



Profit Improvement Manufacturing

Uncover Profit Killers

Know your true profitability by Product Line, SKU, Channel and Customer

Manufacturers know they have unprofitable product lines, SKUs, channels and customers, but they can't easily identify which ones are sabotaging their profits. Gut feelings and gross margins are not the best indicators, and they certainly do not provide insight into how to correct the situation. Increasingly, manufacturers are looking for solutions that deliver the level of detail needed to pinpoint the problems and provide answers to how to improve net profits, and ultimately earnings per share.

Acorn Systems and Arena Consulting Group have been providing exactly this insight to successful manufacturers for over a decade. Acorn and Arena combine industry expertise with a unique Time-Driven Activity-Based Costing methodology and world-class software to provide a profitability solution that's as flexible and scalable as your business demands.

Acorn and Arena have successfully implemented systems for some of the most recognizable manufacturers in the world and pride themselves on identifying 10X the implementation cost within the following twelve months. Not only is our solution the most scalable and able to handle business complexity, we know your industry, we keep it simple, we involve you in the decision-making process, and we leave you with a sustainable system for ongoing profit analysis.

“The new cost system gave us an immense insight into the huge costs associated with our operational complexity, especially the number of different product lines and the number and impact of all our diverse customer service requirements. Today, we do not do any new contract with an existing or a new customer without first going through an ABC analysis. The sales people now understand the importance of accurate and proper costing.”

– Jim Green
CEO, Kemps Dairy

Manufacturers benefit from the combined Acorn and Arena solution for:

- Customer Negotiations
- Segment and SKU Profitability
- Cost-to-Serve Pricing
- Import/Domestic Production Decisions
- SKU Rationalization

The Proven Acorn and Arena Value

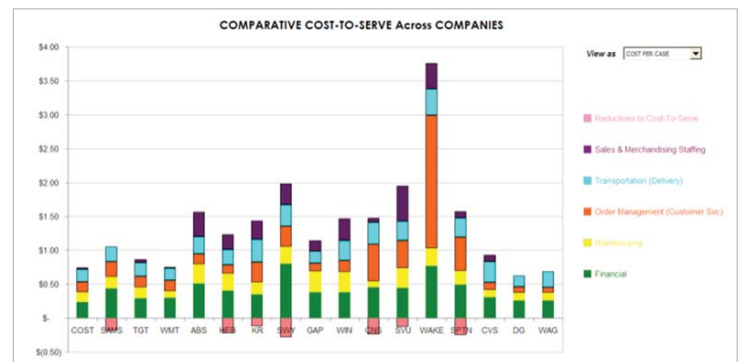
The combined Acorn Systems and Arena Consulting Group solution has been used to improve profitability and earnings per share (EPS) by uncovering detailed information on product line, SKU, channel and customer.

Customer Negotiations

Negotiate with your trading partners based on facts

We offer the ability to negotiate with your trading partners on the basis of fact; not who has the highest volume or best relationship with your company. We identify which trading partners, categories and SKUs do the most to drive both volume and profitability.

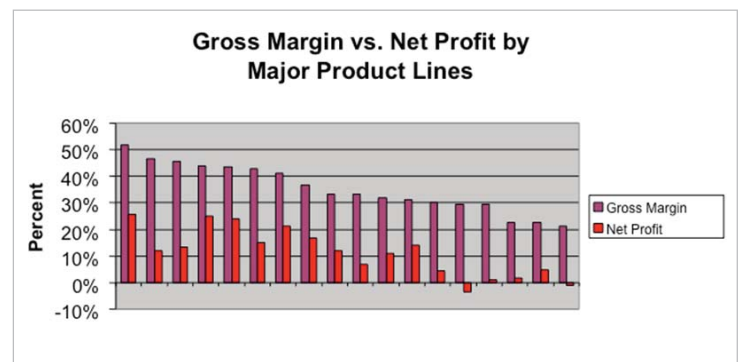
Knowing the facts definitely helps your negotiating position, but being able to compare one customer against another has proven to be one of the most advantageous benefits to our clients. This chart shows over a 300% variability in the cost to serve major customers. Our advanced reporting capabilities make this possible at a customer, category, SKU and cost element level. Leverage this insight to work together with your customers to reduce total supply chain costs, lower retail prices and drive volume.



