

Are You Leaving \$2,000,000 on the Table?

Research shows that the typical CDA member company generates \$200 million in sales volume and produces a pre-tax profit margin of 0.6% or \$1,200,000 in profit. At the same time, the more successful companies within CDA produce \$3,200,000 in profit on the same level of sales volume.

This means that the typical company has \$2,000,000 less to reinvest every year than the more successful ones. Over time, the typical companies will fall further behind in terms of expanding its sales base, investing in new technology, refining its service profile, and the other actions necessary to stay competitive.

How to Join the High-Profit Club

The first requirement in becoming more profitable is to have specific information on 1) where the company stands now and 2) the actions that really cause profit to improve. The CDA HIPA Report provides help in both regards.

- **Where The Company Now Stands**—Companies taking part in the HIPA Report receive a customized, line by line analysis of both their income statement results and their balance sheet. This shows how the company compares to high-profit companies of the same size on each individual line item, such as gross margin, payroll expense categories, and the like. It provides an instant assessment of where improvements are needed. It is an interactive, dynamic consultant's report without having to hire a consultant.
- **Actions That Improve Profit**—In distribution there is never enough time to contemplate exactly what actions should be taken. This is compounded by the fact that everything is important to somebody within the company. When everything is important, setting priorities is a significant challenge.

The HIPA Report provides clear guidance on what actions the high-profit companies rely on within the CDA network of companies. The key is that the high-profit companies don't do everything better than the typical companies. They do better on the factors that really matter in improving results.

Taking Part in the HIPA Report

Participating in the HIPA Report survey process is relatively quick and easy. It is also free of charge. For almost every company it is less than a two-hour process to complete the survey. For a \$2,000,000 improvement, that works out to be \$1,000,000 per hour.

For more information on the HIPA Survey and Report, visit www.cdaweb.net/HIPA.

About the author — Dr. Al Bates is a principal of Distribution Performance Project and an advisor to Benchmarking Analytics, a company that provides financial benchmarking for manufacturing and distribution industries.

About the annual CDA HIPA Report – Each year, the Hershey Company and the Convenience Distribution Association (CDA) deliver the most comprehensive financial benchmarking report in the convenience distribution industry. This detailed benchmarking information in the [HIPA Report](#) is free of charge for CDA distributor members!
