

\$4M Boost in Annual Net Income Achieved: From Cutting Costs and Boosting Sales Efficiency



Client Location: East Coast, USA
Client Size: 250 Employees,
\$60M Annual Revenue

Client Overview:

Middle Market firm offering multiple products in the residential remodeling industry, primarily.

Executive Summary:

Faced with rising consumer financing fees and stiff competition, an East Coast home services company partnered with YC Partners to devise a cost-effective, innovative solution. By restructuring the sales team's commission incentives, the company reduced financing fees by over 50% in the first month while boosting sales efficiency by 10% within three months. This strategic approach not only slashed costs but also maintained revenue and market share, reinforcing the company's competitive edge.

Consumer Finance Fees as a % of Sales

Starting Point	Month 1	Month 2	Month 3
7.38%	2.92%	1.63%	1.14%

The Challenge:

This client needed highly competitive consumer financing programs to maintain their market share. However, the push for aggressive financing options caused financing fees to skyrocket, surging from 0.6% to more than 7.3% of revenue. These rising costs drastically impacted profitability, adding up to \$4.4 million annually.

The business faced a critical dilemma: continue absorbing these ballooning costs or risk losing customers by scaling back competitive financing options. The leadership team recognized the need for an innovative, actionable solution that wouldn't compromise the organization's ability to attract and retain customers.

The Solution:

YC Partners approached the challenge with a blend of sales and financial expertise. We introduced a progressive, four-tier commission structure designed to encourage sales representatives to prioritize financing options that were free or low-cost to the company, without limiting their ability to close sales when more expensive financing options were necessary.

The Four-Tier Commission Plan

- Tier One** rewarded higher commissions for contracts using zero-fee or low-cost payment terms, including cash.
- Tier Two** offered standard commissions for deals involving financing fees under 3.5%, less than half of the previous fee rate.
- Tier Three** reduced commissions slightly, allowing for financing fees of up to 5%.
- Tier Four** capped commissions further and restricted discount negotiations for financing options exceeding 5%.

This solution was effective because it gave sales representatives compelling incentives to prioritize cost-saving options while preserving their autonomy and flexibility to close deals under higher-cost financing when absolutely necessary.

The Results:

YC Partners' strategy delivered immediate and measurable results:

- Cost Reduction:** Consumer financing fees dropped by more than 50% in the first month, with a 78% reduction by month two. By month three, financing fees had plummeted to just 15% of their peak rate.
- Improved Sales Efficiency:** Sales efficiency improved by 10% within three months, demonstrating that the new structure motivated the team without diminishing performance.
- No Revenue Loss:** The average deal value was preserved, as the commission structure ensured that sales representatives avoided steep discounts.

Annualized, this solution is projected to save the client over \$4 million in its first year, with additional savings in future years. This significant achievement not only improved the bottom line but also empowered the sales team to remain competitive and motivated.

Conclusion:

YC Partners provided a creative, data-driven approach to address rising costs while securing market share. By rethinking the sales incentive model, the company achieved substantial savings, increased efficiency, and maintained their competitive stance without sacrificing customer satisfaction or team performance.

Contact YC Partners Today:

Learn more about how we can optimize your business operations.
Connect with us for a consultation.



About YC Partners

At YC Partners, we empower small to mid-sized businesses to thrive and succeed. Our focus is on helping our clients achieve their goals and realize their full potential, in a way consistent with their culture and values. We believe that by working together, we can build a better future for businesses and communities.