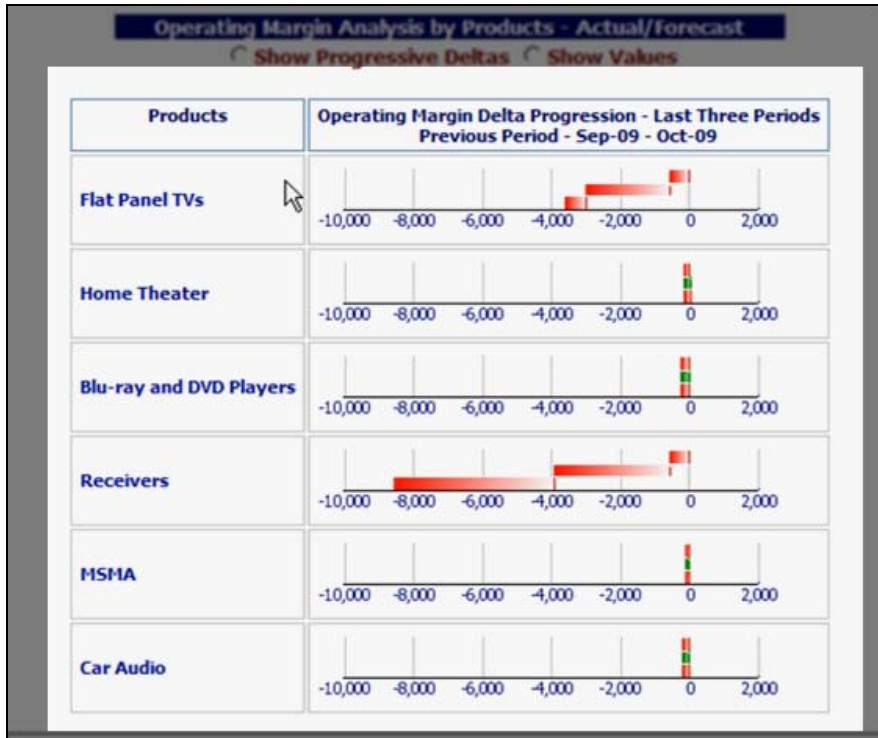


Figure 12. Incremental delta graph

The director can immediately see that two product families seem to contribute disproportionately to the drop in profitability for receivers and flat panel TVs (Figure 13).

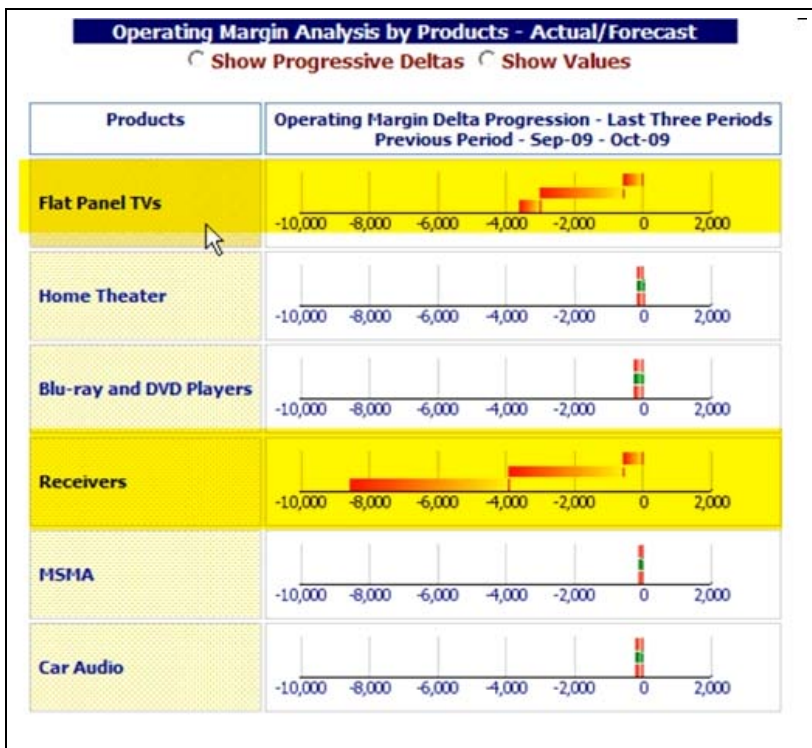


Figure 13. Receiver and flat panel TV performance.

She can also see that these are the very same product families that have a budget shortfall (Figure 14).

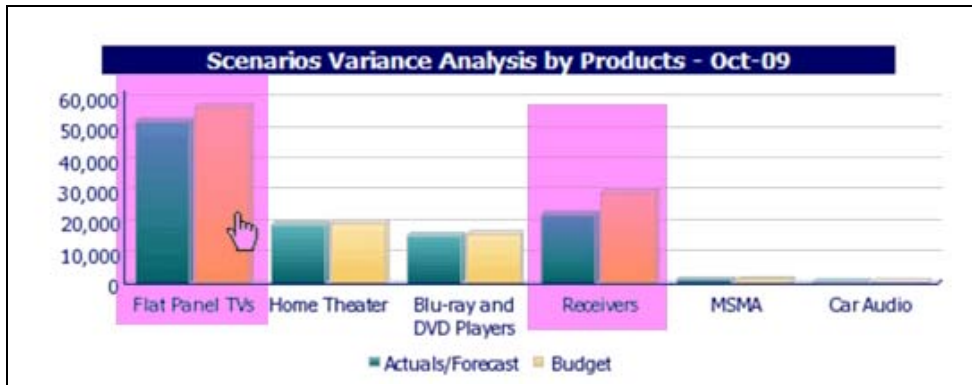


Figure 14. Variance by products

At the bottom of the sales and profit dashboard page, there are the top five and bottom five products that contribute to this change in profitability between September 2009 and October 2009 (Figure 15.).

Select Metric to Display: Operating Margin									
Top 5 Products Based on Metric Selected				Bottom 5 Products Based on Metric Selected					
	Sep-09	Oct-09	Change		Sep-09	Oct-09	Change		
Media Tablet 5 - 60GB White	1	221	217	(4)	1400W 10.2 Ch Receiver	60	5,450	4,774	(675)
Media Tablet 6 - 160 GB White	2	130	124	(5)	1050W 7.1 Ch Receiver	59	4,923	4,286	(637)
Media Tablet 5 - 60GB Black	3	241	236	(5)	350W 7.1 Ch Receiver	58	1,454	943	(511)
Media Tablet 5 - 250 GB White	4	199	194	(5)	630W 7.1 Ch Receiver	57	2,302	1,806	(495)
Media Tablet 5 - 250 GB Black	5	178	172	(6)	525W 7.1 Ch Receiver	56	1,583	1,120	(464)

Figure 15. Top five and top bottom

The director is now aware that profitability has dipped between September 2009 and October 2009 and that two major product families, receivers and flat panel TVs, are causing the dip.

