## 4. Analysis on Sales Increase and Sales Decrease

A short analysis is made on sales increase and sales decrease. In the time of depression, some companies increase sales and some decrease. The objective of the analysis is trying to find the factors of such difference coming out. Depression is not good for business, however it is absolutely a natural pressure on all companies uniformly. By examining companies' action and performance, there are some limited possibilities to have potential findings.

Firstly, data is divided into two groups by sales increase and sales decrease. Secondly, some statistic results are presented to depict the characteristic symptoms, if available. These symptoms will be potential indices, which can be used to aid understanding and interpretation.

S.U. (Sales Up) 48, increasing their sales, produces 48 different types of molds in total per year. As shown in Fig. 4.1, the average number of mold produced per year for

Fig. 4.1 Average Number of Mold Produced per Year
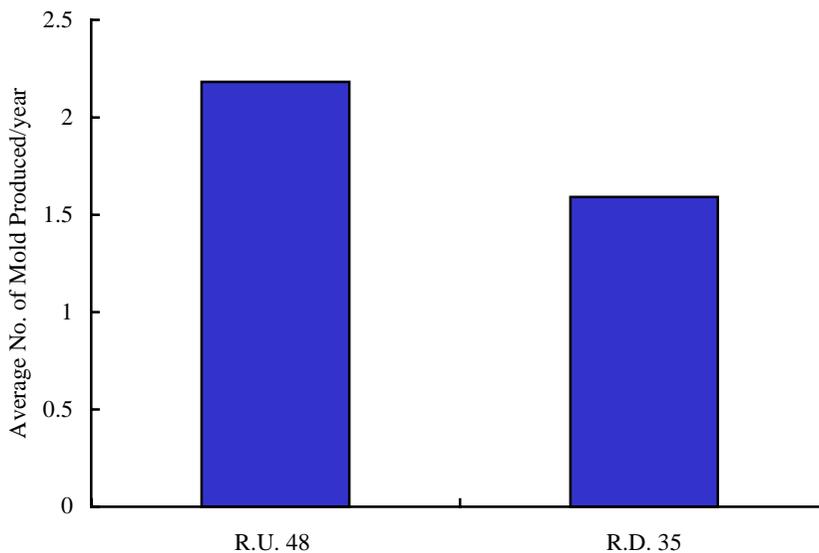
S.U. (Sales Up) gives 2.2, and that for S.D. (Sales Down) gives 1.6.

The number of mold produced per year is an index of energy and ability. The more mold produced per year, the better sales could be. But high sales does not mean high profit. Bearing this point in mind, this index can also be used to show the degree of aggressiveness and management skill.

Samples for S.U. are 22, and for S.D. are 16. It seems to be reasonable that average

number of customer industry is an index of complexity of the job done by the mold and die company. For a mold company, the more different type of customer industry, and the more complicate the subject parts in the different domain. Meanwhile, different domain implies different knowledge. Without good domain knowledge, it is impossible to design and produce a good mold or die for the subject part. Hence any mold or die company, which takes order from more different domains, should acquire related domain knowledge in time. Otherwise, sooner or later, mold or die companies will deliver inadequate products and kill the order. For example, the complexity index for S.U. is 1.96, and for S.D. is 2.25. Although the deviation is not so significant, it is consistent. Conceptually, it seems to be realistic and needs to subject to further validation.

For the reason why a company may increase sales, both S.U. and S.D. companies express their opinions as Fig. 4.3. The first difference appears in R1: develop new customers. Many S.U. companies vote for R1, however no S.D. company does. On the other hand, R4: upgrade delivery issue and quality, is suggested by most S.D. companies, and the same number of S.U. companies support R4.

Fig. 4.2 Complexity of Customer Industry
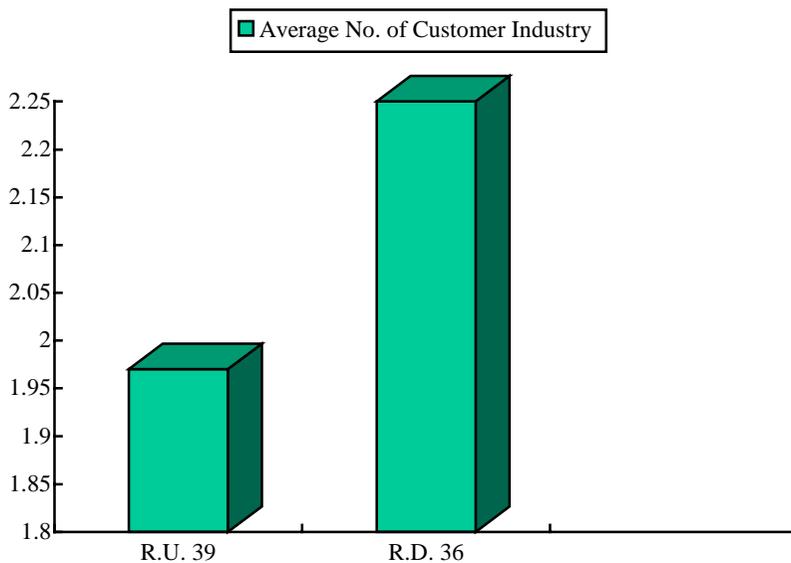
Taking a look at the reason why a company's sales decreases, most S.D. companies say R2: customer moves to abroad is one of the three key reasons, but most S.U. companies identify R2 as the most significant one.

