Margin Opportunity Assessment

Find where margin is waiting in your business, then align your leadership team on where to act first.

HOW TO USE THIS TOOL

1. Each leader completes the 16 statements separately.
2. Size the opportunity on page 3.
3. Use the playbook on page 4 to choose where to act first.

WHY IT MATTERS

For a $100M manufacturer, recovering just 1% of revenue through better pricing, mix, or cost to serve adds $1M of operating profit, with no new sales required.

Check Yes or No for your business as it operates today. Your totals update automatically.

1 Financial Ownership

STATEMENT	YES	NO
1. Managers outside finance understand how their daily decisions affect profit.	☐	☐
2. Pricing and operational decisions are made at the right level.	☐	☐
3. Supervisors, buyers, and salespeople see margin data for their own decisions.	☐	☐
4. Our managers can explain what drives EBITDA in plain language.	☐	☐
Financial Ownership yes count	0	

2 Prioritize Customers

STATEMENT	YES	NO
5. We know our true profit by customer, after the full cost to serve.	☐	☐
6. We adjusted pricing or terms for low-margin customers this year.	☐	☐
7. Sales and service time goes first to our most profitable customers.	☐	☐
8. We know which products and part numbers earn below-target margin.	☐	☐
Prioritize Customers yes count	0	

Margin Opportunity Assessment

3 Operational Excellence

STATEMENT	YES	NO
9. We review part number profitability yearly and remove what adds cost.	☐	☐
10. Our facilities and processes are as simple as customers need.	☐	☐
11. Custom, rush, and small orders are priced to cover their true cost.	☐	☐
12. We review supplier costs and alternatives for our largest spend categories yearly.	☐	☐
Operational Excellence yes count	0	

4 Sustain Profitable Growth

STATEMENT	YES	NO
13. Gains from our last improvement effort still show up in results.	☐	☐
14. Leadership reviews margin by customer and product on a regular rhythm.	☐	☐
15. We base decisions on data more than on how we have always done it.	☐	☐
16. Each margin improvement has a named owner and a date to check results.	☐	☐
Sustain Profitable Growth yes count	0	

5 Read Your Results

Your total yes answers (out of 16) 0

13 TO 16 YES
Strong margin discipline
Your next gains likely come from sharper pricing and mix decisions in one or two areas.

8 TO 12 YES
Margin within reach
You have visible opportunities in more than one area. Focus on the weakest one first.

0 TO 7 YES
Significant hidden margin
Profit is likely leaking across customers, products, and processes. Start with one area.

Your focus area is usually the one with the fewest yes answers. Compare answers across your leadership team before you decide.

Size the Opportunity

6 Estimate what hidden margin could be worth

OBJECTIVE

Put a dollar value on the opportunity so your leadership team can set a clear, defensible 12-month target.

RESEARCH INSIGHT

McKinsey research finds up to 30% of pricing decisions fail to deliver the best price, and a 1% price improvement can lift operating profit by about 8.7%, assuming no loss of volume.

STEP 1: ENTER YOUR ANNUAL REVENUE ($ MILLIONS, FOR EXAMPLE 100)

STEP 2: SEE WHAT RECOVERING A SHARE OF REVENUE WOULD ADD TO PROFIT

MARGIN RECOVERED	1% OF REVENUE	2% OF REVENUE	3% OF REVENUE
Added operating profit per year			

STEP 3: ESTIMATE WHERE IT COULD COME FROM (AS A % OF REVENUE)

LEVER	WHAT TO LOOK AT	YOUR ESTIMATE	OPPORTUNITY
Pricing	Price realization, discounts, and cost pass-through		
Customer and product mix	Unprofitable customers, products, and cost to serve		
Operational complexity	Part numbers, special orders, footprint, and sourcing		
		Total estimated margin opportunity per year	

Start with estimates your team can defend, then confirm them with data before you commit to a target.

OUR 12-MONTH MARGIN TARGET

ASSUMPTIONS TO CONFIRM WITH DATA

Leadership Team Meeting Playbook

7 Choose where to act first in 60 minutes

OBJECTIVE

Turn individual answers into one decision: where to act first, who owns it, and what result you will check in 30 days.

BEFORE THE MEETING

Each leader completes the assessment separately. Bring margin by product line or customer if you have it.

1. Compare answers 15 MINUTES

- Share each leader's yes count by area.
- Discuss statements where leaders answered differently.
- Name the data that would settle each disagreement.

2. Choose one area 15 MINUTES

- Pick the area with the fewest yes answers and the clearest data.
- Agree on one product line, customer segment, or facility to start.
- Record why this area comes first.

3. Size the opportunity 15 MINUTES

- Use page 3 to set a 12-month margin target.
- Name the pricing, mix, or cost lever most likely to move it.
- Agree on the one number you will track.

4. Commit and assign 15 MINUTES

- Name one owner and a 30-day action.
- Set the date to review results together.
- Decide what data or support the owner needs.

OUR FOCUS AREA

THE NUMBER WE WILL TRACK

OWNER AND 30-DAY ACTION

REVIEW DATE

SUPPORT OR DATA THE OWNER NEEDS

Book a 30-minute Margin Conversation.

Bring your results. Hans Bachmeier and Diana Yonke will review where your business is most likely holding hidden margin and share two or three practical ideas you can act on.

boldvaluepartners.com/improve-your-margins →

Sources: McKinsey & Company, Using big data to make better pricing decisions (2014). The $100M example is illustrative.