Equipped with this insight, the director wants to undertake some alternative analysis across some related dimensions to profitability before coming to some final conclusions. She realizes that she must perform a product profitability inventory analysis as her next step. The inventory analysis dashboard (Figure 16) is a good place to start.



Figure 16. Inventory analysis dashboard

In the doughnut chart to the right, you can see the inventory levels for all products and a corresponding table shows that receivers are accounting for 52% of all inventory at \$487 million (Figure 17).

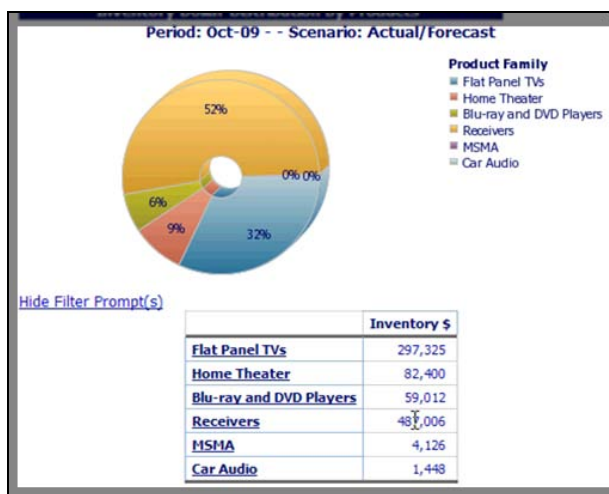


Figure 17. Chart showing inventory levels for all products.

Also, the Inventory Dollars/Inventory Turnover trend chart points to an anomaly during the month of September 2009 (Figure 18).

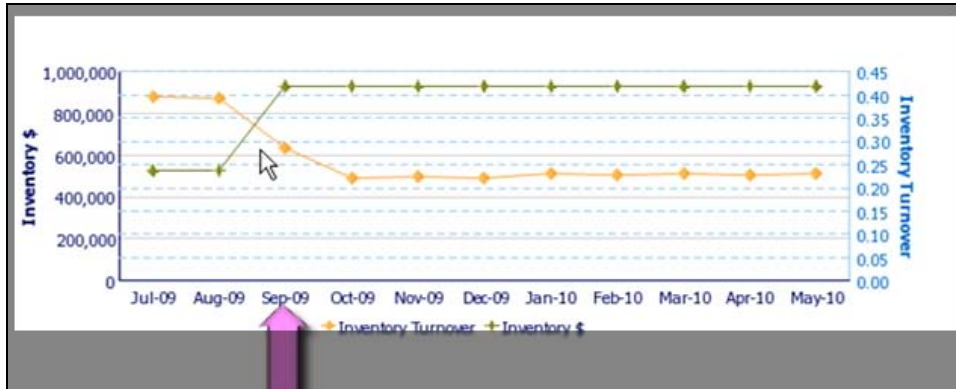


Figure 18. Anomaly in September 2009.

The director then runs the same report for only the receiver product family because of the huge amount of inventory holdings in that category.

In the new dashboard output, she sees the comparison of inventory dollars performance to the budgets for all receivers. What she sees from the bar chart, is that for all product SKUs in the receivers family, there is excessive inventory build up and a corresponding decline in inventory turns (Figure 19).

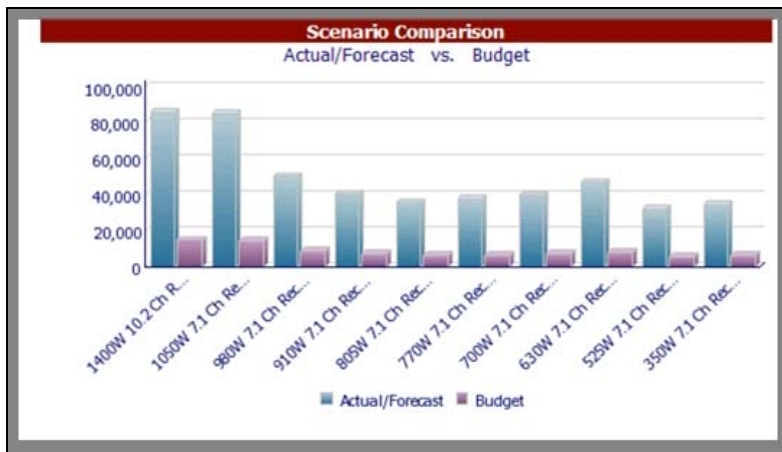


Figure 19. Inventory dollars performance

She calls the operations department and is able to confirm that a bulk shipment of receivers arrived from China during September, creating an abnormal increase in inventory and a deviation in performance. After talking to the operations teams, she further learns that the company agreed to the bulk shipment to take advantage of extra discounts.

Finally, before deciding on the next course of action, the director wants to determine the top and bottom products that caused this rise in inventory (Figure 20). What she notices is that receivers are among the poorest performers with respect to inventory dollars for the whole company.



Top Products			
	Delta	Previous Period	Oct-09
Media Tablet 5 - 60GB White	7	686	693
Media Tablet 5 - 60GB Black	7	592	599
DVD HD Upconversion Black	9	5,926	5,935
DVD HD Upconversion White	9	7,410	7,419
300W 5.1 Ch	10	12,822	12,832

Bottom Products			
	Delta	Previous Period	Oct-09
1400W 10.2 Ch Receiver	221	85,796	86,017
65 Inch Class 1080p	180	24,136	24,316
1050W 7.1 Ch Receiver	174	84,602	84,776
50 Inch Class 1080p	142	39,579	39,721
980W 7.1 Ch Receiver	86	50,005	50,090

Figure 20. Top and bottom products

## DPP analysis

The director now wants to understand the second root cause of profitability problems: flat panel televisions. The inventory analysis screen indicates that there is a problem with the flat panel TV inventory. She wants to understand further if the inventory has any impact on store profitability because flat panel TVs use more space in retail stores, so the director loads the DPP analysis page (Figure 21).

