StatusNext

Decision Support Analytics to Improve Business Outcomes

Walker Armistead, Founder

walker@statusnext.io

Table of Contents

Executive Summary

I specialize in crafting and implementing business strategies that better align clients' overarching business goals with their day-to-day operations. My expertise extends to the following mission-critical scenarios:

- **Service Level Agreement Risk Strategy**: Mitigating risks associated with service level agreements to ensure smooth operations.
- **Compensation Strategy & Planning**: Optimizing compensation structures for sustainable growth and employee satisfaction.
- **Business Process Rationalization**: Streamlining processes to enhance efficiency and productivity.

My experience includes helping multibillion dollar businesses improve profitability, increase customer satisfaction, and/or drive sustainable growth. I employ a data-driven approach, leveraging analytics techniques that help quantify risk, deploy proven strategies, and help clients make better, more informed decisions.

Whether you are running a $1B business or simply trying to win your fantasy football league, my strategies apply.

Helping clients solve two types of fundamental business problems

Many organizations grapple with a critical challenge: aligning their business goals with day-to-day operational tactics. Despite their efforts, material misalignment often persists, leading to two distinct symptoms:

1. **Unforeseen Financial Exposure**: Organizations achieve revenue targets and execute business processes, yet margins remain elusive.
2. **Contractual Compliance vs. Customer Satisfaction**: While contractual commitments are met, customer satisfaction doesn't always follow suit.

The underlying issue frequently stems from misaligned internal incentives that fail to address the true needs of the business and its customers.

Case Studies

This document provides example case studies summarizing my experience with this problem. While every scenario is unique, I have helped clients distill each scenario to the root cause, and I provide actionable recommendations to help the client improve their business. Each case study provides a summary of the problem, what I did to solve the problem, and the outcome.

Case Study #1: Increasing profitability & reducing risk to meet service-level agreement metrics.

The Problem

The client forecasted 30% year-over-year growth of their service business for the next 5 years. I was asked to help the client negotiate a new, performance-based agreement with its main customer who was a primary growth driver for the business. The primary problems we encountered were two-fold:

1. **Lack of direct control of the outcome**: The new metrics required by my client's customer were largely out of my client's direct control. My client could influence the metrics, but customer behavior ultimately drove the outcome.
2. **False confidence**: The client had been successful in winning and executing on previous "time and materials"-based service agreements, and this was a new, performance-based agreement. Unfortunately, prior success fueled optimism in my client's belief that they could meet any service level for which their customer was willing to pay.

Task and Approach

My task included 1) an assessment of my client's ability to meet the performance levels demanded in this new agreement, 2) recommend services levels for which my client should be willing to commit, and 3) provide real-time negotiation support.

Research I conducted through problem discovery sessions and client stakeholder interviews provided me with a robust understanding of the problem. I then conducted a deep quantitative analysis to assess the client's ability to perform. This step included analysis of historical performance, statistical and simulation modeling of the client's service process, and developing a model to translate performance metric outcomes into financial terms including incentives and margin.

From there, I helped the client understand the story that the data was telling. I was ultimately asked by the client to tell the same story to their customer at the negotiation.

Results

My analysis proved critical to the client's financial performance on the new agreement.

1. **Expectations grounded in data**: During the negotiation preparation phase, my client reset their own expectations (reduced their optimism) with respect to their ability to deliver to the customer demands.
2. **Data-driven negotiation**: During the negotiation and with my real-time support, the client successfully negotiated lower service levels in the agreement.
3. **Financial success**: During contract execution, the client achieved the desired financial outcomes of the contract.

Case Study #2: Re-defining service-level agreement metrics to increase customer satisfaction.

This is follow-on support I delivered as a continuation of Case Study #1.

The Problem

The client forecasted 30% YoY growth of their service business for the next 5 years. I was asked to help the client renegotiate their performance-based agreement with its main customer who was a primary growth driver for the business.

My client's customer was unhappy, despite my client's successful delivery to the previous agreement. My client successfully delivered to the obligations of the previous performance-based agreement, but both parties captured a lesson learned in the initial period of performance - a disconnect existed between the outcome delivered and out desired by the end customer. The end customer was frustrated because they were forced to pay my client, but they did not get what they really wanted.

Task and Approach

My task included 1) continued assessment of my client's ability to meet the performance levels demanded in this new agreement, 2) recommendations of "better" metrics that are likely to mutually satisfy my client and their customer, and 3) real-time negotiation support.

Research I conducted through problem discovery sessions, end customer feedback sessions, and client stakeholder interviews provided me with a robust understanding of the desire to evolve the performance-based agreement. I then conducted a deep quantitative analysis to assess the client's ability to perform on the original metrics AND new metrics. This step included analysis of historical performance, statistical and simulation modeling of the client's service process, and developing a model to translate performance metric outcomes into financial terms including incentives and margin. I then identified a set of industry-standard performance metrics that aligned to end customer requirements and my client's ability to successfully deliver.

From there, I helped the client understand the story that the data was telling. I was again asked by the client to tell the same story to their customer at the negotiation.

Results

I fostered a collaborative negotiation that led to a satisfied end customer while my client achieved financial success on the contract.

