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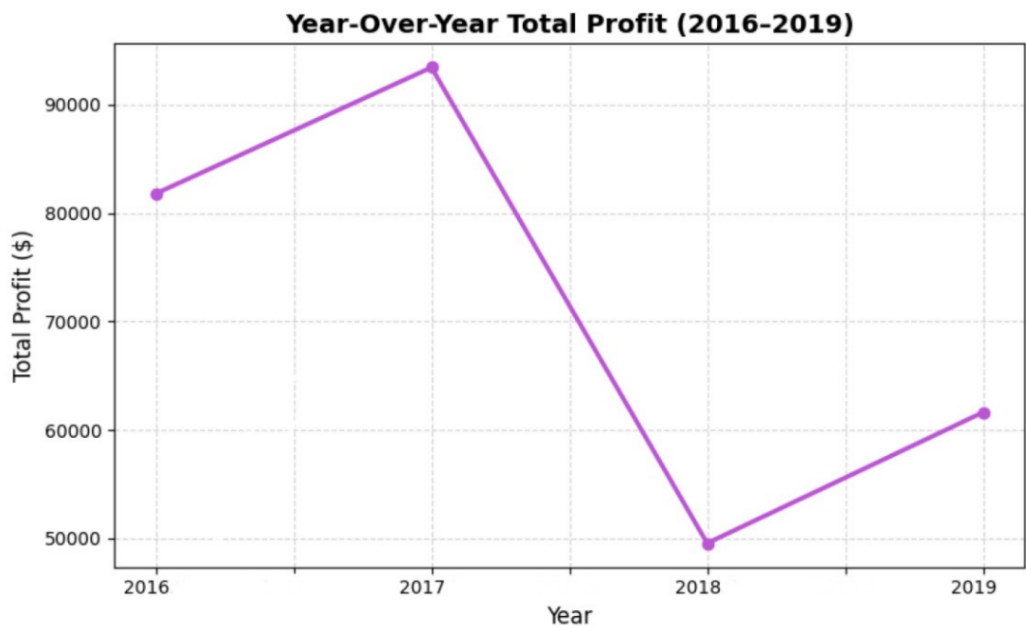
Executive Summary: Profit Stabilization and Targeted Marketing Strategy

Goal: Provide recommendations to achieve Natalie's 10% profit increase by focusing marketing on high-profit products and subcategories.

Office Solutions (OS) is strategically positioned to meet this goal (Goal 4b), but our sales data analysis reveals profit volatility that must be stabilized before consistent growth can occur. Our recommendation addresses this by eliminating loss-making products and focusing marketing efforts on high-profit areas, aligning with Idea 5h (tailoring marketing to high-profit subcategories).

Analysis:

Figure 1: Year-Over-Year Total Profit:



A review of total annual profits (Figure 1) revealed a major decline of 46.98% in 2017 (from \$93,439 to \$49,544), showing instability driven by cost and product inefficiencies. Our analysis identifies key profit drivers to protect and expand: the West Region (\$108,418 total profit) and the

Consumer Segment (\$134,119 total profit). Any strategy must leverage the strength of these key markets.

