Student Name:

Name of the University

Title of the Report:

Date:

**Cover Letter**

08/09/2016

Ms. Diamantina White

C/o Ballart Event Management Company (BEMC)

Sydney - 2001

Dear Ms. White:

The report you requested on sales performance and strategies for the BEMC is attached.

Section 1 includes an overall statistics report of the business done in the first half of 2016. Section 2, 3 and 4 discusses the performance of the business in terms of best trade fairs, best customers and best performing sales representative. Section 5 provides valuable insights into the company and suggests recommendations for greater profitability.

I would like to thank you for the opportunity and for entrusting me with this report for you and the Executive committee. If you have any questions, please do not hesitate to call me on +61 254 735 8945 or email me at [service@businessanalysis.com](mailto:service@businessanalysis.com)

Sales Performance Analysis

&

Recommended Strategies

**Executive Summary**

The report examines the business of BEMC, an event management company which deals in promoting and selling stand space at trade fairs as well tickets for visitors. The data includes the sources of income and expenses for BEMC during the first half of 2016. It is observed that BEMC earned a total income of 367,536 AUD while its expenses were 282,409 AUD giving a net profit of 85,127 AUD. The objective of the analysis is to cut down expenses and increase business turnover bringing more profitability to the company.

Analysis of the data tells that not all trade fairs are equally profitable. BEMC must try to engage more in trade fairs like books and government in which average profit is highest. At the same time, there are a few customers which have earned the highest gross profit for BEMC and cover more than 10% of the total profit. BEMC must try to have such repeat customers again and again. One of the income sources for BEMC is selling of tickets on which it earns 1.5 AUD for each ticket sold. However, there is no incentive for a sales representative to sell more tickets since his wages and commission depend only on the number of hours and the commission earned by BEMC on the space rent. It is suggested that sales representative’s wage be directly linked with the number of tickets sold as well.

In a few cases, BEMC has even made a loss in its deals. On analyzing, it is observed that the number of hours reported by sales representative is too high for such cases even though not many activities have been done. BEMC must ensure an accurate attendance monitoring system to track the number of hours spent by a sales representative.

Table of Contents

[Section 1: Overall Statistics 6](#_Toc460948266)

[Section 2: Best Performing Trade Fair Category 7](#_Toc460948267)

[Section 3: Performance of Sales Representatives 9](#_Toc460948268)

[Section 4: Most Valuable Customers 11](#_Toc460948269)

[Section 5: Recommendations 11](#_Toc460948270)

[References 13](#_Toc460948271)

# Section 1: Overall Statistics

The data consists of a sample of 200 trade fairs falling into 12 different categories. BEMC has 4 sales representatives – Alex, Chris, Jane and Luke looking after the sales of tickets and bringing in customers. There are a total of 141 customers among which some are new and some are repeating customers. BEMC has made a total profit of 85,126 AUD in the first half of 2016

Sources of income for BEMC are collecting fees from customers for the following activities:

* Exhibitor stand organized
* Exhibitor travel organized
* Exhibitor accommodation organized
* Exhibitor marketing material organized
* Exhibitor hospitality organized

Apart from these, income sources are commission on rent and revenue from sale of tickets.

The expenses include fees paid for all the above activities plus the wages and commissions paid to the sales representatives.

Revenue from ticket sales = 1.5 x Number of tickets sold

Total Rent = Rent per sq. meter x Area (sq. m)

Commission received by BEMC on space rent = Commission % x Total Rent

Sales representative wages = 60 x No. of hours spent by the sales representative

Sales rep. commission = Commission % x (Commission received by BEMC on space rent)

Profit = Total Income – Total Expenses

# Section 2: Best Performing Trade Fair Category

Below graph shows the total gross profits earned by a particular category of trade fair. It can be seen that food trade fairs top the list while manufacturing trade fairs are the bottom of the list in terms of profits.

The total number of trade fairs category wise can be seen below. It is evident that there has been a lot of food and wine trade fairs organized in the first half of the year.

