

Case Study

CUSTOMER PROFITABILITY ANALYSIS AND FP&A SUPPORT - E-COMMERCE RETAILER

SECTOR: E-COMMERCE

Financial Modeling and Budgeting

KPI Metrics Development

Marketing and Revenue Analysis

Streamlined Board Reporting Tools and Processes

Team Size: 1 Director, 1 Vice President, 1 Associate

Project Duration: 3 months

The Requirement – A High Growth E-Commerce Business Required Assistance with the Implementation of a Range of Finance Initiatives to Drive Growth and Facilitate Strategic Decision-Making

An online marketing and merchandising platform which operates a portfolio of branded e-commerce sites had recently entered a rapid growth phase. The company received an investment from a \$17bn global growth equity firm. The private equity sponsor identified a range of critical finance initiatives which needed to be implemented to drive its investment thesis and support continued growth of the business.

The Execution – Rapid Deployment of Accordion Team to Drive Several Critical Work Streams Within the Finance Function

- Accordion quickly formulated a robust understanding of the key business drivers and gaps in financial process and tools, and prioritized the work plan.
- Accordion assisted the management team in development of a robust Board Reporting Package with actionable outputs for key areas, including financial performance variance and trends, monthly unit economics, customer cohort performance, marketing spend performance and working capital/liquidity trends.
- Accordion conducted a detailed analysis of historical advertising spend and revenue data by marketing channel (i.e., Facebook, Google, Email, etc.) to determine predictive drivers, by channel, of traffic and conversion rates to orders.
- Based on the marketing channel data analysis, Accordion developed a new methodology for forecasting revenue by marketing channel and brand.
- Accordion constructed a dynamic forecast financial model, built up by brand with key input variables to run operating scenarios. The new financial model formed the basis of a revised annual Budget for the current and next fiscal years.
- Accordion constructed a KPI metrics reporting framework by functional area, defining a set of financial/operational metrics to be tracked regularly.
- In addition, Accordion supported the CFO and management team with various bespoke analyses, including: the development of a Daily P&L Report which the company adopted and began distributing to the sponsor, and an analysis of historical customer cohort data to benchmark relative performance and evaluate metrics such as acquisition cost, marketing ROI and time to breakeven.

The Resolution – A Robust Set of Financial Tools and Analytics to Drive Budget, Daily & Monthly Financial Reporting, and Assess Marketing Spend Effectiveness

The company’s management and private equity sponsor derived significant benefit from the initiatives implemented, particularly with respect to granular forecasting tools. Of special importance was understanding advertising spend effectiveness and revenue generation by marketing channel, and the ability to monitor the company’s financial performance and profitability on a daily basis.