Category, Channel and Product Profitability

Empower your entire team to determine strategies and tactics based on the same, validated set of metrics

Unfortunately, when you measure the profitability of a category, channel or product based on gross margin alone, everything looks the same. A common view across the organization of “net” profitability has always been what’s missing. We incorporate all revenues, trade deal funding, manufacturing, distribution and other supply chain costs to give you that true measure and to create one version of the truth across your organization. We also give you the ability to drill down to every SKU and supply chain element as delivered to every customer.

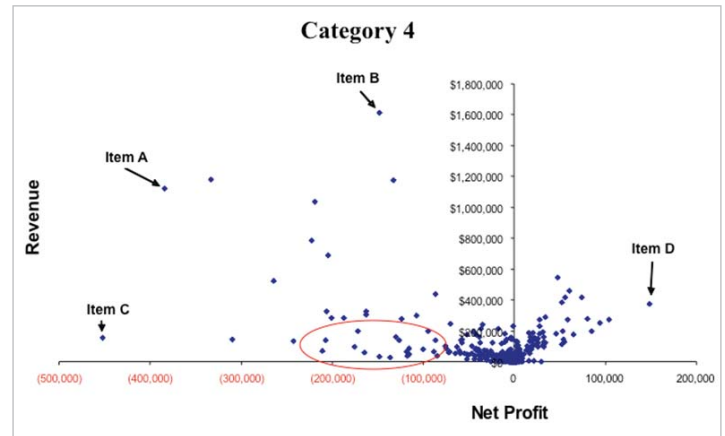


SKU Rationalization

Everyone has too many unproductive SKUs

But, reaching consensus on which SKUs to eliminate can be a difficult task. Our process points you to the bottom 10% of SKUs that provide neither true net profitability nor volume for your organization.

Are you considering price optimization? A risky proposition if you aren't sure which SKUs are truly productive. To implement price optimization without ABC risks maximizing the volume of SKUs whose net profitability is negative.



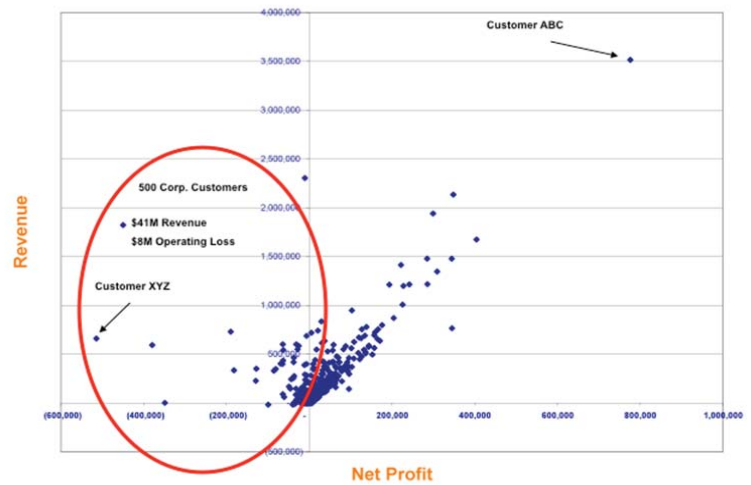
Customer Rationalization

Not all customers are created equal

Customers buy different product lines, receive different types of funding, have varying pricing models and require widely divergent levels of support and distribution expense. Traditional costing systems simply cannot keep pace with measuring an individual customer's cost to serve.

Equally damaging is the inability to recognize which customers are your best so that you can act in a way that supports their business and builds an increasingly profitable relationship for you both.

The manufacturer illustrated in this chart applied the same pricing model to all customers. The net impact was that certain small customers (25% of total), who proportionally were more difficult to serve, experienced a net operating loss of 20%. Once identified, these customers become candidates for re-pricing, eliminations, or re-engineering.



About Acorn Systems

Acorn solutions combines technology and methodology to improve profitability and increase shareholder value for Global 2000 companies in Financial Services, Retail, Consumer Products, Manufacturing, Distribution, Logistics, and Services. To learn more about improving your company's profitability call 1.800.982.2676, email sales@acornsys.com, or visit www.acornsys.com

Acorn and Arena Clients



About Arena Consulting

Arena Consulting Group offers accurate and user-friendly financial management and supply chain solutions to streamline the distribution of goods and services. Arena Consulting Group differentiates itself through its depth of industry experience and involvement in advanced financial modeling and simulation capabilities. www.arenacg.com