The chart below shows the average profit earned by a particular category of trade fair. Although government and books trade fairs do not happen too often, it is important to note that they are the highest profit earning trade fairs for BEMC.

# Section 3: Performance of Sales Representatives

Below is a graph showing the performance of sales representatives. It can be seen that Chris has outperformed his colleagues earning a maximum profit for BEMC.

|  |  |
| --- | --- |
| **Sales Rep.** | **Total Profit (AUD)** |
| Alex | 11111.6 |
| Chris | 33978.1 |
| Jane | 12215.9 |
| Luke | 27821.9 |
| **Total** | **85127.5** |

The chart below shows the income earned for BEMC by each of the sales representative. It can be seen that although Jane has earned lesser total income than Alex, Jane has earned more profit for BEMC than Alex.

The gross profit earned by each of the sales representative should be proportional to the number of hours they have spent to reflect the results of their efforts. To see this, we draw the chart below. As expected, Chris has spent the maximum number of hours and thus has earned the maximum profit for the company followed by Luke. However, Alex has spent more number of hours than Jane and has thus earned more than Jane but contributed less to the profit for BEMC.

**Effect of increasing wages by 40%**

As can be seen from the chart below, increase in wages by 40% will lead to an overall decrease in profits from 85,127 to 52,647 AUD.

# Section 4: Most Valuable Customers

The list below shows the top 5 valuable customers for BEMC. They collectively account for 10% of the total profit earned by a total 141 customers.

# Section 5: Recommendations

**I. Should BEMC focus on any particular (a) customer(s) and (b) Trade Fair(s), in future, and why?**

BEMC should focus on the following trade fairs – Government, Books, Builders and Food. These trade fairs have earned the highest average profit to BEMC. The chart below shows the average profit earned by trade fairs:

The top 5 most valuable customers of BEMC are – kerplonk, readit, bottomsup, magazine and onlyscotchco. Focusing on these customers is essential as they re major contributors to total profit. The graph below shows the profit earned by the company from these customers.

**II. What are your recommendation regarding what other data should be collected to improve decision making for BEMC?**

Feedback must be obtained from the customers to know their expectations. It is essential to increase the number of returning customers to enhance total profit earned.

Also, the market rate for organizing the trade fair must also be determined. This will help in determining the optimum price that should be set for each of the trade fairs and thus attract more customers.

**III. What are your recommendation regarding record-keeping to improve the quality of data collection and management?**

It is important to verify that the data collected is accurate. This can be done by ensuring that there are multiple sources of data provision. For example, sales representatives can check if the number of tickets being entered is correct and highlight them if they are not correct. Further, all data should be centrally stored with a pre-defined format so that it is visible to all concerned departments. Maintaining different files and different formats of data often creates confusion.

Further, attendance monitoring should be strict to keep a check on the number of hours spent by a sales representative.

**IV. What changes should BEMC make regarding any currently employed Sales Representative(s), or to the fees paid to the Sales Representatives, and why?**

At present, Sales representatives are paid a wage for the number of hours they spend and a commission based on the rent income BEMC receives due to the customer brought by the representative.

Instead of making the wage dependent only on the number of hours, it should also depend on the number of tickets sold because that is how BEMC is earning too. BEMC receives a fee of 1.50 USD per ticket sold. On an average, 21 tickets are sold in an hour by a sales representative. It is proposed that implementing this strategy will improve the efficiency of the sales representative.

Further, performance bonus should also be provided to sales representatives with excellent performance.

# References

Kelley, T.J., 2002. *Using Graphs and Visuals to Present Financial Information.* Retrieved from http://home.xnet.com/~jkelley/Publications/Using\_Graphs.pdf

Levine, D.M., Berenson, M.L. and Stephan, D., 1999. *Statistics for managers using Microsoft Excel* (Vol. 660). Upper Saddle River, NJ: Prentice Hall.