Root Causes: Identifying Profit Drains and Centers

Figure 2: Total Profit by Product Sub-Category

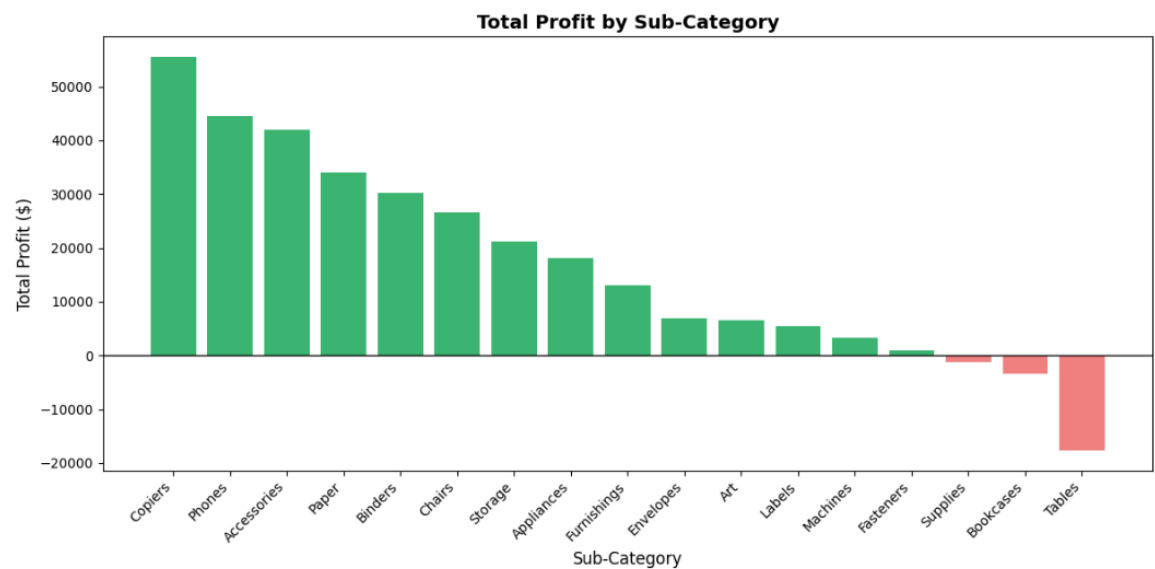


Table 1: Profit by Sub-Category and Recommended Action

Category	Sub-Category	Total Profit (\$)	Action
Technology	Copiers	\$55,618	Amplify (5h)
Technology	Phones	\$44,516	Amplify (5h)
Office Supplies	Paper	\$34,054	Amplify (5h)
Furniture	Tables	\$-17,725	Eliminate (4b)

To find the root cause of the 2017 profit drop and locate targeted opportunities for marketing, we drilled down to the product sub-category level. As shown in the sorted total profit visualization from Figure 2 & Table 1 data, a vast difference exists between product lines.

The root cause of the profit volatility was identified by analyzing the performance of individual product sub-categories (as detailed in Figure 2 & Table 1). Results revealed a vast disparity between top performers and loss-leaders. Tables, Bookcases, and general Supplies were confirmed as significant financial drains, reducing company profit by \$22,000 (Goal 4b focus). Copiers, Phones, and Paper came up as the primary profit centers and key areas for investment.

Table 2: Least Profitable Subcategories

Bottom 5 Least Profitable Subcategories:				
	Sub-Category	Sales	Profit	Profit Margin (%)
16	Tables	206966.0	-17725.0	-9.0
4	Bookcases	114880.0	-3473.0	-3.0
15	Supplies	46674.0	-1189.0	-3.0
8	Fasteners	3024.0	950.0	31.0
11	Machines	189239.0	3385.0	2.0

A deeper drill-down into the least profitable areas is shown in **Table 2**, which confirms the magnitude of the losses driving total profit volatility.

1. Profit Drains (Goal 4b): The main profit drains are the least profitable categories as seen in Table 2: Tables, Bookcases, and Supplies. These lines drain company resources, causing a combined loss of over \$22,000. Eliminating these losses is the best way to achieve much of the 10% increase.

2. Profit Centers (Idea 5h): The data highlights where to focus future investment. As shown in Figure 2, the three highest-profit sub-categories are all in Technology (Copiers, Phones, Accessories). A deeper drill-down at the product level analysis analysis confirms this focus: the most profitable item overall is the Canon imageCLASS 2200 Advanced Copier, generating over \$25,000 in profit alone.

Recommendation

To achieve Natalie's 10% profit goal and execute a tailored marketing strategy, we recommend a two-pronged approach: Profit Protection and Targeted Growth.

1. Profit Protection: Eliminate Loss-Making Subcategories (Goal 4b)

Review costs, sourcing, and discounts for Tables, Bookcases, and Supplies. These items may conflict with OS's low-cost model due to high shipping costs or low cost margins. If cost renegotiation fails, stop promoting these products. Eliminating the \$22,000+ loss from these lines

will directly support the 10% profit increase, just by reducing the amount of negative profit we are currently making.

2. Targeted Growth: Focus Marketing on Top Performers (Idea 5h)

Shift all digital advertising (Google Ads, Facebook, emails) towards top profit drivers:

- Product Focus: Highlight Copiers, Phones, and Accessories. Especially the Canon imageCLASS 2200 Advanced Copier, OS's top profit generator.
- Segment Focus: Direct campaigns to the highest-contributing markets (West Region and Consumer Segment). Use existing email promotions to feature Copiers and Technology bundles for West Coast consumers to maximize return on advertising spend.