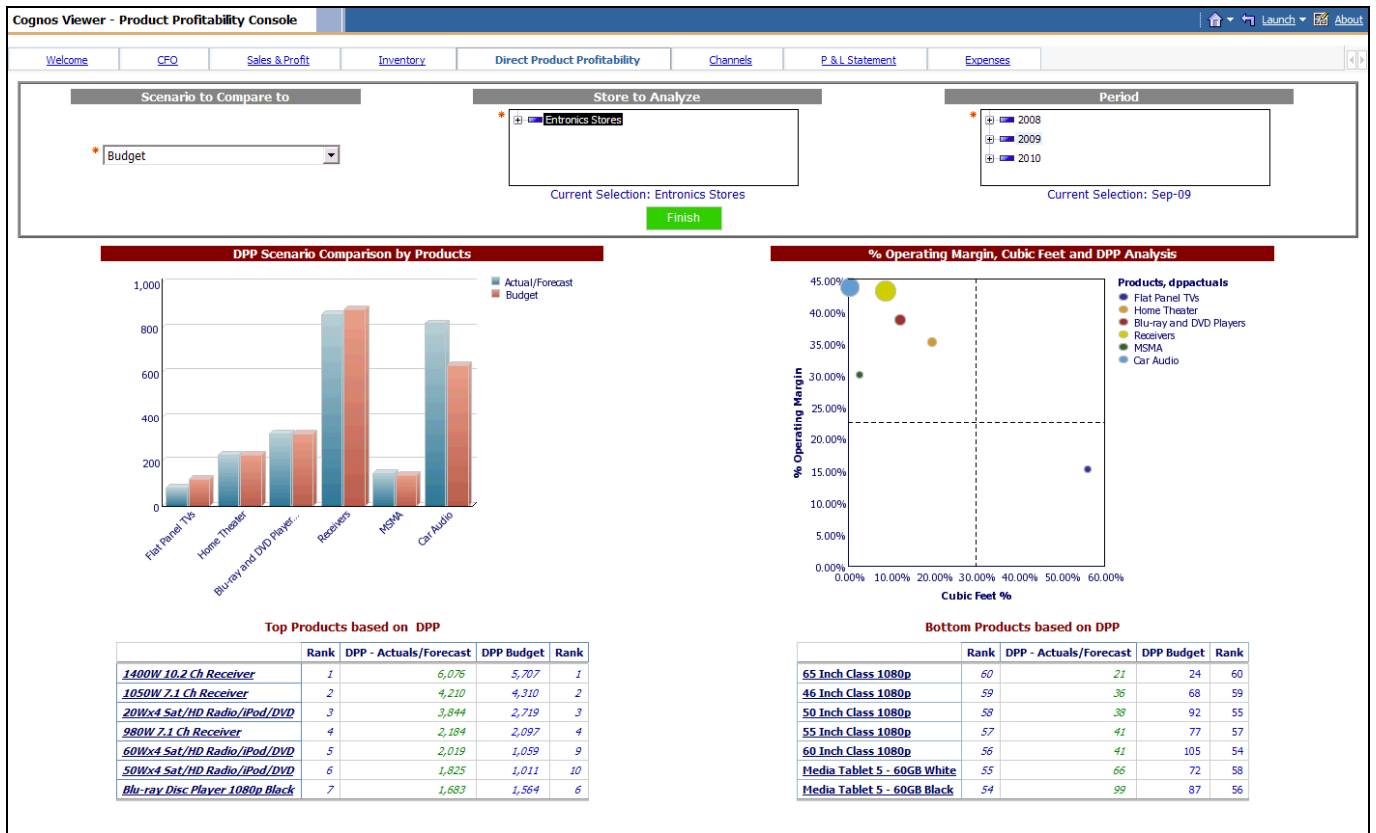


Figure 21. DPP analysis page

DPP is the profitability generated by a product relative to the shelf space it occupies. It is widely used in the retail industry to optimize profitability based on merchandizing mix. When profitability is presented in these terms, non-finance business users can then take corrective action to achieve overall profit maximization. Such metrics help business and finance users analyze product profitability relative to the resource they are trying to optimize (in the case of DPP, it is the shelf space in a retail store).

On this page, the director sees that flat panel TVs are occupying a high percentage of the available cubic space and contributing the lowest in terms of operating margin (Figure 22). The size of the bubble (that measures the DPP) is also small. There clearly is a problem with flat panel TVs at the store level.

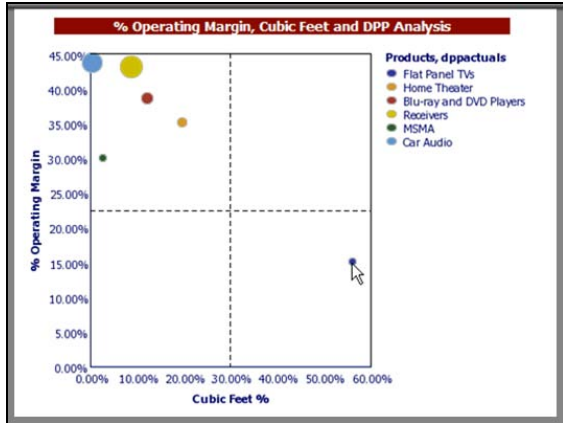


Figure 22. DPP bubble for flat panel TVs

She now wants to validate this further by looking at specific SKUs in the flat panel TV product family. She finds that, of all SKUs, the 65-inch flat panel TV has the lowest DPP. You can see this in the bubble graph and also in the bottom 5 products that contribute to low DPP (Figure 23).

