

# Profitability analysis at Wibe Stiger AS



**How do you decrease turnover by 13.5%, increase profit contribution by 23.1% and improve results by 32%, all within a year and a half?**

Jan Orest, previously consultant CEO for Wibe Stegar in Nässjö and Chairman of the Board at Wibe Stiger AS tells how Wibe Stiger AS made this possible by executing different strategies based on information from MA system's analysis. According to Jan, this analysis provided information that the organisation previously did not know about.

"We were not good at following our own sales terms. We rarely debited the customer for freight costs even though this was stated in the terms of sale. At the start of the project freight receipts were at 23,000 SEK a year. A year and a half later, they were up to 360,000 SEK a year!"

## Larger volume per delivery

"We already knew that freight costs were high and it was something we had partly taken care of by changing forwarder. Analysis showed how freight costs impacted on profit contribution at customer level according to their buying structure, something we immediately started to work on. Larger volume per delivery resulted in higher profits per delivery and, at the same time, lower freight costs per delivery. Geographical location of customers together with delivery structure had the highest importance for freight costs. The entire profit was eaten away by freight costs for some deliveries. This experience gave the sales-organisation the courage to influence customer orders and even turn down business in certain cases."

## Unprofitable goods range

"An entire range of goods turned out to be unprofitable. These goods had a low product value in a competitive business, thereby giving a low profit contribution. They also had a substandard purchasing structure, i.e. a low market value per delivery which resulted in high administration and freight costs. These goods types, which accounted for 24% of the entire turnover, showed a highly negative result. Tough organisations take difficult decisions, so we decided to stop selling low price products despite the risk of lower volumes. We sold more expensive goods with the same function but with better quality instead. This turned out to be profitable despite losses in volume."

"We are very pleased with MA-systems analysis applications. In addition to the system giving us information we did not previously know about or could supply ourselves, we also appreciate speediness and that the project was completed at a fixed price."

**WIBE Stegar AB** is the biggest manufacturer of ladders in Scandinavia and offers a wide choice of professional ladders, ladders for home-use, reel-stands, escape ladders and wall and roof systems. In addition to the wide standard selection, specially made ladders and scaffolds are manufactured to order.