

# Top Concerns for Distribution Executives in 2025

## 1. Burning Questions for 2025

- **How do we maintain and grow profit margins in a high-cost environment?**

Executives will be intensely focused on maintaining profitability despite rising costs in labor, fuel, and interest rates. They'll need insights to reduce operational costs and improve service levels, all while managing price-sensitive customers.

### **WayPoint Analytics Capabilities:**

WayPoint identifies unprofitable customers, products, and orders in granular detail. It provides visibility into hidden costs that erode margins, such as logistics, handling, warehousing, and delivery expenses. With these insights, companies can implement profit-preserving strategies like minimum order thresholds, price adjustments, or service model changes to protect their bottom line.

- **How can we optimize logistics and delivery costs while managing volatile fuel prices?**

With supply chain volatility and rising fuel costs, controlling logistics expenses is critical. Executives will seek to minimize delivery costs while maintaining service levels.

### **WayPoint Analytics Capabilities:**

Using WayPoint **Logistics Cost Reporting** provides a detailed breakdown of shipping, delivery, and warehousing costs for every customer relationship and product line. This helps executives identify unprofitable deliveries and take

immediate action by consolidating shipments, revising delivery fees, or adjusting delivery frequency to minimize costs.

- **Which customers and orders are truly profitable, and how do we manage unprofitable ones?**

Many distribution companies lose money on certain customers or small orders without realizing it. Identifying these drains on profitability is crucial.

### **WayPoint Analytics Capabilities:**

Using WayPoint **customer profitability segmentation**, executives can easily distinguish high-value customers from those generating losses. The platform's **OpCash Ratio** (Operating Cash Return) and **NBC** (Net Before Compensation) metrics reveal the true profitability of each customer and product, enabling companies to make data-driven decisions about which customers to grow, restructure, or eliminate.

- **How do we optimize pricing strategies to counter inflationary pressures without losing customers?**

As costs rise, companies need to raise prices strategically while maintaining customer loyalty.

### **WayPoint Analytics Capabilities:**

WayPoint offers deep insights into **cost-to-serve** for each customer, allowing for precise pricing adjustments that maintain profitability. By providing visibility into which customers can absorb price increases and which need alternative strategies, WayPoint helps companies balance price increases with customer retention.

- **How do we align sales compensation plans with true profitability?**

Many sales teams are compensated based on revenue, not profit, which can lead to a focus on low-margin deals that hurt the business in the long run.

**WayPoint Analytics Capabilities:**

WayPoint **profit-driven compensation** tools help companies adjust sales incentives to reward deals that generate actual profits. By analyzing **NBC** and **ROX** (Return on Expenses), sales leaders can structure compensation plans that encourage the sales team to focus on high-margin opportunities.

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## 2. Action Items for Distribution Executives in 2025

- **Cost Reduction & Operational Efficiency:**  
Executives will seek to lower operating costs by focusing on efficiency in warehousing, logistics, and customer service.

**WayPoint Impact:**

The WayPoint analytics suite helps identify operational inefficiencies by analyzing costs associated with logistics, handling, and warehousing. This allows executives to streamline operations, eliminate waste, and improve efficiency across the distribution network.

- **Revenue Growth via Customer Segmentation:**  
Increasing revenue by focusing on high-value customers and profitable orders will be a top priority.

**WayPoint Impact:**

WayPoint **Profit-Value Segmentation** enables companies to categorize customers by their profit contribution,

identifying which segments drive the most profit and which ones drain resources. This insight allows for targeted marketing, pricing, and sales strategies to grow revenue from the most profitable segments.

- **Investments in Profitability-Driven Technology:**  
Many companies will invest in technology platforms like WayPoint Analytics to support profit-focused decision-making and optimize their operations.

**WayPoint Impact:**

WayPoint provides advanced analytics tools that go beyond traditional ERP systems by uncovering hidden costs and delivering clear, actionable insights that lead to improved profitability. By integrating with existing systems, WayPoint ensures that executives have the data they need to make strategic investments.

- **Sales Compensation Optimization:**  
Executives will adjust sales compensation plans to focus on profitability, not just revenue.

**WayPoint Impact:**

WayPoint allows companies to realign their sales compensation plans to focus on profitable deals. The platform's metrics like **Net Before Compensation (NBC)** and **Return on Expenses (ROX)** ensure that sales teams are incentivized to pursue deals that contribute positively to the bottom line.