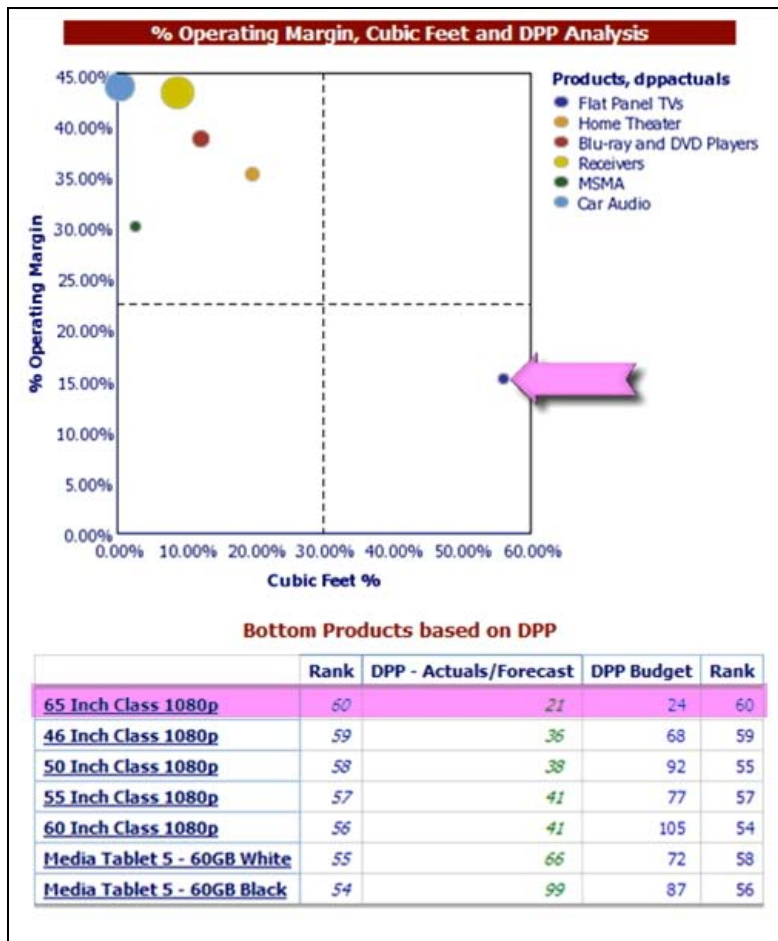


Figure 23. Flat panel TV analysis

The Director now decides to take corrective actions for the flat panel TVs.

### Proposed actions

The following two problems related to profitability have been uncovered:

- A large shipment of receivers from China has created a substantial inventory and carrying cost increase and a corresponding drop in profitability.
- The high stock of flat panel TVs in the retail stores (particularly 65-inch TVs) has resulted in lower DPP and lower profitability.

To fix these problems, the director recommends the following actions:

- Reduce the assortment of receivers that the company carries from 10 to a total of 5 SKUs. This action cuts the amount of inventory they have to carry in half but still provides consumers with a good selection of receivers. The director contacts her operations department to return the SKUs that will no longer be carried to the vendor.

- Reduce the store space allocation for the 65-inch Flat Panel TV because this particular model seems to provide the least amount of profit relative to the shelf space that it occupies. The space saved from removing almost 40% of the shelf allocated to the\_65 inch model is allocated to other product lines in retail store.

The *Blueprint* model has built-in processes to simulate these two scenarios in a sandbox. We can simulate it by clicking on specific processes. The IBM Cognos TM1 application has a sandbox pre-populated version with the proposed changes.

By reviewing the sandbox version, reforecast, the director can determine whether the profitability will improve with the proposed actions.

To visualize the changes, she logs into IBM Cognos TM1 Web and takes a look at the Finished Goods Inventory Analysis cube, focusing on the reforecast version in this cube.

On this page (Figure 24), she sees where the receivers have been returned to vendor and the corresponding reduction in inventory.

	2008	2009	Q1-09	Q2-09	Q3-09	Jul-09	Aug-09	Sep-09	Q4-09	Oct-09	Nov-09	Dec
<b>FINISHED GOODS INVENTORY</b>												
FG Opening Inventory \$	80,230	80,230	80,230	79,699	80,230	80,230	79,699	103,806	240,899	240,899	241,506	24
FG Received \$	497,679	944,100	125,236	125,767	551,490	41,569	65,675	444,246	141,607	47,405	46,798	4
Cost of FG Sold \$	497,679	541,346	125,767	125,236	149,343	42,099	41,569	65,675	141,000	46,798	47,405	4
FG Returned \$	0	0	0	0	0	0	0	0	0	0	0	
FG Closing Inventory \$	80,230	482,984	79,699	80,230	482,377	79,699	103,806	482,377	241,506	241,506	240,899	24
Store Closing Inventory \$	4,529	5,055	4,384	4,535	5,098	4,384	4,745	5,098	5,055	5,055	4,876	
Total Closing Inventory \$	84,759	488,039	84,083	84,765	487,475	84,083	108,552	487,475	246,561	246,561	245,775	24
Gross Margin \$	0	0	0	0	0	0	0	0	0	0	0	
Gross Margin %	.00%	.00%	.00%	.00%	.00%	.00%	.00%	.00%	.00%	.00%	.00%	
<b>UNITS</b>												
FG Opening Inventory	192,764	3,309,899	577,592	576,892	627,123	192,764	192,064	242,295	1,528,292	509,194	509,904	50
FG Received	1,182,408	2,171,212	295,252	295,952	1,282,599	98,184	148,415	1,036,000	297,409	99,373	98,663	9
FG Sold	1,182,408	1,233,386	295,952	295,252	345,483	98,884	98,184	148,415	296,699	98,663	99,373	9
FG Returned	0	621,731	0	0	621,731	0	0	621,731	0	0	0	
FG Closing Inventory	192,764	3,625,994	576,892	577,592	942,508	192,064	242,295	508,149	1,900,002	509,904	509,194	50
Store Closing Inventory	10,664	10,579	10,464	10,664	10,943	10,464	11,153	10,579	10,579	10,579	10,369	1
Total Closing Inventory	203,428	3,636,573	587,356	588,256	953,451	202,528	253,448	518,728	1,910,581	520,483	520,563	52
FG Inventory Turnover	6.03	1.91	1.53	1.52	0.53	0.51	0.44					
FG Holding Period	60.67	191.40	58.84	59.70	174.69	60.55	70.06	134.09	183.42	183.42	154.24	1
Inventory Carrying Cost	11,382	18,290	2,799	2,830	4,074	964	1,106	2,004	8,387	2,893	2,800	
Warehouse Cost	7,735,043	11,607,118	1,933,761	1,933,761	2,629,132	644,587	727,551	1,256,994	5,110,465	1,703,488	1,703,488	1,70

Figure 24. Reduction in receiver inventory

She can also see the effects of the proposed actions in the Business Intelligence Analytics dashboards.

When the inventory analysis dashboard page is loaded with the reforecast results for Receivers, the director sees certain improvements. First, the inventory dollars and inventory turnover trend chart shows improvement (Figure 25) because some of the receivers have been returned to the vendor.

