

The fastest path to more profit is usually not another SKU.

It's deciding what to stop. Subtraction, done with discipline, is a growth strategy.

Two stories from the same week.

RIND closed its online store and cut SKUs to focus on Apple Chips and manufacturing. Stride acquired Clio, built around one idea, the Greek yogurt bar, in 60,000 stores. Different outcomes, one lesson: focus.

Up to 80%

of sales can come from the top 2 or 3 SKUs in a typical line of 8 to 10. The rest of the line still costs you production runs, inventory, cash and attention.

+66% SKUs
–40% sales per SKU

One food manufacturer's three-year pattern, per McKinsey.
After cutting SKUs by 25%, gross margin rose 2 to 4 points.

Why founders keep adding anyway.

A new SKU feels like progress. A buyer asks, a loyal customer requests it, the team wants something new. Nobody gets credit for the launch that didn't happen.

THE FOUR HIDDEN COSTS OF COMPLEXITY

Most founders only see the first one.

Operations

More changeovers, more minimum orders, more forecasting and more stockouts on the items that matter.

Cash

Slow movers tie up cash in aging inventory that should be funding your best sellers.

Channel cost-to-serve

A channel can grow revenue and still lose money once you count media, fulfillment, service and team time.

Focus

A small team split across 30 SKUs and five channels can't do any of them well. The brand story blurs.

THE FIVE CUT TESTS

Run every SKU and channel through the same five tests.

Fail two or more, and it's a strong candidate to go.

Does it earn its contribution margin?

After trade, freight, slotting and channel costs, not just gross margin.

Does it move at the shelf?

Compare velocity to the category and to your best seller.
Retailers are running this test whether you do or not.

Does it bring in new buyers?

If it drives trial your core line depends on, it's a gateway. If not, it's a distraction.

What does it cost to serve?

Unique ingredients, packaging, changeovers, forecasts and team hours. Channels get the same test.

Would we launch it today?

If the honest answer is no, keeping it is a habit, not a strategy.

Cut in a way that builds trust.

Go to retailers first with a replacement plan. Show investors the margin story. Sell through, then stop. Reinvest what you free up behind your best products.

This is where a fractional CEO or COO fits.

Founders are often too close to their products to cut them. An experienced operator brings the data, runs the tests without sentiment and helps make the call.

Less, but better.

Make the choice on purpose, before the market makes it for you.

Full piece: marc-drucker.com