- **Managing Small Orders and Consolidation:**  
Companies will address the challenge of small, low-margin orders by consolidating deliveries or charging additional fees for small orders.

**WayPoint Impact:**

WayPoint highlights which small orders are eating into profits and offers solutions such as **minimum order requirements** or **order consolidation strategies**.

Executives can quickly implement policies that reduce the cost-to-serve for small orders, preserving profitability.

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### 3. Challenges for Distribution Executives in 2025

- **Profit Margin Pressure from Rising Costs:**

Distribution companies will face increasing pressure on margins due to rising labor, fuel, and interest costs.

**WayPoint Solution:**

WayPoint helps mitigate these pressures by identifying and eliminating unprofitable activities. The platform reveals where costs are out of control—whether in warehousing, logistics, or delivery—and provides strategies for reducing waste while maintaining service levels.

- **Labor Shortages and Efficiency:**

Labor shortages, particularly in warehousing and delivery, will continue to be a challenge.

**WayPoint Solution:**

WayPoint provides insights that allow companies to maximize labor efficiency by identifying areas where automation or process improvements can reduce the need for additional headcount.

- **Meeting Customer Expectations While Maintaining Profitability:**

Customers expect faster deliveries and more personalized

service, but providing these without eroding margins will be challenging.

**WayPoint Solution:**

By analyzing customer-level profitability, WayPoint helps executives deliver differentiated service levels to high-value customers while reducing or streamlining services for less profitable ones.

- **Supply Chain Resilience:**

Ongoing supply chain disruptions require companies to adopt smarter inventory management and supplier strategies.

**WayPoint Solution:**

The WayPoint analytics platform provides detailed visibility into supply chain costs, allowing companies to make smarter decisions about supplier selection, inventory management, and cost-control strategies.

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### 4. How WayPoint Analytics is Indispensable for 2025

#### 1. True Profitability Uncovered

WayPoint is essential for identifying the true profitability of customers, products, and orders. By breaking down logistics, delivery, and warehousing costs, WayPoint allows companies to focus on profitable segments while eliminating money-losing activities.

#### 2. Cost Optimization Tools

WayPoint offers tools that provide a granular view of costs associated with every part of the operation—from logistics and warehousing to sales compensation and handling. This insight allows companies to make targeted changes that immediately reduce costs without sacrificing service levels.

### **3. Sales Compensation Realignment**

By analyzing profit-driven metrics like **NBC** and **ROX**, WayPoint helps companies restructure sales compensation plans to reward deals that contribute to profitability, not just revenue. This ensures that sales teams are incentivized to drive true business growth.

### **4. Logistics and Delivery Cost Control**

WayPoint detailed cost reporting on logistics and delivery helps companies control rising logistics costs by identifying inefficient routes, underpriced deliveries, and opportunities for order consolidation. This keeps delivery expenses in check and protects profit margins.

### **5. Strategic Pricing Adjustments**

WayPoint empowers executives with the data needed to adjust pricing strategies based on the true cost-to-serve for each customer, ensuring that prices reflect rising costs while maintaining competitiveness.

### **6. Profit-Driven Decision Making**

Executives can use WayPoint advanced analytics to drive strategic decisions based on profitability, ensuring that every action taken in 2025 is aligned with the goal of maximizing profit. The ability to make data-driven decisions quickly gives companies a competitive edge.

Our clients get strategic advisory services to help brainstorm specific challenges, or map out effective profit strategies.

### **7. Enhancing Supply Chain and Operational Resilience**

WayPoint helps distribution companies better manage supply chain costs and operational challenges, ensuring resilience in the face of disruptions. The platform's real-time insights provide the intelligence needed to react swiftly and protect margins.

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## **Conclusion**

As distribution companies face a challenging economic environment in 2025, WayPoint Analytics will be an indispensable tool for protecting margins, reducing costs, and making smarter, data-driven decisions. With its focus on uncovering hidden costs, aligning operations with profitability, and driving efficiency, WayPoint ensures that distribution executives have the insights they need to navigate an increasingly complex market and achieve sustainable growth.

## **Learn More!**

Find out at [www.WayPointAnalytics.net](http://www.WayPointAnalytics.net), or ask your questions at [sales@waypointanalytic.com](mailto:sales@waypointanalytic.com), or call us in Arizona at 480-426-9955. There's nothing that can boost profits more than the surprising insights you get from WayPoint.