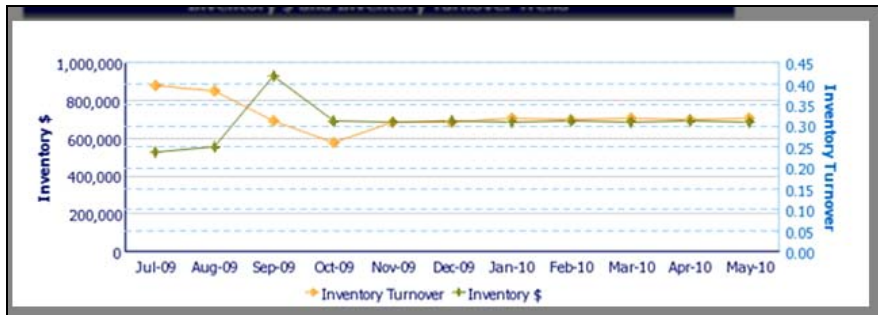


Figure 25. Inventory turnover trend improvements

Second, the effect of that return shipment on the outstanding receiver inventory now constitutes 36 percent of the overall inventory level of the company (Figure 26). That figure is down from 52 percent.

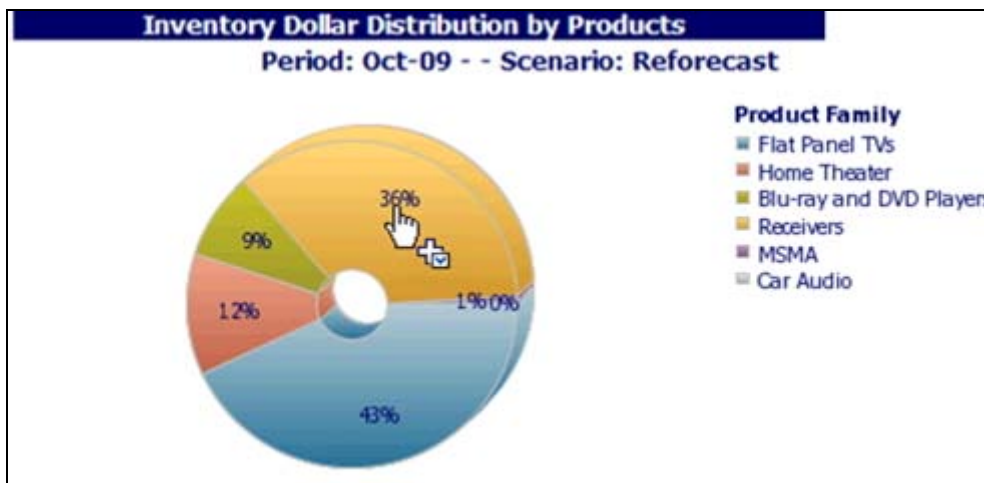


Figure 26. Drop in receiver inventory after reforecast

Third, the director sees a substantial improvement in inventory dollars (and corresponding turnover) in the reforecast relative to the actual/forecast.

On the DPP analysis page, the director can see the effect of reallocating store space away from the 65-inch flat panel TV to other product lines. The reforecast DPP has improved substantially relative to the actual/forecast (Figure 27). This means that the shelf space in the retail stores is being put to better use from a profitability standpoint.

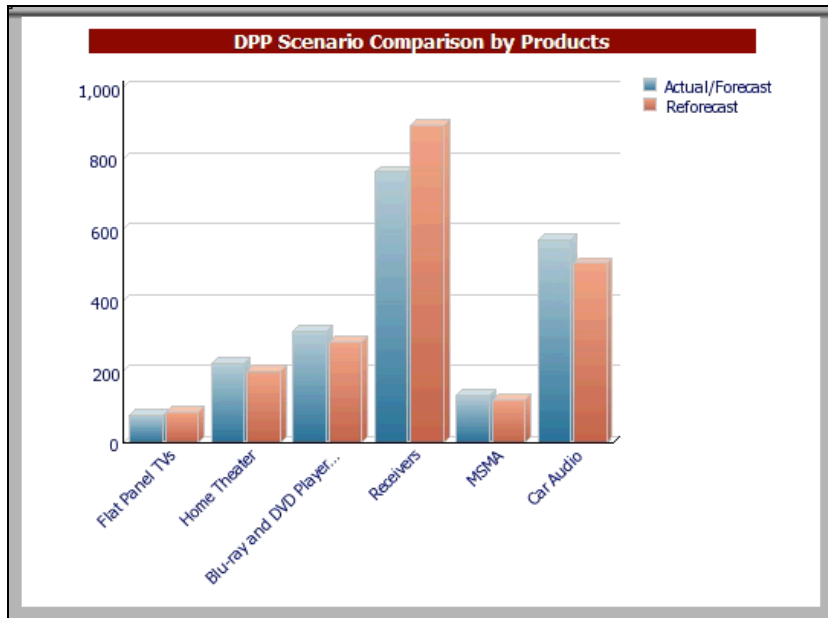


Figure 27. DPP improvement after reforecast

Finally, the director needs to see the effect of the actions on profitability. She loads the profit and loss page to compare the reforecast to the actual/forecast and sees that inventory carrying costs and warehousing costs have come down because of the receiver return (Figure 28). She also sees an improvement in retail store profitability because shelf space is being used better. So, the two actions she decided to take have resulted in improved operating margins for the company and a net addition of 0.04 cents to the EPS for October 2009.