1. **Expectations grounded in data**: During the negotiation preparation phase, I help my client understand the value of each new metric both to the client and to the end customer.
2. **Data-driven negotiation**: During the negotiation and with my real-time support, the client successfully negotiated service levels in the agreement that were achievable and fully controlled by my client.
3. **Financial success**: During contract execution, the client achieved the desired financial outcomes of the contract.

Case Study #3: Aligning organization's sales compensation plan to company growth and margin goals.

The Problem

My client, a software company offering software, training, and consulting services, routinely achieved year-over-year sales targets, and many sales representatives were meeting their quotas. However, company leadership was not satisfied with operating margins and voiced concerned about the sustainability of their business model.

Analysis led by the client's Sales Compensation organization identified high cost of sale and low margin on popular services as primary contributing factors – fundamentally, high volume on low-margin services diluted the overall margin to unfavorably low levels. Prior to my engagement, the client modified the sales compensation plan to reduce the incentive to sell these low-margin services. As a result of this analysis, they employed a new compensation plan that had dramatic, unintended consequences – highly-coveted sales talent left the company, revenue on software dropped, and margins shrank.

Task and Approach

The client asked for help evolving their sales compensation strategy – using the existing compensation plan, I was asked to create a 3-year plan that would introduce minor modifications to the compensation plan each year with the goal of increasing sales talent retention, reversing the software revenue trend, and ultimately embedding a systematic approach to sustainable profit.

Research I conducted through problem discovery sessions, end-customer feedback sessions, and client stakeholder interviews provided me with a robust understanding of the client's goals and constraints. I then conducted a deep quantitative analysis to understand their customer's journey with their product and services. This step included analysis of historical revenue by customer and product or service to better understand how the market needed my client. I then created an end state compensation plan based on an optimized revenue stream mix to meet margins while also satisfying the needs of their customers.

Starting with the end of the 3-year plan in mind, I worked backwards, identifying incremental improvements that needed to be made each year that would achieve the desired outcome while striving to minimally disrupt existing sales engagements.

Results

This client is in the 3rd year of the recommended plan, and the outcomes continue to trend in the desired direction. I highlight 3 observed outcomes here:

1. **Meeting the customer where they are = sales success**: The evolving sales compensation strategy adopted by my client incentivizes sales executives to sell products and services that give the customer what they need while allowing the sales organization to achieve success.

2. **Revenue recovery and margin stability with a positive trend**: Executive leadership acknowledges a positive trend in revenue and margin growth, two key strategic objectives for their business.
3. **Talent retention and attraction**: Sales staff are happier, and employee turnover at the Account Executive position has reduced by 50% in the last 2 years. The client attributes this shift to selling for a successful organization and increased quota attainment.

The client is experiencing these outcomes during a period of high downturn in their industry and dramatic personnel reductions in sales support staff.

Case Study #4: Optimizing vehicle fleet to meet demand while reducing operating expenses.

The Problem

The client operates a large fleet of high-fuel consumption cargo vehicles. While they have operated these vehicles for several years, a recent upgrade to a make and model making up >30% of their long-haul fleet provides significant payload capacity and fuel efficiency enhancements. With increasing fuel costs and sensitivities to carbon emissions, the client hypothesized that “a better way” exists to employ their fleet in their distribution network.

Task and Approach

The client asked for help looking at new ways to deploy the fleet to take advantage of the fleet upgrades.

Research I conducted through problem discovery sessions, client marketing presentations, and client stakeholder interviews provided me with a robust understanding of the client’s goals and constraints. I then conducted a deep quantitative analysis to assess the baseline or “business as usual” fleet deployment using metrics such as on time delivery (OTD), fuel consumption, and crew utilization as metrics of interest. This step included analysis of historical routes operated, amount of cargo delivered, and crew and equipment hours required over a 20-year period amongst all vehicles utilized in their operation.

With the baseline analysis complete, I then leveraged various techniques including simulation, cluster analysis, neural network modeling, and network optimization to develop a new fleet deployment strategy and a planning algorithm to help logistics planners take advantage of the new strategy. My analysis showed that a hub-and-spoke logistics model would yield significant throughput enhancements while saving >10% in fuel consumption for the same demand. I also provided a playbook that specified payload and vehicle assignment to the most common origin-destination pairs.

Results

The client adopted the recommended hub and spoke distribution model. As the business case was so compelling, and the new model satisfied the overarching constraints such as vehicle capability and crew duty times, the client was also willing to waiver additional non-safety constraints to enable the new model. The client also achieved the projected fuel savings and avoided additional equipment investments that would have been required without this new employment strategy.

About StatusNext

Walker Armistead is the founder of StatusNext LLC. He is a seasoned business consultant with a track record of helping organizations of all sizes achieve better business outcomes. Walker specializes in designing and delivering strategic solutions with a focus on unquantified risk. Walker focuses on service level agreement risk strategies, employee compensation strategies, and ensuring business processes align to strategic objectives. Walker takes a pragmatic approach, delivering actionable recommendations while minimizing disruption to day-to-day business. Leveraging analytics and a customer-centric approach, Walker empowers organizations to thrive in dynamic markets.

Walker has 20 years of combined experience in aerospace and software industries. His background comprises real-word analytics development and strategy in both technical and business roles. He is well-versed in leading analytics technologies such as Python and SAS. He has a Masters of Industrial & Systems Engineering degree and is a US military veteran.