

<b>Client:</b>	Internet Registration Company, a leading provider of domain name registration and Internet services to small and medium-sized businesses
<b>Client Challenge:</b>	To determine the feasibility and profit potential of custom website sales force
<b>Results:</b>	<ul style="list-style-type: none"> <li>⇒ Delivered a sales force profitability model that quickly led to revisions in the client's sales and margin assumptions</li> <li>⇒ Market research and consumer interviews prompted management discussions on pricing policy</li> <li>⇒ Broader strategic issues (i.e. data mining, customer segmentation, channel mix, geographies, business development opportunities) were raised</li> <li>⇒ Additional operational and organizational issues were surfaced (e.g. cost assumptions, customer service, sales compensation, span of control)</li> </ul>



## Background

Our client is a pioneering domain registration and internet services company that launched a very successful IPO in 2000. However, a combination of shifting demand and operational problems resulted in revenue erosion, declining profitability, and dramatically reduced valuation. A Private Equity Group acquired the business in 2005 and commenced a turnaround to stabilize revenues and return the company to profitability. Major Oak was asked to assess the feasibility and profit potential of establishing and expanding a custom products sales force.



## Project Details

The CFO asked Major Oak to provide directional validation of the company's plan to hire additional salespeople. After reviewing the business case, revenue and cost assumptions, and financial targets, Major Oak developed scenario-based models to forecast sales force profitability. Monthly salesperson volume (e.g. # leads, yield, # contacts, conversion rates), revenue, expenses and profitability were modeled to assess the results of a planned national, urban market roll-out. As part of the analysis, multiple scenarios were examined to estimate the sales volume and productivity needed to reach target profitability. Additional insights from comparable companies and customers were factored in to validate the results

Major Oak's analysis revealed that profit targets, while reasonable, would require higher levels of sales force productivity and a longer time horizon than the client assumed. Alternate price, unit volume, and yield assumptions were suggested to adjust expected ROI for the proposed sales force expansion.



## The Major Oak Difference

Our senior advisors led the discussions with the CFO and Senior Product Manager. Major Oak added significant value by raising strategic, operational and organizational opportunities and considerations that were beyond the client's initial request for a financial validation. Our client's VP and Senior Product Manager summarized the engagement by saying "Major Oak's work was instrumental in helping us make the right decision...their broader set of insights from their experience and contacts really aided the overall decision process."