P & L Statement Analysis for Periods									
	Aug-09			Sep-09			Oct-09		
	Actuals/Forecast	Reforecast	Difference	Actuals/Forecast	Reforecast	Difference	Actuals/Forecast	Reforecast	Difference
<b>Revenue</b>									
Total Revenue	415,399	415,399	0	416,097	465,349	49,252	411,824	425,298	13,475
<b>Costs</b>									
Component Cost	142,151	142,151	0	143,585	167,339	(23,754)	142,151	147,552	(5,402)
Direct Labor	35,762	35,762	0	36,061	36,131	(69)	35,762	35,829	(67)
Manufacturing Overhead	25,434	25,414	20	25,648	25,676	(29)	25,434	25,462	(28)
Other Direct Costs									
Distribution Cost	3,075	3,075	0	3,098	3,242	(143)	3,075	3,082	(7)
Inv Carrying Cost	6,121	6,265	(144)	8,273	6,998	1,275	10,976	8,069	2,907
Warehouse Cost	10,002	10,088	(86)	11,573	10,621	952	13,144	11,071	2,073
Store Cost	6,000	6,000	0	6,000	6,000	0	6,000	6,000	0
Other Cost (ABC)	62,310	62,310	0	62,415	69,802	(7,388)	61,774	63,795	(2,021)
<b>Total Costs</b>	<b>290,855</b>	<b>291,065</b>	<b>(210)</b>	<b>296,652</b>	<b>325,809</b>	<b>(29,157)</b>	<b>298,315</b>	<b>300,859</b>	<b>(2,544)</b>
<b>Operating Margin</b>	<b>124,544</b>	<b>124,334</b>	<b>(210)</b>	<b>119,445</b>	<b>139,540</b>	<b>20,095</b>	<b>113,508</b>	<b>124,439</b>	<b>10,931</b>
<b>Corporate Level</b>									
Corporate Unallocated	67,620	67,620	0	67,620	67,620	0	67,620	67,620	0
Taxes	19,923	19,850	73	18,139	25,172	(7,033)	16,061	19,887	(3,826)
<b>Corporate Net Income</b>	<b>37,000</b>	<b>36,864</b>	<b>(136)</b>	<b>33,686</b>	<b>46,748</b>	<b>13,062</b>	<b>29,827</b>	<b>36,932</b>	<b>7,105</b>
EPS	0.19	0.18	0.00	0.17	0.23	0.07	0.15	0.18	0.04

Figure 28. Inventory carrying and warehouse costs after reforecast

This detailed understanding of product profitability has helped Entronics take corrective actions that result in improved profitability.

## Blueprint dashboards

The *Product Profitability Blueprint* has pre-developed content that addresses specific business needs for reporting such as the CFO dashboard, sales and profit, inventory analysis and so forth. This section briefly explains the structure of content for all the dashboards. Although the prompts and parameters (filters) available can be located in different positions in the dashboard viewer, they serve a similar purpose to allow global filtering.

## CFO dashboard

This dashboard (see Figure 6) provides a multi-dimensional view of your organization's overall performance.

## Sales and profit dashboard

The sales and profit dashboard (see Figure 10) provides views that help with trending and multi-dimensional analysis of your organization's sales and profit performance. Figure 29 shows the dashboard with a bar graph.

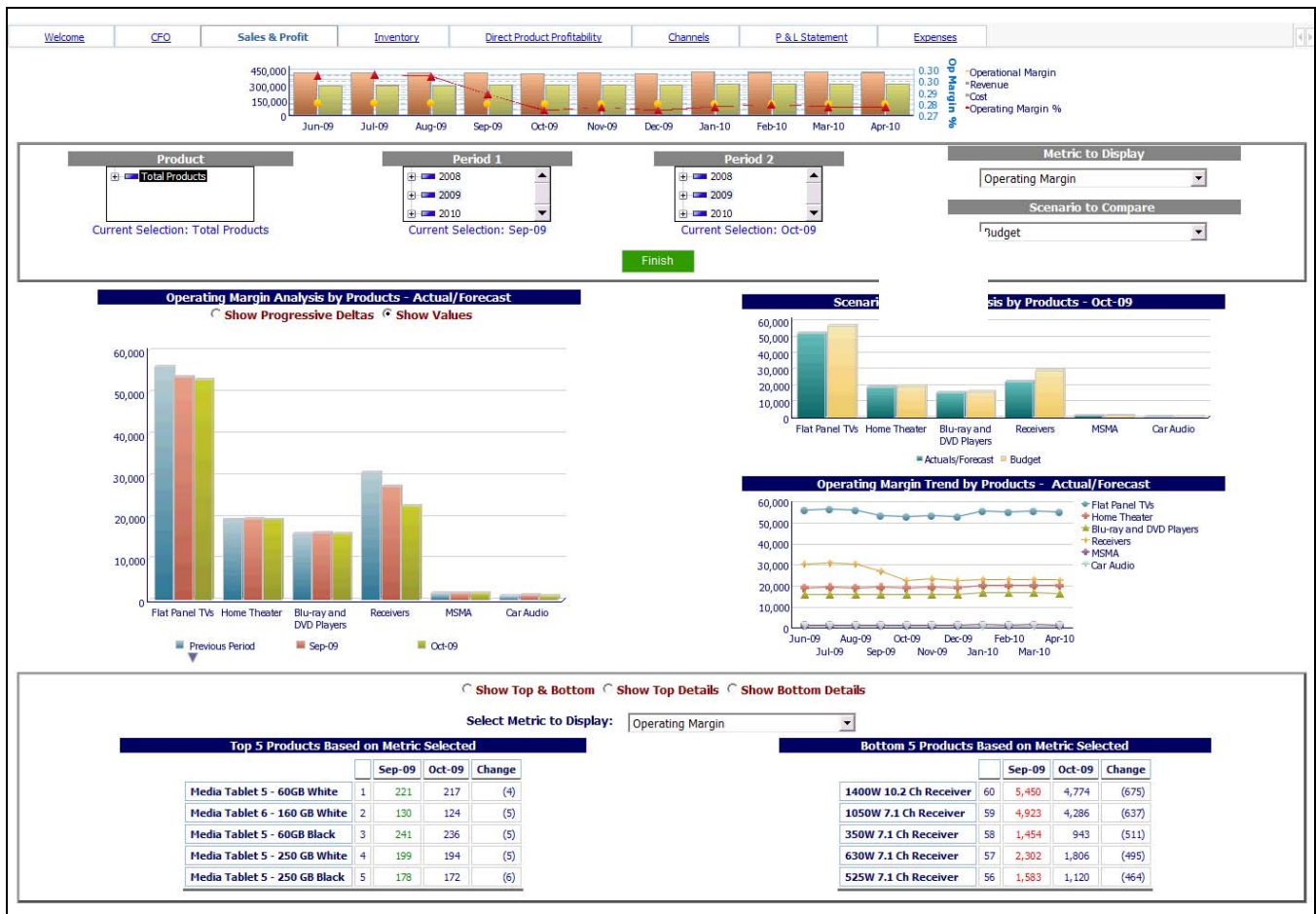


Figure 29. Sales and analysis dashboard with bar graph

## Inventory dashboard

The inventory dashboard (see Figure 16) highlights the differences and similarities between multiple products and provides trending analysis for inventory data. Figure 30 shows the prompts available for this dashboard.