By comparing Fig. 4.3 with Fig. 4.4, it appears that S.D. companies believe that customer's moving to abroad is the critical reason why their sales decreases, but they tend
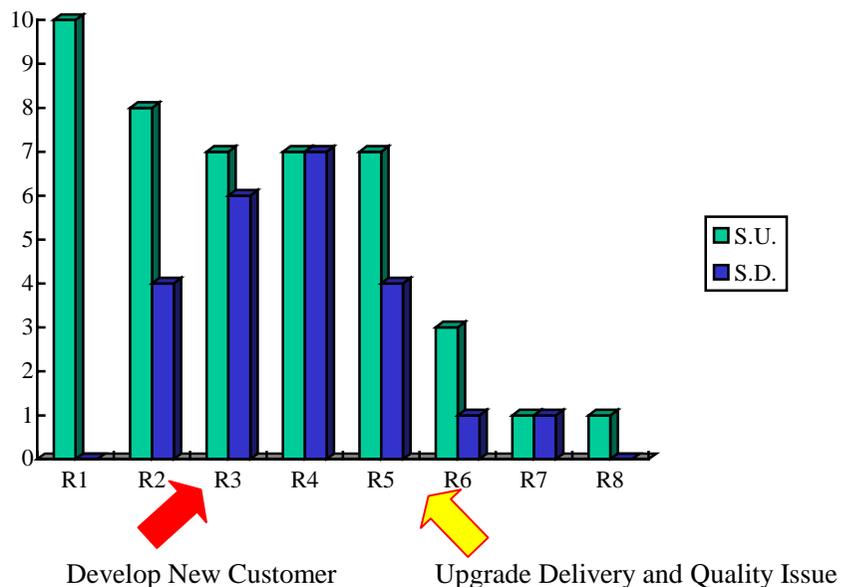
to increase their sales by upgrading delivery and quality issue. It is apparently inconsistent. The figures also reveal that S.U. companies are very consistent. They are probably right.

Besides, the action of developing new customers shall mean new customers in the same domain they are familiar with.
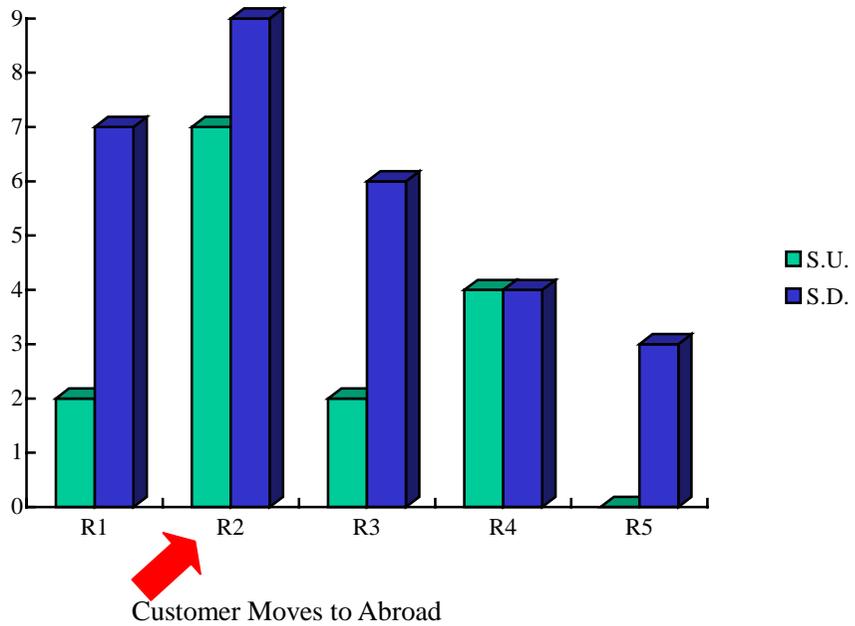
Taking an insight into their action will unveil the confusion to a certain extent. With respect to a specific cause of a decrease in sales, how do S.D. companies and S.U. companies act?

In Fig. 4.5, most S.D. companies take a corresponding action A1: to develop new customer in response to customer decrease. On the other hand, most S.U. companies take A2: to develop new products. Amazingly, A1 seems to be the right action in directly, however there are many options contained in A1, and A2 is the most effective option of A1. In other words, S.U. companies often have better sense to identify a real problem and to take a right action.

Fig. 4.3 Reason of Revenue Increase

Develop New Customer   Upgrade Delivery and Quality Issue

Fig. 4.4 Reason of Sales Decrease

Customer Moves to Abroad

Fig. 4.5 Action Taken in Response to Customer Decrease

A1: to develop new customers

A2: to develop new products