Figure 30. Inventory dashboard prompts

## DPP dashboard

This dashboard (see Figure 21) provides multidimensional analysis of the DPP metric.

## <L2> Channels dashboard

This dashboard (Figure 31) provides multiple views of profitability for different product levels.

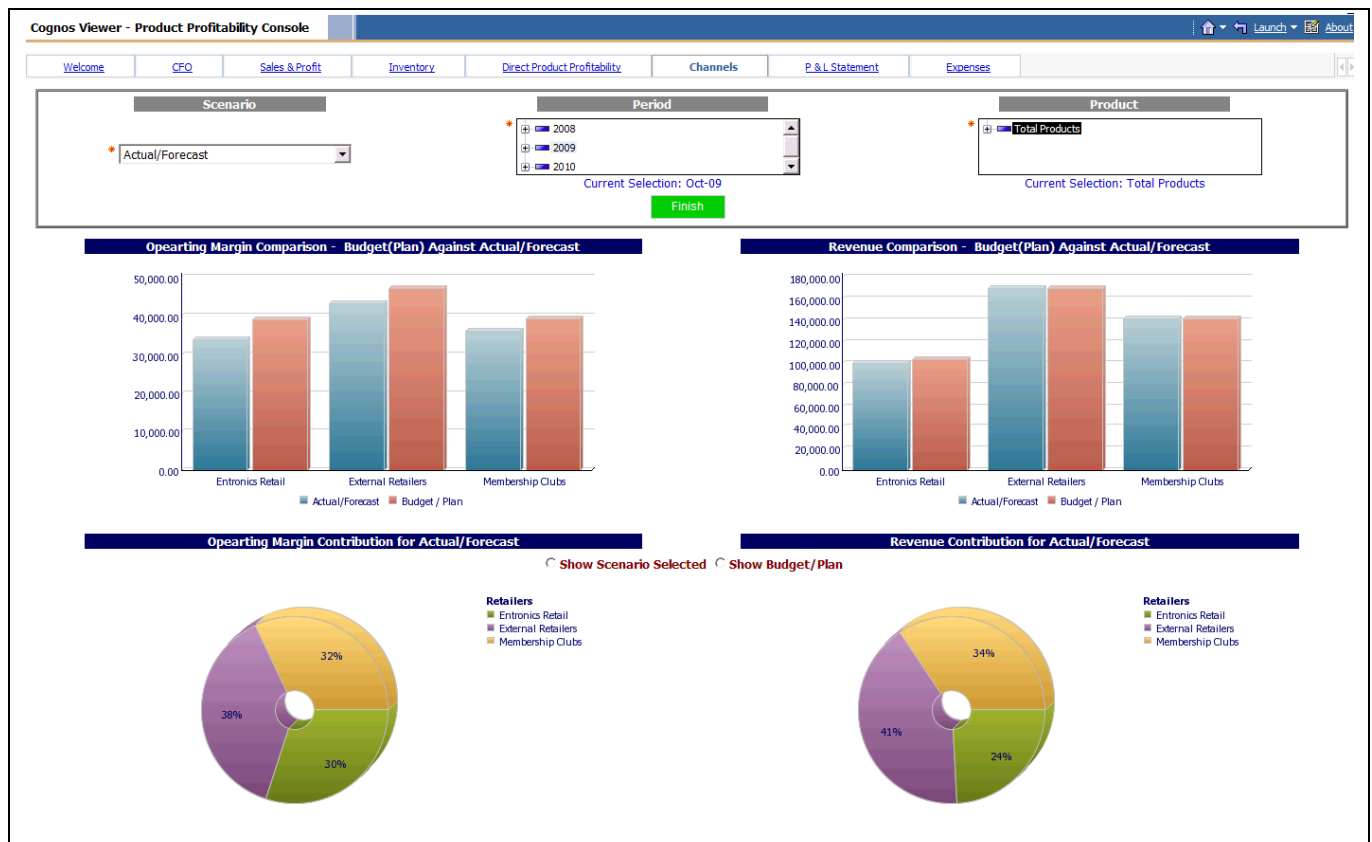


Figure 31. Channels dashboard



## Profit and loss page

The profit and loss page (Figure 32) provides information about profit and loss for analysis of multiple parameters. Period, scenario (Figure 33) and product comparisons (Figure 34) are available for viewing.

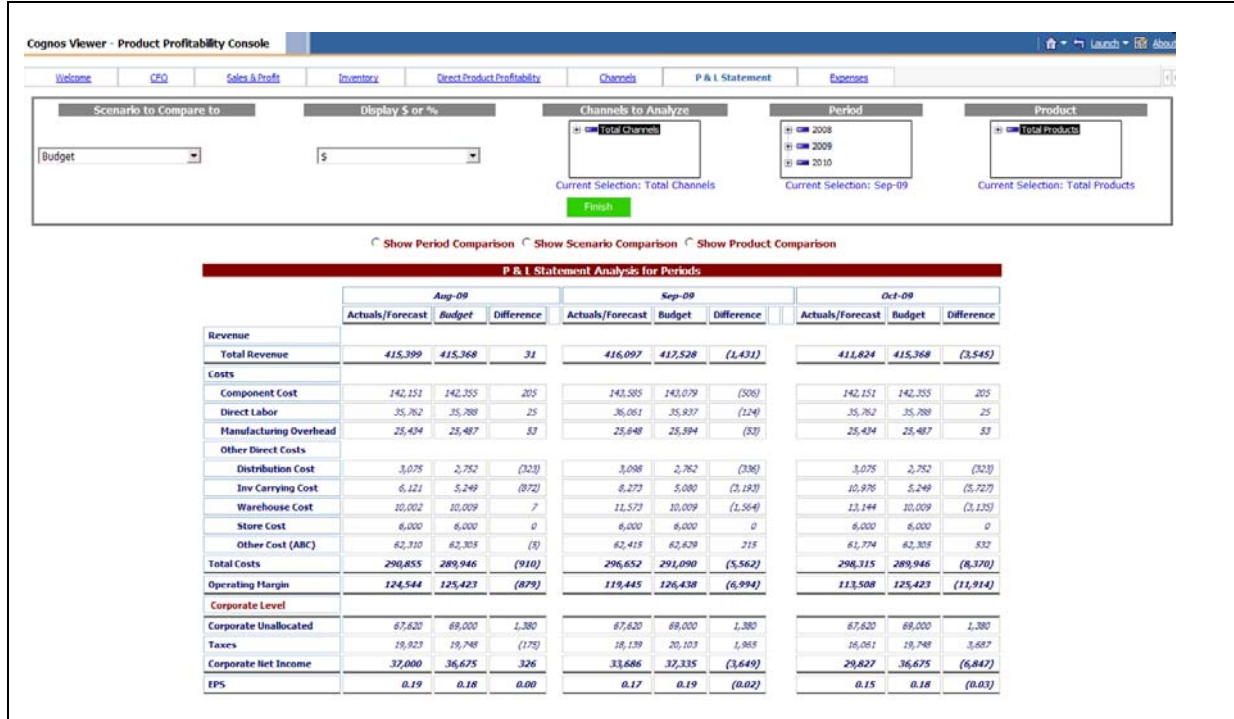


Figure 32. Profit and loss page

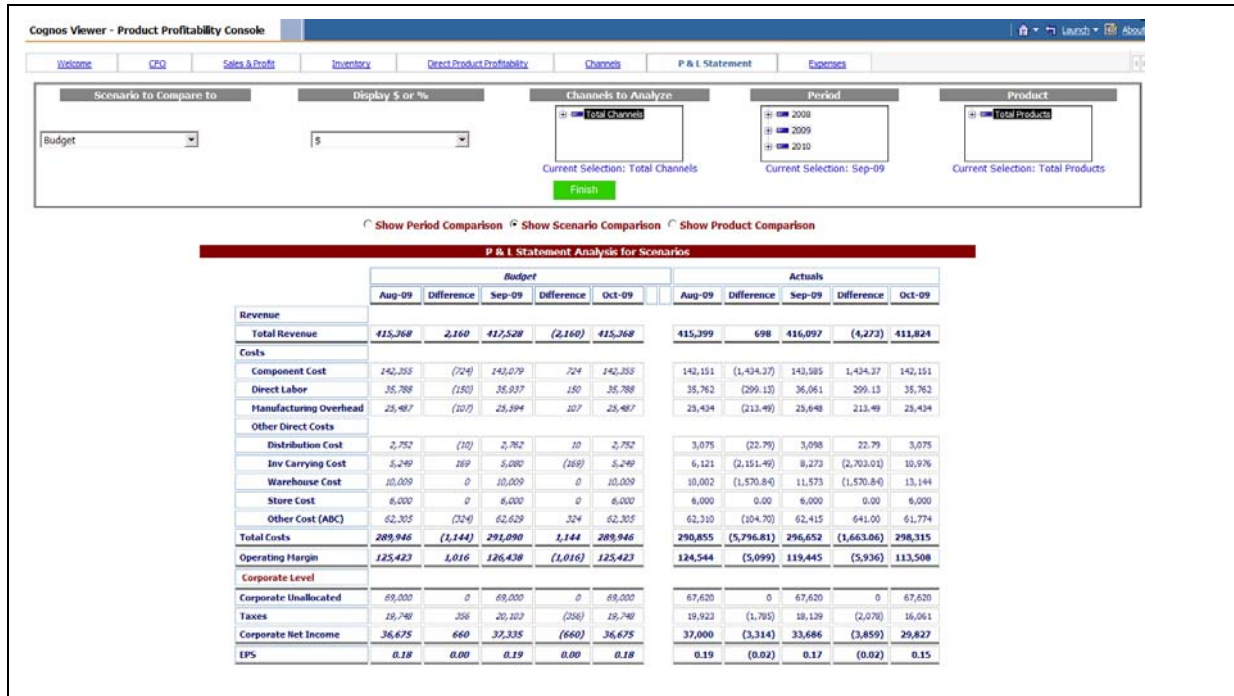


Figure 33. Scenario comparison

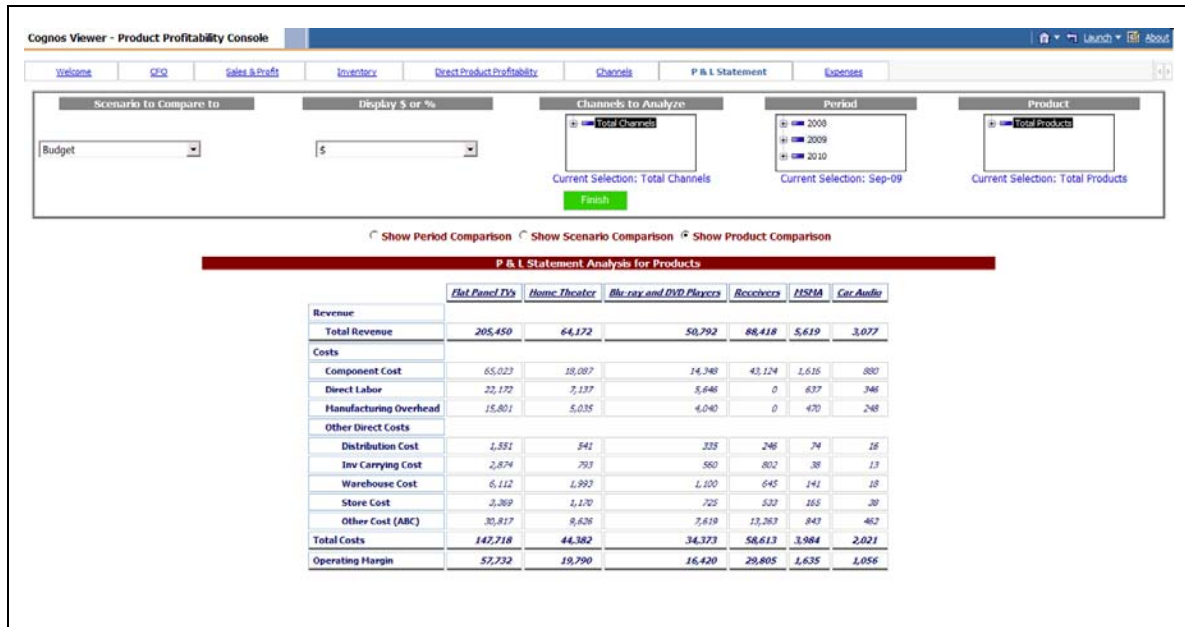


Figure 34. Product comparison

## Expenses page

This page (Figure 35) shows cost trending data at multiple levels.



Figure 36. Expenses page

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- Streamline processes
- Boost productivity
- Enable rapid response to opportunity
- Increase management visibility

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